



BUSINESS AS UNUSUAL

2017

SUSTAINABILITY

REPORT



BUSINESS AS UNUSUAL

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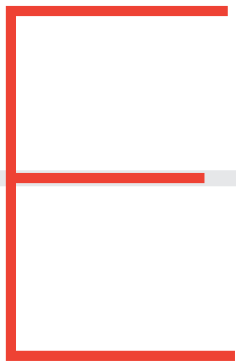
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LETTER FROM THE CHAIRMAN

José Manuel Entrecanales

Chairman of ACCIONA

Dear Friends,

I would like to begin this *Sustainability Report* by briefly reviewing the main challenges for sustainable development at this time. We find ourselves at a time of uncertainty in a world of complex and interconnected systems, in which the major risks, primarily environmental, social, economic and geopolitical, remain very present.

Facing these challenges requires multilateral responses involving the private sector, Public Administrations, society and other stakeholders, who must work together with a common agenda. This reference framework (adopted in 2015 by 193 United Nations member states) are the Sustainable Development Goals.

With 2030 as time frame, the Sustainable Development Goals (SDGs) tackle major challenges facing humanity from a global and cross-cutting perspective, where the solution of certain problems will help to resolve others. Following this framework is mandatory for all and we companies can and must contribute towards its success through our activities.

At ACCIONA, via our projects in water, renewable energies and infrastructure, we contribute towards key objectives, among other reasons for being a *sine qua non* for achieving the rest. In particular, these objectives would be SDGs related to water access (no. 6), energy (no. 7), infrastructure (no. 9) and mitigating climate change (no. 13). Without these basic needs, it will be very difficult to achieve the development and prosperity necessary to attain the majority of the remaining SDGs.

And of course, we must progress towards a socially-inclusive economy that removes the links that bind economic growth with polluting emissions and environmental deterioration. To achieve this, it is essential to have stable regulatory environments that attract investment towards projects that foster Sustainability, Mitigation, Adaptation, Resilience and Transformation (SMART projects).

To respond and monitor our progress in these challenges, in ACCIONA we have designed our second Sustainability Master Plan 2016-2020, which contains cross-cutting goals for the entire organisation and specific for the businesses. Completed the second year of this Plan, next I would like to give you a brief overview of our performance in 2017, in its different areas:

In our relationship with **Society**, we assume the need to work together to improve people's quality of life through dialogue and support to the communities with which we interact. In 2017, via our own consolidated methodology, we managed our social impact in 100 projects, 22 % more than the previous year. Furthermore, we measured the socioeconomic and environmental impact of the projects on those areas in which we operate, such as the wind farms of Mount Gellibrand in Australia or San Roman in the United States, line 1 of the Quito Metro in Ecuador or the Kathu solar thermal plant in South Africa

Mitigating **Climate Change** is a strategic objective. At the Paris climate summit in 2015, we got engaged to be neutral in our carbon emissions. Thanks to energy efficiency and voluntary offsetting of 100 % of the emissions produced that could not be reduced, since 2016 we have been meeting our objective of zero net emissions. In addition, we have continued to contribute to produce non-contaminating energy in the world, avoiding emitting 14.4 million tonnes of CO₂ into the atmosphere, thanks to the 9,022 MW of installed capacity, exclusively renewable.

At ACCIONA we also respond to the challenges of the **Environment**, such as water stress, circular economy and the protection of biodiversity, among others.

THE SUSTAINABLE DEVELOPMENT GOALS ADDRESS THE MAJOR CHALLENGES FACING HUMANITY FROM A GLOBAL AND CROSS- CUTTING PERSPECTIVE

In 2017, via our water purification and desalination activities, we have created a positive water footprint on the planet of 374 hm³, the equivalent to the annual water consumption by a population of 7 million inhabitants. With regard to circular economy, in 2017, in 10 projects it was carried out a life cycle analysis (LCA), evaluating their environmental impact from the acquisition of raw materials, their transport, construction and use to the end of their life.

In the area **Corporate Governance**, we have launched a Code of Conduct training course that was completed by 6,213 people during the year. Concerning risk management, the new sustainability risk identification and assessment methodology was approved and launched according to which climate change, environmental, social, labour, corporate governance and corruption risks are analysed for each country depending on the economic and financial consequences, the importance of the issue for each business, the potential impact on the reputation and the management of the companies on each risk. Additionally, we continued our progress in human rights due diligence following the “United Nations Guiding Principles for Business and Human Rights”.

With regard to **People**, our commitment is to create an attractive, inspiring and successful working environment. Within the specific objectives, in 2017 we reviewed our Selection Methodology and developed the Performance Management Model. We also launched a course specific on Sustainability available to 10,584 employees in 41 countries. In relation to occupational health and safety, global programmes have been consolidated to improve the preventive culture, such as the “LIDER” Program in Infrastructure or THINK SAFE in Energy, among others. As a result, the global accident frequency rate dropped from 3 to 2.7 in 2017.

ACCIONA's commitment to its **Value Chain** results in preventing, mitigating and managing the risks of its supply chain. In 2017, we implemented the “No Go Policies”, which prevents the hiring of suppliers in the event of breaching some ethical and integrity-based principles, among other factors. We also believe that it is essential to align the suppliers with our commitment to sustainability, and as such we have designed a specific course for suppliers with a practical approach. In addition, as a result of our commitment to guarantee the quality and safety of our products, we have achieved a greater index of satisfied customers, reaching 99.8 %.

In our commitment to **Innovation**, we strive to maintain our position at the cutting edge. With this in mind, the trend towards the interconnection and communication of everyday objects with the internet is now a part of the company. The new designs that facilitate the digitalisation of our processes, Big Data or our contribution to smart cities are based on this vision. This new paradigm significantly reinforces ACCIONA's Innovation strategy and, as such, in 2017, our innovation figure reached a historic maximum of EUR 209.4 million. In this way, we have complied with our goal of maintaining an innovation over sales figure (2.9 %) of over double that of the European average (1.4 %). Equally notable is the launch of l'MNOVATION #Startups, the first corporate start-up accelerator for infrastructure and renewable energy in Spain.

Ultimately, these advancements in the seven areas of the Sustainability Master Plan constitute significant progress across all of the sustainability dimensions that

IN 2017, VIA -
OUR OWN
CONSOLIDATED
METHODOLOGY,
WE MANAGED
OUR SOCIAL
IMPACT IN
100 PROJECTS

we have set as a company. This endeavour has been recognised by our different stakeholders. As a result, we are present in the main sustainability indexes and rankings, such as CDP Climate, Water and Supply Chain A List, FTSE4Good, STOXX Global Climate Change Leaders Index or on the 2018 Global 100 Most Sustainable Corporations in the World index, among others. In addition, ACCIONA is part of different initiatives that promote sustainable development, including the United Nations' Global Compact, Corporate Leaders Group (CLG), World Business Council for Sustainable Development (WBCSD), World Economic Forum and the Alliance of CEO Climate Leaders, among others.

In the coming years, we want to continue responding to the major challenges of the Sustainable Development Goals. Our commitment is strong and we are gaining ground through the Sustainability Master Plan to contribute to economic growth, social development and environmental protection.

Finally, I would like to thank you for your continued trust and invite you to learn more about our efforts in the following chapters of this *Sustainability Report*.

SINCE 2016 WE
HAVE FULFILLED
WITH OUR
OBJECTIVE
OF ZERO NET
EMISSIONS

ABOUT THIS REPORT

TRANSPARENT, CLEAR, ACCURATE INFORMATION

ACCIONA prepared this *Report* to provide stakeholders with relevant information regarding its sustainability performance.

(GRI 102-46)

This *Sustainability Report* presents ACCIONA's performance in relation to sustainability in 2017, as well as the challenges it faces and how these should be addressed. The aim of this Report is to provide a comprehensive and clear vision of all the company's relevant information relating to sustainability for its various stakeholders.

The content of this report takes, as its starting point, the challenges identified in sustainability reports published in previous years, and focuses on the progress made during 2017.

This report also describes the annual progress made by the company in implementing the ten principles of the United Nations Global Compact (on human rights, labour, the environment and anti-corruption), as well as ACCIONA's contribution to the Sustainable Development Goals (SDGs).

The information published in this document is complemented by the content of other company reports: the *Consolidated Financial Statements and Directors' Report*, the *Annual Corporate Governance Report* and the *Integrated Report* (GRI 102-45). Other sustainability content is also regularly updated on ACCIONA's website: www.accionacom.com.

The *Sustainability Report* is published on a yearly basis and has been prepared in accordance with the Principles for the drafting of reports set out within the Standard 101 of the Global Reporting Initiative (GRI). Compliance with these guidelines ensures that the information contained in this *Report* is reliable, complete and balanced. The company believes that the *Sustainability Report 2017* has been prepared in accordance with the GRI Standards: Comprehensive option.

For the drafting of this Report, ACCIONA has followed the guidelines established by the latest 2008 edition of the AA1000 APS standard, with the aim of aligning the included information with the expectations and concerns of its stakeholders.

In order to verify the reliability of the information, the correct application of the principles of the AA1000 APS standard and the consistency of the information that responds to the GRI Standards, the company has had an external audit of the *Report* carried out by KPMG Asesores S.L. As in previous reports, ACCIONA continues to increase the number of relevant indicators to be reviewed with a reasonable level of assurance. As a result of the audit process, this *Report* contains an *Independent Assurance Report*, where the objectives and scope of the audit process is detailed, as well as the procedures used and the conclusions reached.

THIS
DOCUMENT IS
GUIDED BY
THE CRITERIA,
PRINCIPLES
AND CONTENT
OF THE GRI
STANDARDS

THE FOUNDATION PRINCIPLE OF INCLUSIVITY

ACCIONA takes all of its stakeholders into account in the process of updating its Sustainability Master Plan (SMP) and in the consultations conducted in relation to business projects. In the section 'Dialogue and leadership' included in the 'Society' chapter, the avenues for dialogue are described in more detail, as well as the main initiatives carried out with stakeholders in 2017.

THE PRINCIPLE OF MATERIALITY

The *Materiality Analysis 2017*, carried out by ACCIONA under the guidelines established in the GRI Standard 101, allowed the company to identify the economic, environmental and social aspects that have the greatest impact on the development of the company's activities.

As a result of this study, ACCIONA considers that the information included in this *Report* is relevant to the company and its various stakeholders. The chapter on 'Materiality Analysis' includes a description of the development process and methodology carried out to determine the content of the document.

THE PRINCIPLE OF RESPONSIVENESS

The company deals with the main sustainability issues that concern its stakeholders. The chapters that contain the information follow the structure of the working areas of the SMP 2020 where the measurable and assessable strategic and operational objectives are addressed: Society, Climate Change, Environment, Corporate Governance, People, Value Chain and Innovation. Additionally, chapters are included with a summary of the most relevant information on the sustainability of the different business lines: Energy, Infrastructure and Other Businesses.

SCOPE (GRI 102-46)

Since 2005, ACCIONA has reported information regarding the non-financial performance of its businesses in its *Sustainability Report*. In this document, the company discloses the information relating to all its activities by offering an overview by divisions and, as far as possible, also by the geographical areas in which it operates.

Throughout the *Report*, the scope of each indicator shown is specified. In addition, with the aim of facilitating a better understanding of the company's performance evolution, details are also provided regarding performance in previous years.

The environmental information published in the *Report* comes from ACCIONA's environmental reporting system, which is mainly based in the Metrica tool, used for a centralised control and monitoring of the environmental indicators of ACCIONA's activities. The scope of the environmental quantitative information published covers 100 % of ACCIONA's activities, both nationally and internationally. The criterion for the consolidation of environmental information is that of consolidation under a scheme of financial control, as is defined by the GHG Protocol standard.

COMPANY PROFILE

VALUE GENERATION

ACCIONA is a global company with a business model based on sustainability. Its aim is to respond to society's main needs through the provision of renewable energy, infrastructure, water and services.



MISSION

To be the leader in the creation, promotion and management of renewable energies, infrastructure, water and services, actively contributing to social welfare, sustainable development and the generation of value for stakeholders.



VISION

To meet the challenge of achieving sustainable development in all company business areas, so generations of today and tomorrow will have a better life.



VALUES

Honesty, social responsibility, leadership, long-term focus, innovation, financial strength, care of people, customer orientation, concern for the environment.

ACCIONA INTEGRATES SUSTAINABILITY AS A DRIVER OF CHANGE AND PROGRESS...

ACCIONA is one of the top Spanish IBEX 35 companies, working in more than 40 countries worldwide in renewable energies, infrastructure, water and services. In its persistent efforts to generate progress in the geographic areas in which it operates, it offers solutions to the main needs of society and generates value beyond shareholders' earnings.

In this sense, in 2017 it has continued implementing its Sustainability Master Plan 2020, wagering on sustainable development and taking a leading role in the social, economic and environmental transformations of its surroundings.

The company is progressing with this business model thanks to its 37,403 professionals and to its sales of EUR 7,254 million, generating a gross profit (or EBITDA) of EUR 1,275 million in 2017.

ACCIONA's different businesses provide value to the so-called Green Economy, defined by the United Nations Environment Programme (UNEP) as one "that results in improved human well-being and social equity, whilst significantly reducing environmental risks and ecological scarcities." In 2017, 34 % of ACCIONA's overall sales and 67 % of its EBITDA came from activities related to renewable energies, water and other environmental activities.

IN 2017, 34 %
OF ACCIONA'S
OVERALL SALES
AND 67 % OF
ITS EBITDA
WERE BASED
ON BUSINESSES
INCLUDED IN
THE GREEN
ECONOMY (AS
DEFINED BY
THE UNEP)

...WITH SOME FUTURE BUSINESSES...



ENERGY

ACCIONA Energy is a unique global operator in the renewable energy industry, with a distinguished presence in more than 15 countries on five continents. Special focus is on emerging countries needing sustainable solutions to drive their development.

It works exclusively with renewable technologies, and its business activity stands out in five of them: wind, photovoltaic, thermal solar, hydraulic and biomass. It produces clean, emissions-free energy for close to six million homes.

	FY 2016	FY 2017
Revenue (EUR million)	1,796	1,737
EBITDA (EUR million)	740	726
Total capacity (MW)	8,913	9,022
Total output (GWh)	20,830	20,431



INFRASTRUCTURE

Construction

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

	FY 2016	FY 2017
Revenue (EUR million)	1,983	3,131
EBITDA (EUR million)	116	197
Project portfolio (EUR million)	7,527	6,287

Concessions

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

	FY 2016	FY 2017
Revenue (EUR million)	110	140
EBITDA (EUR million)	52	56
Project portfolio (EUR million)	1,377	1,211
No. of concessions	24	20

Water

ACCIONA Agua leads the field in the water treatment industry. Its activity focuses on serving communities, and ranges from water collection to 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.

	FY 2016	FY 2017
Revenue (EUR million)	708	682
EBITDA (EUR million)	119	130
Water treated (hm ³)	772	775

Services

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

	FY 2016	FY 2017
Revenue (EUR million)	677	753
EBITDA (EUR million)	28	34
No. of employees	15,873	17,751

Industrial

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

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

	FY 2016	FY 2017*
Revenue (EUR million)	174	274
EBITDA (EUR million)	6	10
No. of employees	195	211



OTHER BUSINESSES

These include the business of Bestinver, a financial services firm, including fund management and stock brokerage; ACCIONA Inmobiliaria, with more than 20 years of experience and one of the leading housing developers; Grupo Bodegas Palacio 1894, hundred-year-old cellars with processing and growing centres in five of the most prestigious wine regions of Spain; and Trasmediterranea, the most important Spanish shipping company and one of the most important in Europe in maritime transport of passengers and cargo, as well as other holdings.

	FY 2016	FY 2017
Revenue from Other business (EUR million)	668	690
Bestinver	85	106
ACCIONA Inmobiliaria	105	113
Trasmediterranea*	431	426
Wineries	41	39
Corporate and others	7	6
EBITDA from Other businesses (EUR million)	131	124

*In 2017, the sale of Trasmediterranea was completed and to the date of preparation of this report, it was pending of approval by CNMC.

...AND PUBLIC AND PRIVATE SECTOR CUSTOMERS...

Products and Services	Public and private business-to-consumer (B2C) and business-to-business (B2B) customers in 2017
ENERGY: sale of renewable energy, renewable technology EPC contracts and O&M renewable technology plants	Sale of energy: 2,200 supply points (5,100 GWh): <ul style="list-style-type: none"> • Public customers Spain: transport, water management companies and museums. • Private B2B customers: industrial, retail, hotel and food sectors. EPC and O&M contracts: <ul style="list-style-type: none"> • Public customers: India 4, Poland 1, USA, Canada 1 and Costa Rica 1. • Private B2B customers: Chile 3 and South Africa 4.
INFRASTRUCTURE	
Construction: civil engineering, building, infrastructure maintenance.	Public customers: 62 (66 %). Private B2B customers: 32 (34 %).
Concessions: Social infrastructures and transport infrastructures.	Public sector: 11 road concessions, 2 rail and 6 social infrastructures.
Water: management of water services, construction and O&M of drinking water treatment plants, wastewater purification plants and desalination plants; automation and control.	Water services management: municipalities, public companies and private B2C customers and beneficiaries: 490,000 customers/users of services of the commercial management stage of the whole water cycle ¹ . 16 million users in more than 180 municipalities in Spain, Peru and Mexico ² . Construction and O&M: users of municipalities and public customers: 31 million people supplied by drinking water treatment plants, 56 million supplied by wastewater purification plants and 18 million supplied by desalinators. Engineering and construction and O&M: 7 % public customers and 93 % private B2C.
Services: airport services, cleaning, maintenance, forwarding, gardening, waste collection and treatment, etc.	Public customers: 91 % of turnover. Private B2B customers: 9 % of turnover. Users: 9 million users of ground airport services and 0.3 million users of municipal waste collection and treatment services.
Industrial: EPC projects, O&M industrial plants, electric and HVAC facilities.	Private B2B customers: 14.
OTHER BUSINESSES	
Bestinver: financial asset management services through investment funds, pension funds, and SICAVs. This activity is complemented by stock brokerage services.	Private B2C customers: 46,300 investors.
Grupo Bodegas Palacio 1894: production and marketing of wines.	Public customers: 2 public companies in Canada. Private B2B customers: 55 large surfaces, 251 HORECAs and 69 export. Private B2C customers: more than 3,000 consumers in the direct sales channel.
ACCIONA Inmobiliaria: real estate development, asset lease management.	Private B2B customers: 77 % of billing comes from residential assets for sale, 7 % property operations and 11 % residential assets for rent. Private B2C customers: 5 % of turnover, 957 customers in university residences.
Trasmediterranea: maritime transport of passengers and cargo	Private B2C customers: 2,679,439 passengers. Private sector B2B customers: 1,334 loading customers.

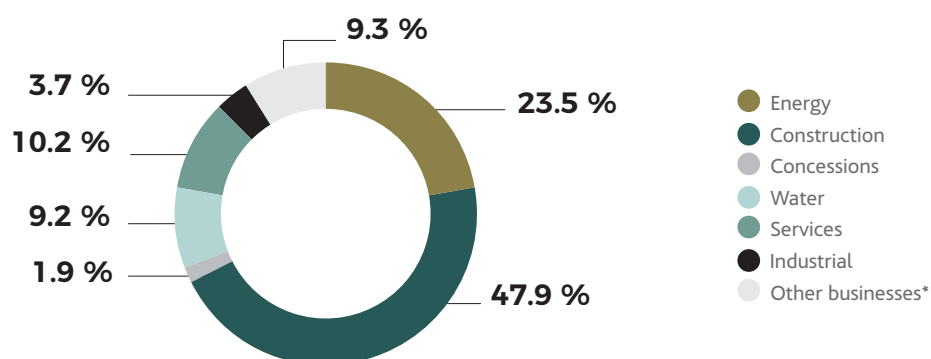
1: Concessions, service contracts and contracts in which ACCIONA Agua Servicios joins temporary JVs or is part of a mixed business.

2: 9 million inhabitants in Spain (including 490,000 subscribers) + beneficiaries of the ATLL services + beneficiaries of the sewerage services. In total, 16 million in Spain, Peru and Mexico.

KEY FIGURES

Revenue contribution by business line in 2017

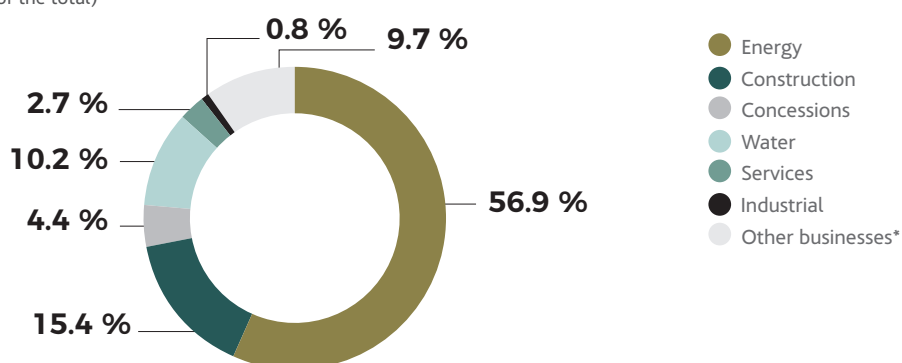
(% of the total)



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

Contribution to EBITDA by business line in 2017

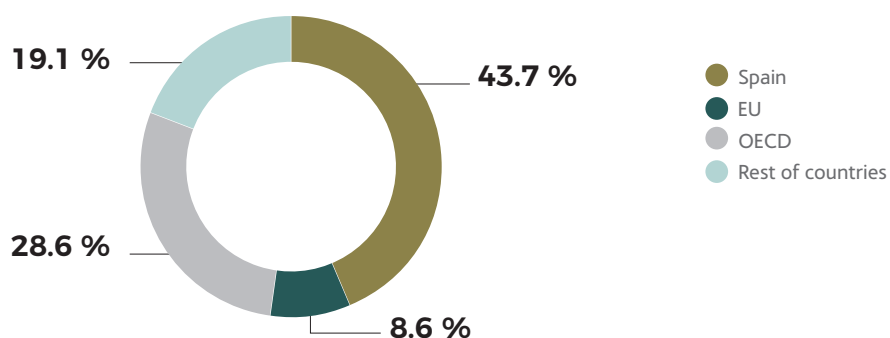
(% of the total)



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

Revenue by geographic area in 2017

(% of the total)



TRIPLE BOTTOM LINE

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

	2015	2016	2017
ECONOMIC PERFORMANCE			
Revenues (EUR million)	6,544	5,977	7,254
EBITDA (EUR million)	1,174	1,192	1,275
Ordinary profit before tax (EUR million)	330	312	382
Tax contribution (EUR million)	957	1,013	1,160.3
Total innovation figure (EUR million)	180.0	193.9	209.4
Innovation intensity (% total figure R&D&I/Sales)	2.8	3.2	2.9
Local suppliers over the total (%)	90	86	94
Revenue certified with ISO 9001 (%)	92	90	91
Global customer satisfaction index (%)	98	97	99.8
ENVIRONMENTAL PERFORMANCE			
Renewable installed capacity (MW)	8,557	8,913	9,022
Emissions generated (millions of tonnes of CO ₂)	0.60	0.82	1.2
Emissions avoided (millions of tonnes of CO ₂)	17.2	14.8	14.4
Emissions ratio (tonnes of CO ₂ /sales in EUR thousand)	0.09	0.14	0.17
Energy consumption ratio (TJ/sales in EUR million)	2.02	2.68	2.63
Water consumption (hm ³)	6.46	6.01	7.05
Water footprint: net positive contribution (hm ³)	495	525	374
Recycled/reused water of total water consumed (%)	22	15	11
Revenue certified with ISO 14001 (%)	90	87	88
SOCIAL PERFORMANCE			
Average headcount at year end	32,147	32,835	37,403
Female managers (% of total managers)	11.89	12.73	12.8
Average training hours per year/employee	15.13	15.24	15.96
People with disabilities in the workforce in Spain (%)	3.55	3.55	3.6
No. of fatal accidents (company, temporary JVs and contractors)	0	3.95	5
Accidents: global frequency rate	2.9	3	2.7
Projects with Social Impact Management (no.)	47	82	100
Social contribution (EUR million)	7	9	12.3

ACCIONA AROUND THE WORLD

...PRESENT IN MORE THAN
40 COUNTRIES AND
FIVE CONTINENTS...

NORTH AMERICA

CANADA * 🏗️ 🏢 💧 👥
UNITED STATES * 💧
MEXICO * 🏗️ 🏢 🏠 💧 👥 🌞 🏠

CENTRAL AND SOUTH AMERICA

BRAZIL 🏗️ 🏢 💧 👥
CHILE * 🏗️ 💧 👥
COLOMBIA 🏗️ 💧 👥
COSTA RICA * 💧
ECUADOR 🏗️ 💧
NICARAGUA 💧
PANAMA 🏗️ 💧
PERU 🏗️ 💧 👥
DOMINICAN REPUBLIC 🏗️ 💧
TRINIDAD AND TOBAGO 💧

- * ENERGY
- 🏗️ CONSTRUCTION
- 🏢 CONCESSIONS
- 💧 WATER
- 👥 SERVICES
- 🌞 INDUSTRIAL
- 🚢 TRASMEDITERRANEA
- 🏠 ACCIONA INMOBILIARIA
- ... OTHER BUSINESSES

EUROPE

GERMANY AUSTRIA CROATIA DENMARK SPAIN        HUNGARY  ITALY   NORWAY NETHERLANDS POLAND   PORTUGAL     UNITED KINGDOM ROMANIA TURKEY 

AFRICA

ALGERIA  EGYPT  CAPE VERDE MOROCCO    SOUTH AFRICA  

ASIA AND OCEANIA

SAUDI ARABIA  AUSTRALIA    BAHRAIN QATAR  PHILIPPINES  INDIA NEW ZEALAND  OMAN  UNITED ARAB EMIRATES    

PERFORMANCE BY REGION

NORTH AMERICA



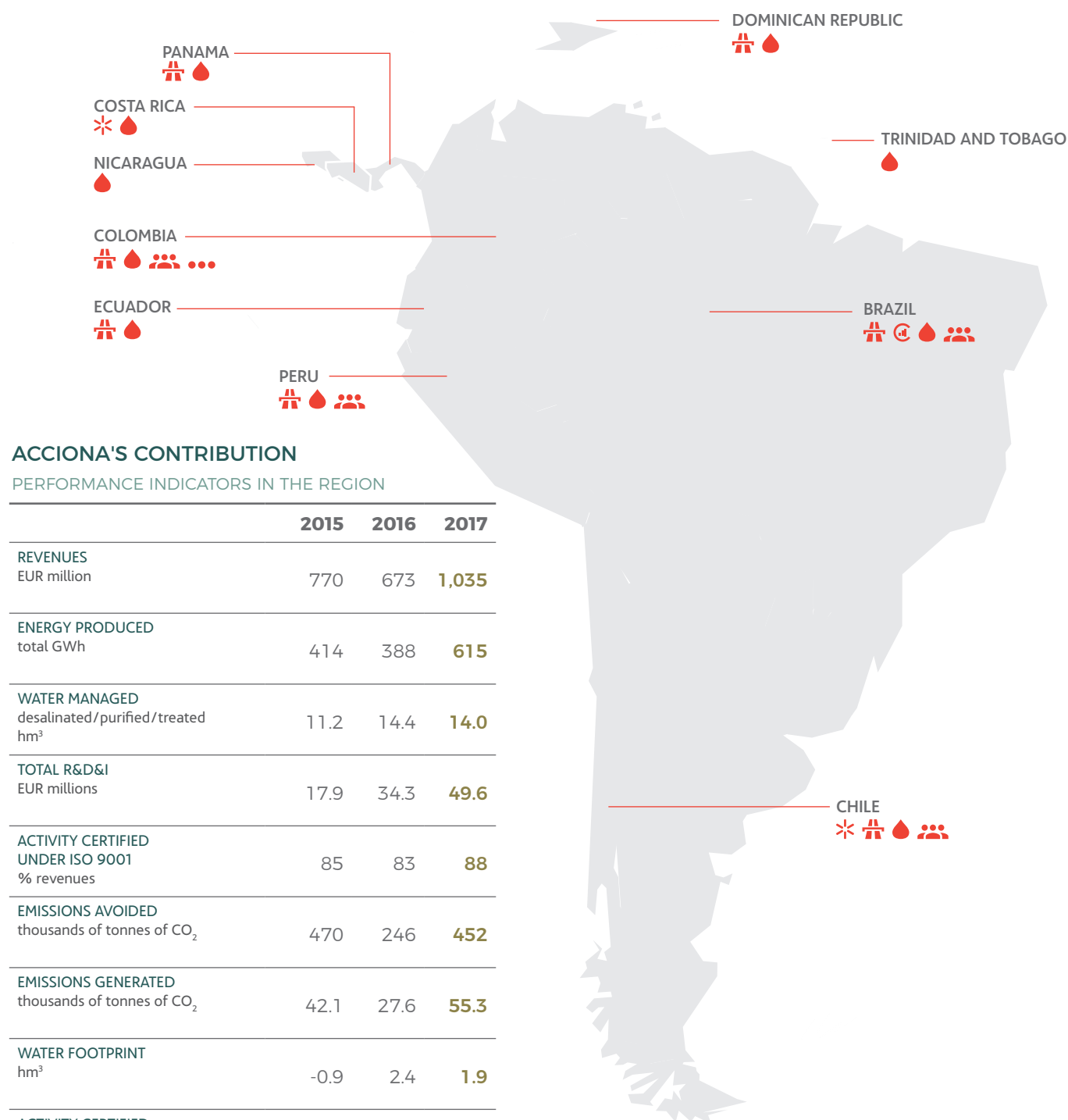
ACCIONA'S CONTRIBUTION

PERFORMANCE INDICATORS IN THE REGION

	2015	2016	2017
REVENUES EUR million	1,353	740	645
ENERGY PRODUCED total GWh	4,752	4,837	4,538
WATER MANAGED (desalinated/purified/treated) hm ³	0.8	1.3	5.5
TOTAL R&D&I EUR million	37.7	12.1	57.0
ACTIVITY CERTIFIED UNDER ISO 9001 % revenues	95	78	88

	2015	2016	2017
EMISSIONS AVOIDED thousands of tonnes of CO ₂	3,935	3,153	2,884
EMISSIONS GENERATED thousands of tonnes of CO ₂	18.01	18.6	55.1
WATER FOOTPRINT hm ³	-0.2	-0.2	-2.0
ACTIVITY CERTIFIED UNDER ISO 14001 % revenues	95	78	88
AVERAGE EQUIVALENT HEADCOUNT no. of workers	1,974	2,468	2,651

CENTRAL AND SOUTH AMERICA



ACCIONA'S CONTRIBUTION

PERFORMANCE INDICATORS IN THE REGION

	2015	2016	2017
REVENUES EUR million	770	673	1,035
ENERGY PRODUCED total GWh	414	388	615
WATER MANAGED desalinated/purified/treated hm ³	11.2	14.4	14.0
TOTAL R&D&I EUR millions	17.9	34.3	49.6
ACTIVITY CERTIFIED UNDER ISO 9001 % revenues	85	83	88
EMISSIONS AVOIDED thousands of tonnes of CO ₂	470	246	452
EMISSIONS GENERATED thousands of tonnes of CO ₂	42.1	27.6	55.3
WATER FOOTPRINT hm ³	-0.9	2.4	1.9
ACTIVITY CERTIFIED UNDER ISO 14001 % revenues	85	83	88
AVERAGE EQUIVALENT HEADCOUNT no. of workers	4,423	5,141	6,886

SPAIN



ACCIONA'S CONTRIBUTION

PERFORMANCE INDICATORS IN THE REGION

	2015	2016	2017
REVENUES EUR million	3,213	3,087	3,172
ENERGY PRODUCED total GWh	13,199	12,861	12,529
WATER MANAGED desalinated/purified/treated hm ³	400.3	535.2	463.4
TOTAL R&D&I EUR million	97.8	55.2	43.6
ACTIVITY CERTIFIED UNDER ISO 9001 % revenues	100	99	100

	2015	2016	2017
EMISSIONS AVOIDED thousands of tonnes of CO ₂	10,282	9,048	8,682
EMISSIONS GENERATED thousands of tonnes of CO ₂	446.9	466.9	546.0
WATER FOOTPRINT hm ³	315.7	403.9	317.2
ACTIVITY CERTIFIED UNDER ISO 14001 % revenues	97	96	98
AVERAGE EQUIVALENT HEADCOUNT no. of workers	20,784	19,908	20,873

EUROPE (EXCLUDING SPAIN)



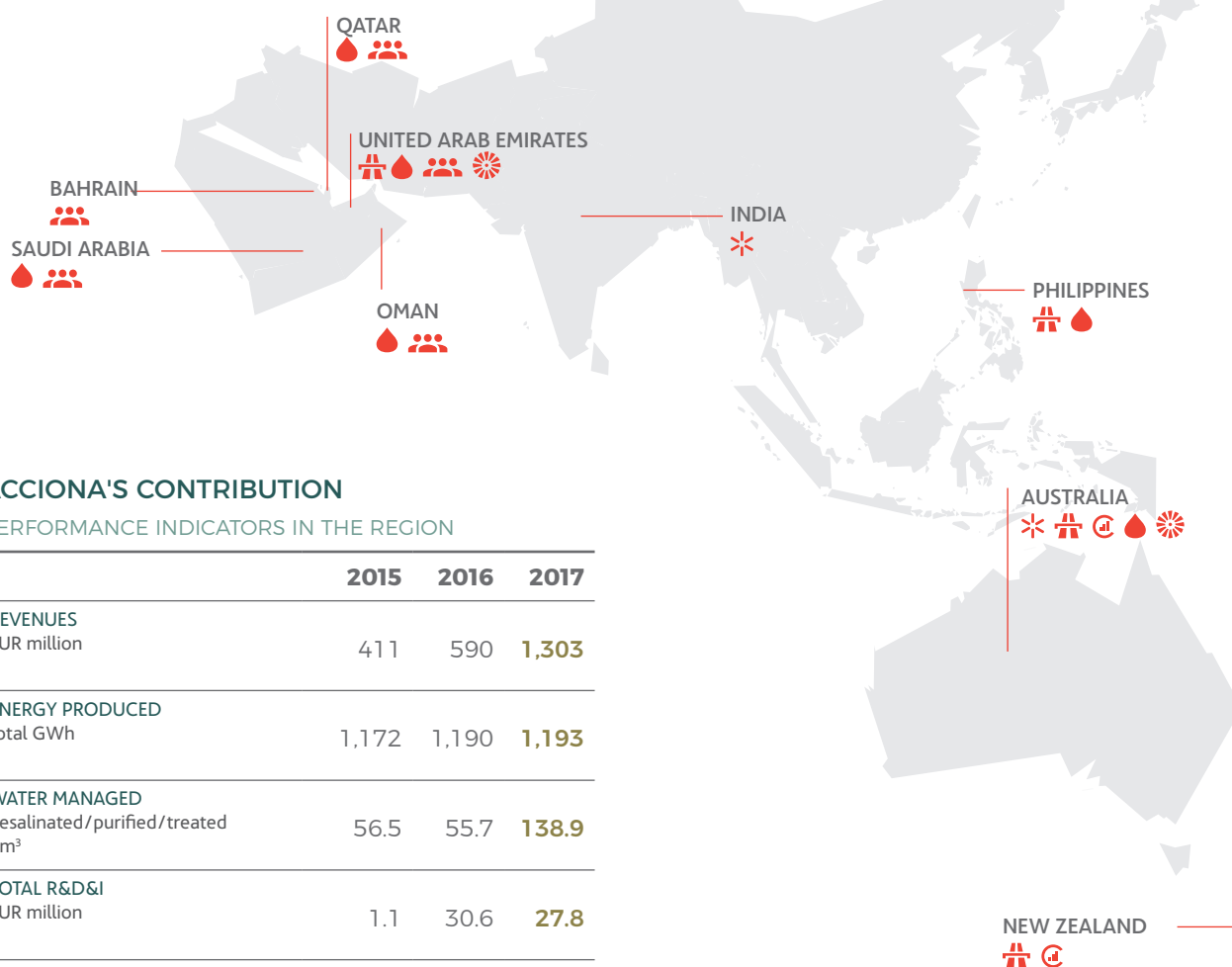
ACCIONA'S CONTRIBUTION

PERFORMANCE INDICATORS IN THE REGION

	2015	2016	2017
REVENUES EUR million	627	705	853
ENERGY PRODUCED total GWh	1,007	1,042	979
WATER MANAGED desalinated/purified/treated hm ³	145.9	145.2	132.4
TOTAL R&D&I EUR million	15.5	35.9	31.4
ACTIVITY CERTIFIED UNDER ISO 9001 % revenues	88	82	69

	2015	2016	2017
EMISSIONS AVOIDED thousands of tonnes of CO ₂	781	738	663
EMISSIONS GENERATED thousands of tonnes of CO ₂	13.9	137.4	184.4
WATER FOOTPRINT hm ³	143.7	142.9	131.7
ACTIVITY CERTIFIED UNDER ISO 14001 % revenues	74	69	49
AVERAGE EQUIVALENT HEADCOUNT no. of workers	4,099	4,223	4,952

ASIA AND OCEANIA

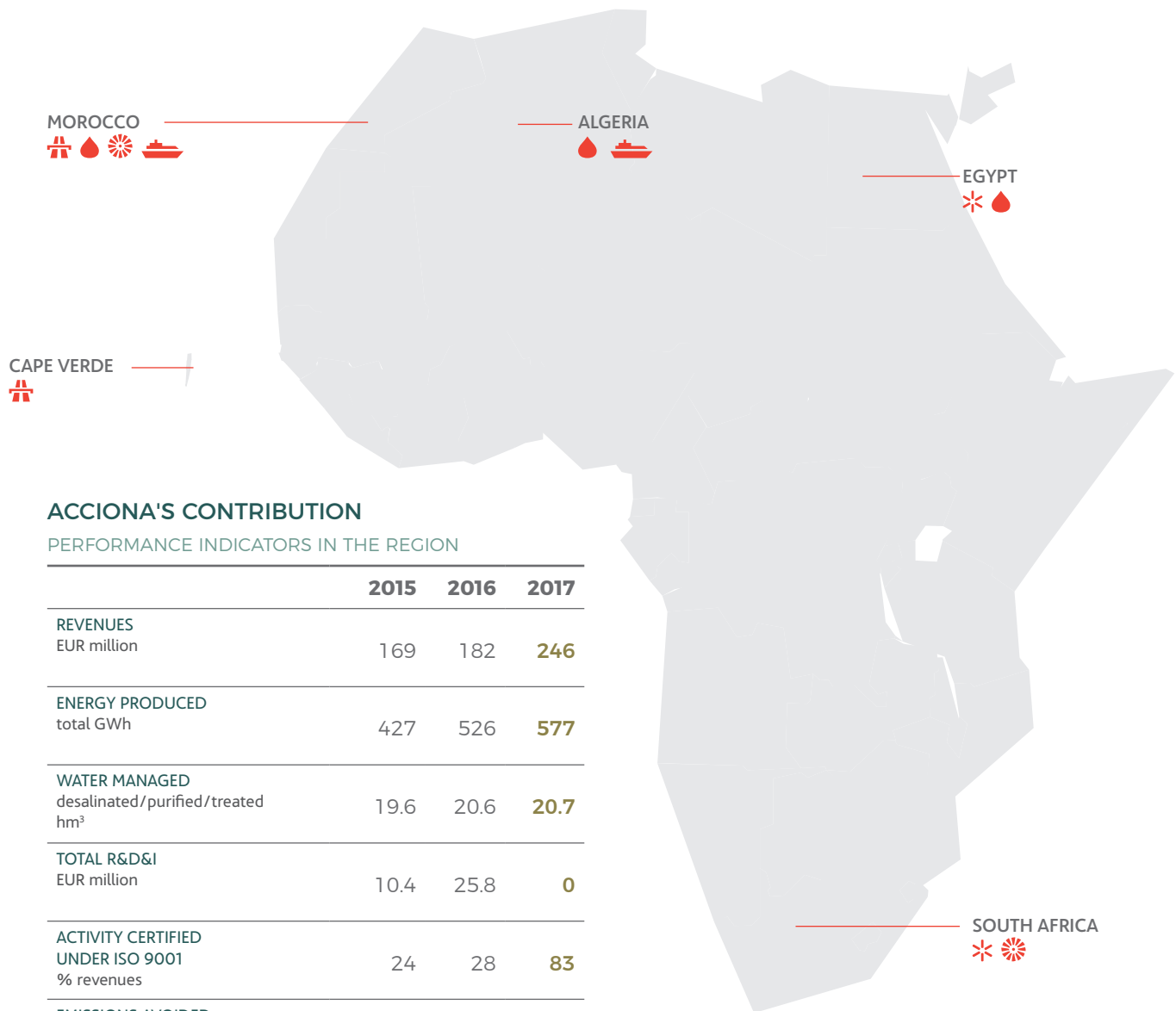


ACCIONA'S CONTRIBUTION

PERFORMANCE INDICATORS IN THE REGION

	2015	2016	2017
REVENUES EUR million	411	590	1,303
ENERGY PRODUCED total GWh	1,172	1,190	1,193
WATER MANAGED desalinated/purified/treated hm ³	56.5	55.7	138.9
TOTAL R&D&I EUR million	1.1	30.6	27.8
ACTIVITY CERTIFIED UNDER ISO 9001 % revenues	69	68	82
EMISSIONS AVOIDED thousands of tonnes of CO ₂	968	1,058	1,063
EMISSIONS GENERATED thousands of tonnes of CO ₂	44.3	115.5	335.3
WATER FOOTPRINT hm ³	39.1	-21.7	-70.3
ACTIVITY CERTIFIED UNDER ISO 14001 % revenues	69	68	82
AVERAGE EQUIVALENT HEADCOUNT no. of workers	291	480	1,718

AFRICA



ACCIONA'S CONTRIBUTION

PERFORMANCE INDICATORS IN THE REGION

	2015	2016	2017
REVENUES EUR million	169	182	246
ENERGY PRODUCED total GWh	427	526	577
WATER MANAGED desalinated/purified/treated hm ³	19.6	20.6	20.7
TOTAL R&D&I EUR million	10.4	25.8	0
ACTIVITY CERTIFIED UNDER ISO 9001 % revenues	24	28	83
EMISSIONS AVOIDED thousands of tonnes of CO ₂	714	571	616
EMISSIONS GENERATED thousands of tonnes of CO ₂	40	47	50
WATER FOOTPRINT hm ³	-2.7	-17.3	-4.4
ACTIVITY CERTIFIED UNDER ISO 14001 % revenues	24	28	83
AVERAGE EQUIVALENT HEADCOUNT no. of workers	227	266	171

MATERIALITY ANALYSIS

FOCUS ON THE MOST RELEVANT ISSUES

Due to the diverse business lines and countries in which it operates, ACCIONA deals with different key issues for the company and its stakeholders. To bring accountability into focus, ACCIONA developed a Materiality Analysis that identified the most relevant sustainability aspects for its different businesses.

THIS ANALYSIS
COMBINES
THE INTERNAL
VIEWPOINT OF
THE DIFFERENT
BUSINESSES
AND THE
EXTERNAL
VIEWPOINT
OF THE
STAKEHOLDERS

This chapter provides details on the procedure followed to identify the aspects that are most relevant for ACCIONA and its stakeholders and that potentially have the greatest impact on the business.

This study allows the company to understand the level of awareness about aspects relating to business strategy, identify the expectations and needs of stakeholders and focus the accountability strategy. It combines the internal viewpoint of the different businesses and the external viewpoint of the stakeholders, thus applying the Principles for defining report content of the Global Reporting Initiative (GRI) in accordance with the GRI 101 Standard: Foundation.

In the analysis performed for the *Sustainability Report 2017*, the relevant aspects identified in the previous year were updated on the basis of the macro trends analysed during the design of the Sustainability Master Plan (SMP) for each of ACCIONA's main lines of business (Energy and the different Infrastructure divisions: Construction, Water, Services and Industrial). A new initiative in 2017 was the extension of the study to the Infrastructure's Concessions business, which allowed the relevant issues to be identified and prioritised. Also, for the second year running, materiality analyses were carried out for other ACCIONA businesses (Bestinver, Grupo Bodegas Palacio 1894, ACCIONA Inmobiliaria and Trasmediterranea).

METHODOLOGY (GRI 102-42; GRI 102-43)

1	2	3
IDENTIFICATION	PRIORITISATION	VALIDATION
Review and update of the aspects identified in the <i>Materiality Analysis 2016</i> , with the aim of examining the most relevant aspects more deeply and widening the scope to include those aspects that have arisen recently.	<p>Prioritisation of these aspects on the basis of a twofold analysis:</p> <ul style="list-style-type: none"> • External relevance of sector opinion leaders, investors, the press and social networks. • Internal relevance through the analysis of the SMP 2020 and by consulting with the Sustainability Committees of the businesses in 2016. 	Review, validation and assessment of the aspects by the businesses through meetings with their Sustainability Committees in 2016, and in 2017 through the Sustainability managers of the ACCIONA group.

STAKEHOLDERS CONSULTED (GRI 102-42; GRI 102-43)

Various competitors, Public Administrations and regulatory bodies, media outlets, employees, investors and analysts, local communities and the scientific community were consulted in carrying out this study.

In addition, these analysed sources reflect the opinion of other ACCIONA stakeholders present in their sectors of activity, as shareholders, partners and customers, amongst others.

1. IDENTIFICATION OF MATERIAL ASPECTS

The *Materiality Analysis 2017* is an update of the aspects identified in the previous year, using sources of reference information for ACCIONA's sectors. For instance, these include the competitor analysis for its various businesses as well as the different think tanks and directives such as the Financial Stability Board, the European Directive on non-financial and diversity information, the draft legislation of the European Union entitled Winter Package, among others. Also taken into account were the sector materiality analyses of the Sustainability Accounting Standards Board (SASB) for the following industries: Renewable Resources & Alternative Energy, Water Utilities, Engineering & Construction Services, Services, Investment Banking and Brokerage, Alcoholic Beverages, Agricultural Products, Cruise Lines and Marine Transportation, Real Estate Services and Real Estate Owners, Developers & Investment Trusts. All of these sources helped to identify the nuances and particularities of these aspects for each business line.

2. PRIORITISATION OF MATERIAL ASPECTS

The prioritisation of these aspects was determined on the basis of a twofold analysis of data sources:

THE ASPECTS
CLIMATE CHANGE,
NON-FINANCIAL
RISKS, ETHICS
AND ANTI-
CORRUPTION,
LABOUR HUMAN
RIGHTS AND
OCCUPATIONAL
HEALTH AND
SAFETY ARE
RELEVANT
IN ALL OF
ACCIONA'S
MAIN
BUSINESSES

a. External relevance given by investors and opinion leaders:

- Criteria and aspects assessed in the Dow Jones Sustainability Index survey.
- Expectations of investors in terms of social, environmental and corporate governance criteria.
- Analysis of relevant aspects for the stakeholders identified in the press and on social networks.
- Consultation with international bodies and sector institutions, taking into account the main countries where ACCIONA conducts its business: World Wildlife Fund (WWF), Asociación Mexicana de Energía, Asociación de Empresas de Energías Renovables (APPA), American Wind Energy Association (AWEA), International Energy Agency (IEA), Canada Green Building Council, Australia Green Building Council, World Economic Forum, Ellen McArthur Foundation, Water Association, Global Compact Chile, Canadian Water and Wastewater Association (CWWA), Asociación Nacional de Empresas de Agua y Saneamiento de México (ANEAS), and World Business Council for Sustainable Development (WBCSD).

b. Internal relevance based on internal documents and stakeholders:

- Analysis of the Sustainability Master Plan 2020.
- Consultations with the Sustainability Committees of the businesses: the members of the Committee provided their viewpoint of the relevance of the aspects selected in 2016, on which this year's final list is based.

3. VALIDATION OF MATERIAL ASPECTS

For the assessment and validation of the material aspects of 2016, a series of meetings (focus groups) were held with the Sustainability Committees of each of ACCIONA's businesses, in which the assessments made in the previous phase were debated and validated. The validation of material aspects in 2017, which arise from last year's list, was carried out via the Sustainability managers of the ACCIONA group.

RESULTS OF THE ANALYSIS BY BUSINESS LINE (GRI 102-47)

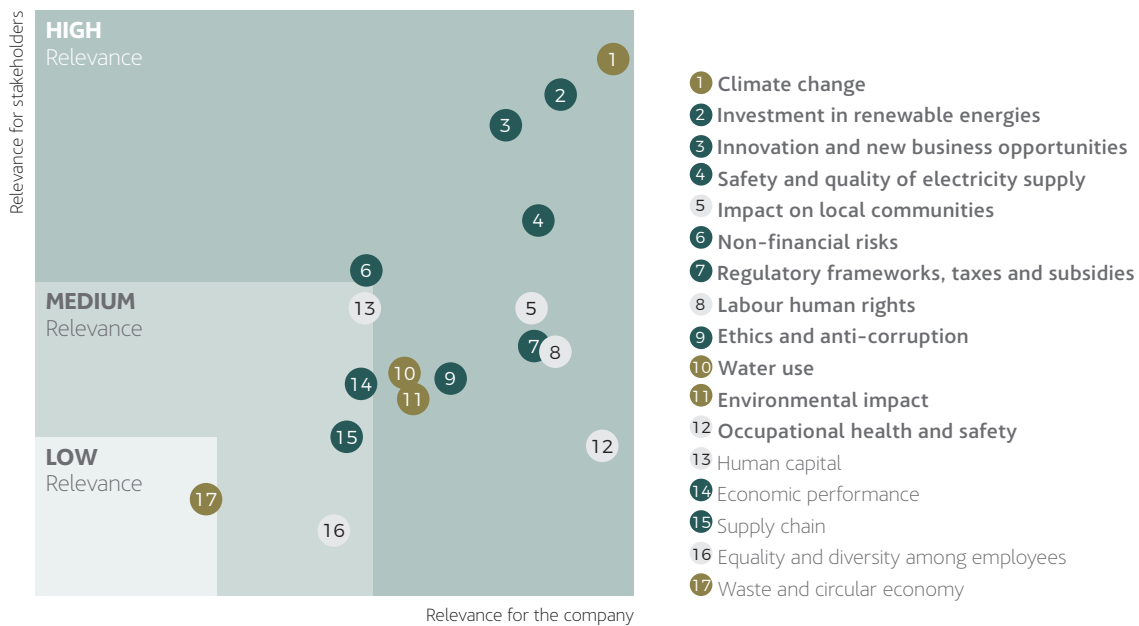
The material aspects identified for the different divisions of ACCIONA are represented below: Energy, Infrastructure (Construction, Concessions, Water, Services and Industrial) and Other businesses (Bestinver, Grupo Bodegas Palacio 1894, ACCIONA Inmobiliaria and Trasmediterranea). The ● blue colour represents the aspects that form part of the economic dimension, ● green represents the environmental dimension and ● grey denotes the social dimension, differentiating the issues as in the GRI Standards.

The preparation of the matrices was based on a list of different aspects for each business (according to their relevance for the type of activity). On the basis of these lists (of varying length), the aspects were prioritised following the methodology previously described.

Several aspects are relevant in all of ACCIONA's main businesses: Climate change, Non-financial risks, Ethics and anti-corruption, Labour human rights, and Occupational health and safety.

Other of the aspects that stand out as the most relevant in the majority of these businesses are the following: Innovation and new business opportunities, Service quality and customer satisfaction, Human capital and Environmental impact.

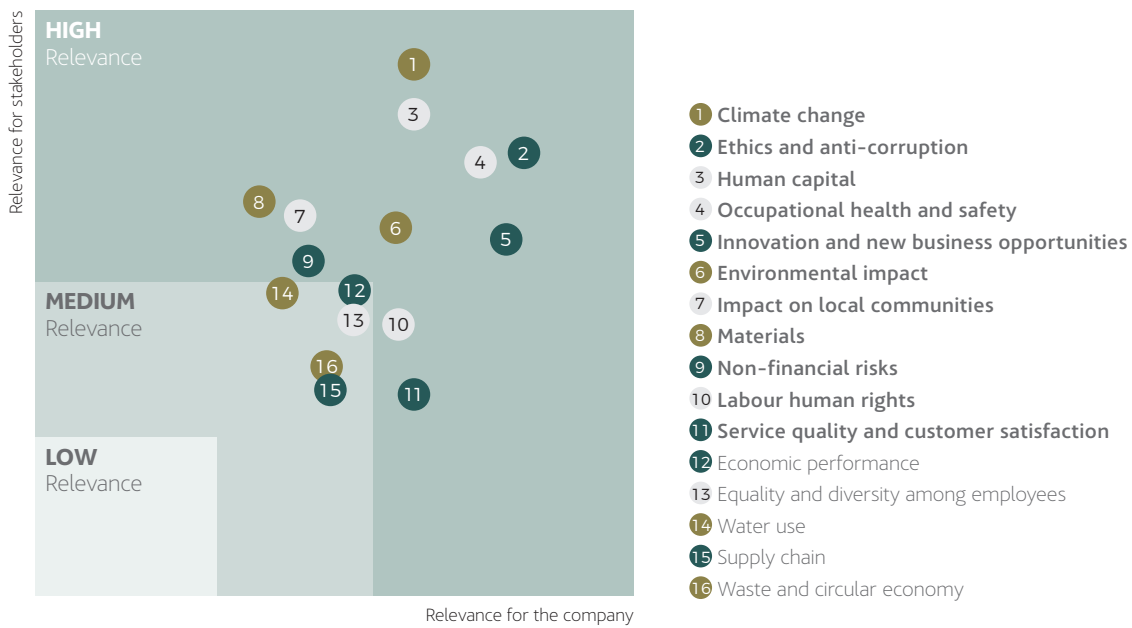
Material aspects for ACCIONA ENERGY:



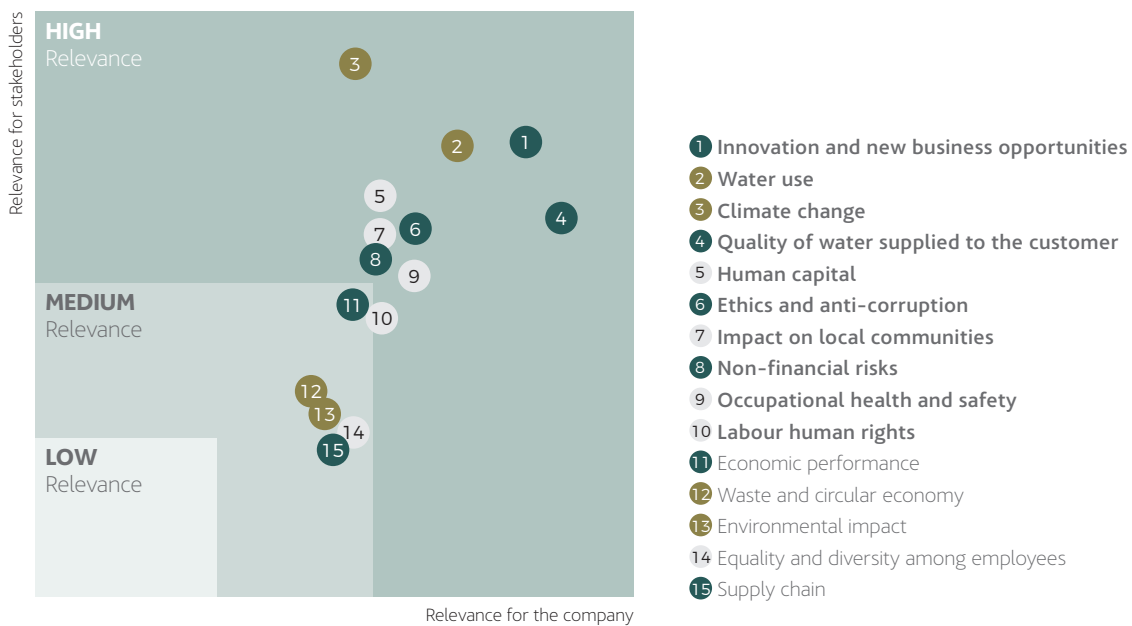
Material aspects for ACCIONA INFRASTRUCTURE: Construction



Material aspects for ACCIONA INFRASTRUCTURE: Concessions



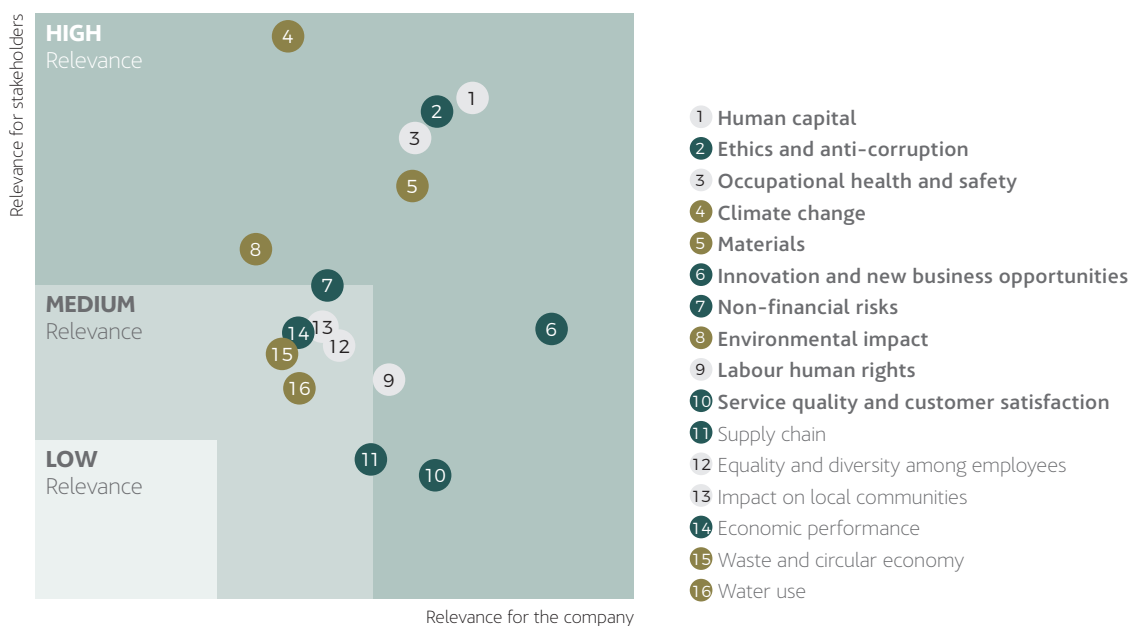
Material aspects for ACCIONA INFRASTRUCTURE: Water



Material aspects for ACCIONA INFRASTRUCTURE: Services



Material aspects for ACCIONA INFRASTRUCTURE: Industrial

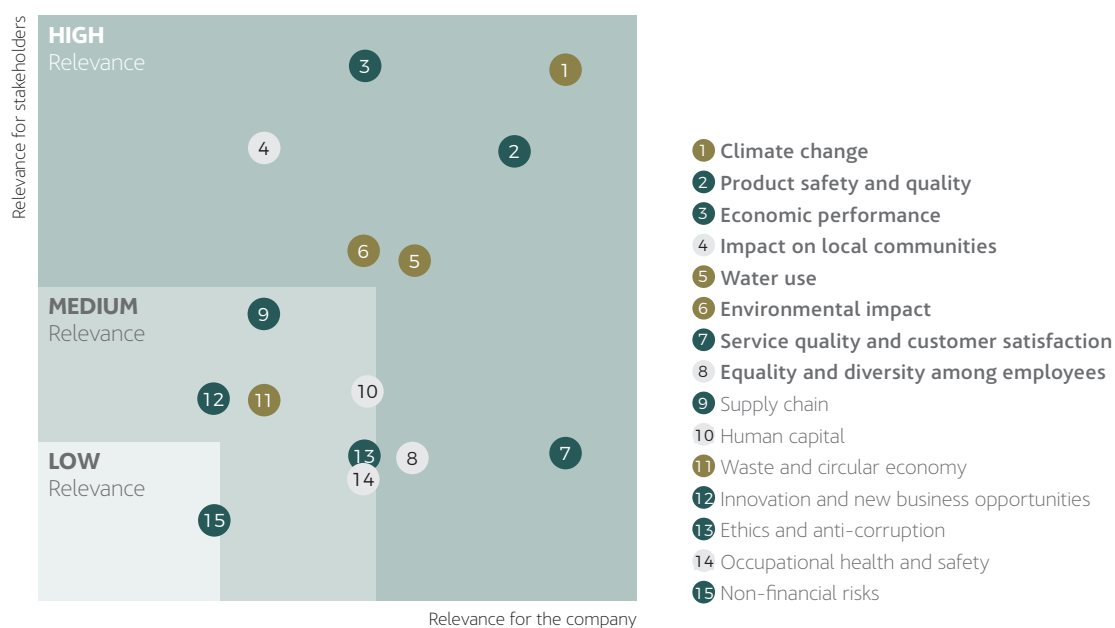


(GRI 102-47)

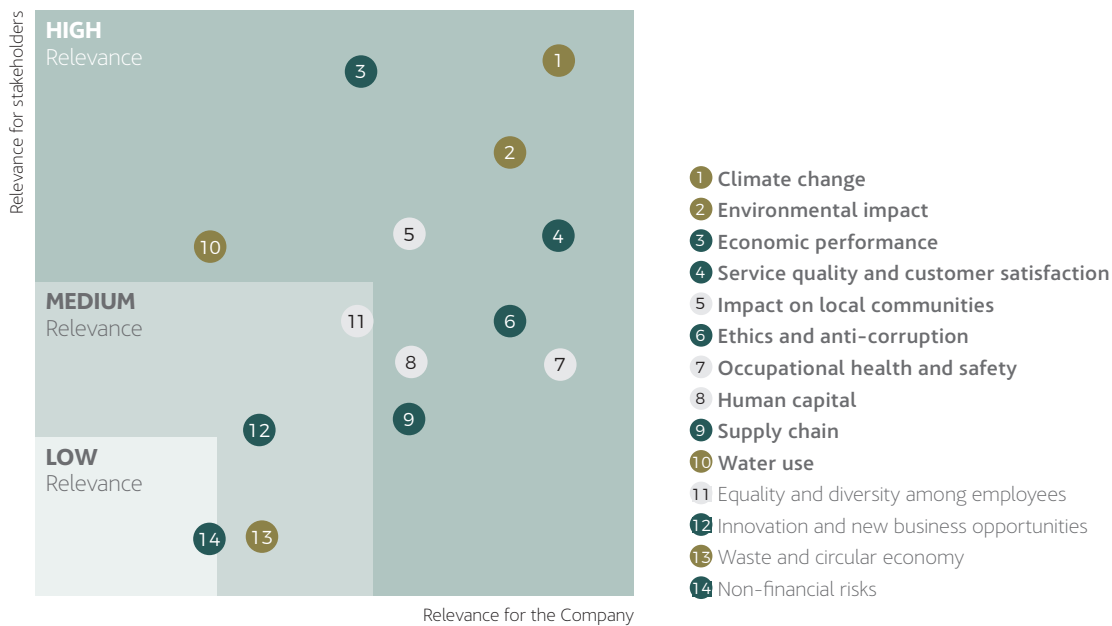
Material aspects for BESTINVER



Material aspects for GRUPO BODEGAS PALACIO 1894



Material aspects for ACCIONA INMOBILIARIA



Material aspects for TRASMEDITERRANEA



(GRI 102-47)

DETERMINING THE CONTENT (GRI 102-46)

Below is a full list of the identified aspects, along with the related GRI Standards and the coverage of each of them. As can be seen in the previous section, all of the aspects are relevant in one ACCIONA business or another.

This *Report* details all of the GRI Standards associated with the aspects, highlighting those businesses where each aspect in question is relevant. Similarly, the specific chapters of each business provide greater detail on the high-relevance aspects pertaining to them.

Material aspects in some of ACCIONA's businesses

MATERIAL ASPECTS IN SOME OF ACCIONA'S BUSINESSES*	DEFINITION OF THE ASPECTS
Climate change	Measures adopted by the company to contribute to mitigating climate change (policies, energy efficiency, greenhouse gas emissions, etc.), to adapting to climate change (adapting projects or assets to external climatological phenomena), and to managing associated risks and opportunities.
Non-financial risks	The companies need to implement mechanisms for risk detection, monitoring and quantification. In the area of sustainability, the analysis of environmental, social and good governance risks is considered relevant, also including the country risk (inherent in transnational operations and thereby contributing to an appropriate international expansion).
Ethics and anti-corruption	As part of corporate governance, it is considered necessary to create an anti-corruption policy and a code of ethics and conduct, as well as to promote legal compliance, integrity in bids and tenders, and transparency in tax contribution.
Human rights and labour rights	Measures implemented to guarantee employees' human rights. It is considered pertinent to minimise the risk of infringement in the areas of child labour, disciplinary issues, discrimination, freedom of association and working conditions, amongst others.
Occupational health and safety	Workers' health and safety management demands a process of awareness raising and training, accompanied by identifying risks and mitigation measures. On top of reducing the number of accidents in the workplace, it is important to identify those suppliers who are certified.
Innovation and new business opportunities	Having a sustainable innovation roadmap leads to new business opportunities. This roadmap may include aspects such as investment in R&D, development of new technologies, establishing measurable targets and working with third parties.
Service quality and customer satisfaction (common, except for Water and Energy)	Establishing mechanisms to gather opinions of customers, with the ability to measure their satisfaction and manage the existing relationship.
Human capital	Strategy and plans implemented in the company to attract and retain talent: processes to assess the performance, employee satisfaction surveys, investment in training and other instruments that encourage commitment, such as grants or incentives linked to objectives. All of this contributes to reducing employee turnover.

* If a business is not specified, it is a common aspect and, as such, is considered in the materiality analysis of all businesses.

	RELATED GRI STANDARDS	COVERAGE (GRI 103-1)
	GRI 103: Management approach. GRI 201-2: Financial implications and other risks and opportunities due to climate change. GRI 302: Energy. GRI 305: Emissions.	<ul style="list-style-type: none"> • Within and outside of the organisation. • The organisation contributes directly to the impact.
	GRI 102-15: Key impacts, risks and opportunities. GRI 103: Management approach.	<ul style="list-style-type: none"> • Within the organisation. • The organisation contributes directly to the impact.
	GRI 102-16 and GRI 102-17: Ethics and integrity. GRI 103: Management approach. GRI 205: Anti-corruption. GRI 206: Anti-competitive behaviour.	<ul style="list-style-type: none"> • Within and outside of the organisation. • The organisation contributes directly to the impact.
	GRI 103: Management approach. GRI 406: Non-discrimination. GRI 407: Freedom of association and collective bargaining. GRI 408: Child labour. GRI 409: Forced or compulsory labour. GRI 410: Security practices. GRI 412: Human rights assessment.	<ul style="list-style-type: none"> • Within and outside of the organisation. • The organisation contributes directly to the impact.
	GRI 103: Management approach. GRI 403: Occupational health and safety.	<ul style="list-style-type: none"> • Within and outside of the organisation. • The organisation contributes directly to the impact.
	GRI 103: Management approach. GRI 201: Economic performance.	<ul style="list-style-type: none"> • Within and outside of the organisation. • The organisation contributes directly to the impact.
	GRI 102-43: Approach to stakeholder engagement. GRI 103: Management approach.	<ul style="list-style-type: none"> • Within and outside of the organisation. • The organisation contributes directly to the impact.
	GRI 102-43: Approach to stakeholder engagement. GRI 103: Management approach. GRI 401: Employment. GRI 404: Training and education.	<ul style="list-style-type: none"> • Within the organisation. • The organisation contributes directly to the impact.

MATERIAL ASPECTS IN SOME OF ACCIONA'S BUSINESSES*	DEFINITION OF THE ASPECTS
Environmental impact	In order to ensure appropriate environmental management, it is deemed necessary to develop a policy, assess the vulnerability to regulation, establish compliance objectives and manage the potential Environmental Management Systems certifications. Furthermore, management of the impact on biodiversity encompasses measures such as analysing the state of the affected ecosystems and developing protection measures.
Impact on local communities	The negative impact of the company's activities on local communities must be managed, starting with an appropriate dialogue with them. This impact incorporates aspects such as population displacement, noise or dust generated, the visual impact and citizen safety. Furthermore, the company's activities also have positive repercussions on local communities, such as the generation of wealth and local job creation or the hiring of local suppliers.
Water use	An appropriate management of water use encompasses catchment, consumption and the related discharge. In order to achieve this, it is recommended that businesses measure their water footprint and set objectives to reduce it.
Equality and diversity among employees	Measures implemented to guarantee diversity and equal opportunities, including the incorporation of people at risk of social exclusion and providing training on aspects relating to multiculturalism, as well as to promote a work-life balance and reduce the salary gap.
Economic performance	Economic sustainability encompasses factors such as the economic value generated or distributed and the growth of the company, ensuring solvency, profitability and cost effectiveness.
Materials (specific to Construction, Industrial and Concessions)	Managing the use of materials encompasses saving materials, promoting the use of recycled materials, the management of hazardous materials and the certification of construction materials.
Supply chain	The environmental, social and ethics criteria must also be applied when managing suppliers. This includes establishing policies, correctives measures in the event of breaches, assessing risks and identifying suppliers' water and carbon footprint.
Waste and circular economy	An appropriate management of waste involves updating policies, researching new uses for waste and innovation in the field of recycling. The circular economy promotes change towards an economy that is efficient in its use of resources, taking into account an analysis of the full life cycle of the products and services.
Safety and quality of electricity supply (specific to Energy)	Customer satisfaction goes hand in hand with safety and quality of electricity supply. This aspect encompasses access to energy, supply capacity commitment, the state of infrastructure, the diversification of the mix from renewable energies and innovation in production technologies.
Product safety and quality (specific to Grupo Bodegas Palacio 1894)	Customer satisfaction goes hand in hand with safety and quality of the product. This aspect encapsulates the company's commitment to the customer, innovation in new production technologies, responsible marketing and initiatives adopted with regard to manufacturing environmentally friendly products.
Quality of water supplied to the customer (Specific to Water)	Customer satisfaction goes hand in hand with quality of the water supplied. This aspect covers risk management for health and the environment, the policies to minimise those risks, guaranteeing access to water and treating the water.
Level of development in renewable energies (specific to Energy)	The development of renewable energies will be determined by new opportunities for investment and collaboration in accordance with strategic criteria, including public-private collaboration and stable frameworks that ensure a return on investment.
Regulatory frameworks, taxes and subsidies (specific to Energy)	The regulatory frameworks considered relevant are those that provide stability for generating renewable energies, including long-term plans, carbon pricing policies and legislation on regulating the tariff deficit, which may all have an impact on the financial results.

* If a business is not specified, it is a common aspect and, as such, is considered in the materiality analysis of all businesses.

	RELATED GRI STANDARDS	COVERAGE (GRI 103-1)
	GRI 103: Management approach. GRI 303: Water. GRI 304: Biodiversity. GRI 306: Effluents and waste.	<ul style="list-style-type: none"> • Within and outside of the organisation. • The organisation contributes directly to the impact.
	GRI 103: Management approach. GRI 203: Indirect economic impacts. GRI 204-1: Proportion of spending on local suppliers. GRI 413: Local communities.	<ul style="list-style-type: none"> • Within and outside of the organisation. • The organisation is connected to the impact through its business relationships.
	GRI 103: Management approach. GRI 303: Water.	<ul style="list-style-type: none"> • Within and outside of the organisation. • The organisation contributes directly to the impact.
	GRI 102-8: Information on employees and other workers. GRI 103: Management approach. GRI 202-1: Ratios of standard entry level wage by gender compared to local minimum wage. GRI 405: Diversity and equal opportunity. GRI 406: Non-discrimination.	<ul style="list-style-type: none"> • Within the organisation. • The organisation contributes directly to the impact.
	GRI 103: Management approach. GRI 201: Economic performance.	<ul style="list-style-type: none"> • Within and outside of the organisation. • The organisation contributes directly to the impact.
	GRI 103: Management approach. GRI 301: Materials.	<ul style="list-style-type: none"> • Within and outside of the organisation. • The organisation contributes directly to the impact.
	GRI 103: Management approach. GRI 204: Procurement practices. GRI 308: Supplier environmental assessment. GRI 414: Supplier social assessment.	<ul style="list-style-type: none"> • Within and outside of the organisation. • The organisation is connected to the impact through its business relationships.
	GRI 103: Management approach. GRI 306-2 Waste by type and disposal method. GRI 306-4 Transport of hazardous waste.	<ul style="list-style-type: none"> • Within and outside of the organisation. • The organisation contributes directly to the impact.
	GRI 102-43: Approach to stakeholder engagement. GRI 103: Management approach.	<ul style="list-style-type: none"> • Within and outside of the organisation. • The organisation contributes directly to the impact.
	GRI 103: Management approach. GRI 416: Customer health and safety. GRI 417: Marketing and labelling. GRI 419: Socioeconomic compliance.	<ul style="list-style-type: none"> • Within and outside of the organisation. • The organisation contributes directly to the impact.
	GRI 103: Management approach. GRI 303: Water. GRI 416: Customer health and safety. GRI 419: Socioeconomic compliance.	<ul style="list-style-type: none"> • Within and outside of the organisation. • The organisation contributes directly to the impact.
	GRI 103: Management approach. GRI 201: Economic performance.	<ul style="list-style-type: none"> • Within and outside of the organisation. • The organisation contributes directly to the impact.
	GRI 103: Management approach.	<ul style="list-style-type: none"> • Within and outside of the organisation. • The organisation is connected to the impact through its business relationships.

ALL OF THE GRI STANDARDS ASSOCIATED WITH THE ASPECTS INCLUDED IN THIS REPORT PUT THE FOCUS ON THOSE BUSINESSES IN WHICH EACH ASPECT IS RELEVANT

ACCIONA'S COMMITMENT

REAL SOLUTIONS TO GLOBAL CHALLENGES

ACCIONA bases its business model on the development of sustainable solutions in the fields of infrastructure, water and energy. Through its Sustainability Master Plan 2020, the company responds to the main challenges of sustainable development, especially as regards climate change mitigation, providing solutions to water stress and designing infrastructure adapted to new realities.

CHALLENGES AND OPPORTUNITIES IN THE NEAR FUTURE

POPULATION GROWTH

As a result of the increase in the population (particularly in emerging economies and developing countries), estimated by the United Nations as more than 14 % for 2030, the planet will need 40 % more water, 50 % more energy and 6.3 billion dollars in annual investments in infrastructures. This increase, coupled with the tendency of the population to live in large cities, will have a direct impact on the scarcity of resources.

RESILIENT INFRASTRUCTURES

The concentration of the population in cities will raise new challenges in the management and construction of infrastructures, accessibility, the efficient use of resources, sustainable mobility, the supply of clean energy and the management of water and sanitation. The creation of sustainable cities through the implementation of resilient, inclusive transport systems and urban surroundings are two of the main needs of the urban population, as upheld by the United Nations Sustainable Development Goals.

WATER SHORTAGES

In addition to causing further shortages, particularly in areas with water stress, the increase in water consumption will also have a direct impact on water quality. According to the *United Nations World Water Development Report 2017*, there will be an increasing decline in the quality of water supplied in coming years as a result of the increase in unsustainable urban planning and urban development. Inadequate water supply and pollution will be some of the risks with the greatest social and economic impact in 2025.

CLIMATE CHANGE MITIGATION

According to the International Energy Agency (IEA), the generation and use of energy is responsible for 68 % of total greenhouse gas emissions worldwide and the main contributor towards global warming. Therefore, investing in renewable energy, energy efficiency and other low-carbon technologies will continue to be essential in meeting the population's new needs and minimising the negative impact on the environment and on future generations. The commitment to decarbonisation of the economy, from both the public and private perspectives, will be essential to reach the goal set at the Paris climate conference (COP21) and the subsequent COP22 and COP23, held in Marrakesh and Bonn, in relation to limiting global warming to 2 °C below pre-industrial temperatures.

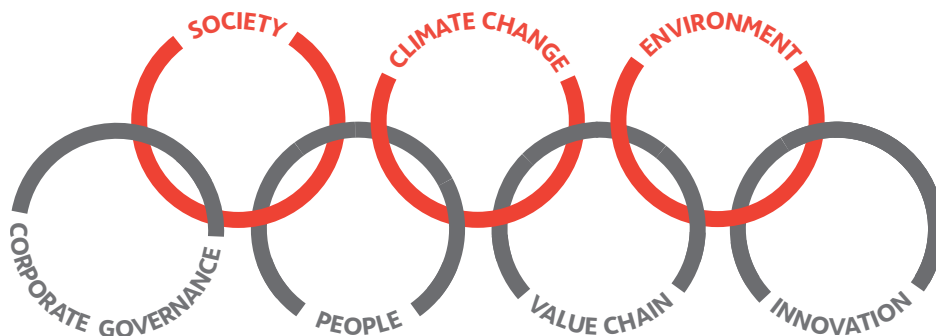
ACCIONA'S RESPONSE: SUSTAINABILITY MASTER PLAN 2020

ACCIONA's sustainability strategy is developed through the Sustainability Master Plan (SMP). Continuing on from the previous Plan, which covered the period 2010-2015, in 2016 the company defined a new sustainability strategy with 2020 as time horizon.

The current Sustainability Master Plan 2020 (smp2020.acciona.com) is structured around strategic and operational objectives applicable to the entire organisation with specifications for the different business lines, within the following areas:




- In **Society**, the aim is to contribute to improving people's lives. To this end, work is being carried out in the areas of social impact management, dialogue and leadership, social action and volunteering.
- In terms of **Climate Change**, ACCIONA, a carbon neutral company since 2016, takes mitigation of climate change as one of its key strategic objectives.
- Within the **Environment**, the company establishes goals by which 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 relation to human rights, ethics, corporate governance, risk management and transparency.
- In the area of **People**, goals have been set related to health and occupational safety, development and incentives, diversity and inclusion, and training.
- As regards the **Value Chain**, the company has objectives in place to reinforce mitigation of environmental risks, social values and corporate governance in its supply chain, and among partners and customers.
- In the area of **Innovation**, besides its commitment to maintaining an innovation over sales figure that is higher than the European average, ACCIONA has set targets in the fields of collaborative and operational innovation.



SUSTAINABILITY MASTER PLAN 2020



The SMP 2020 established objectives and commitments for 2020, which will be achieved through continuous work throughout 2016-2020. The progress, initiatives and rate of fulfilment throughout 2017 is shown below.

SMP AREA	2020 TARGETS AND COMMITMENTS	PROGRESS IN 2017
 SOCIETY	Enhance the Social Impact Management of the company's business activity	<ul style="list-style-type: none"> • Implementation of the Social Impact Management (SIM) methodology across 100 projects in 33 countries • Conduct of 9 external audits, 2 Energy projects and 7 Infrastructure projects, to assess the application of SIM. • Measurement of the socioeconomic and environmental impact of two Infrastructure projects and two Energy projects.
	Enhance the company's Social Action Plan	<ul style="list-style-type: none"> • Social contribution: more than EUR 12.3 million, and 530,538 beneficiaries. • End of the Luz en Casa Napo pilot project in the Amazon (Peru) of the ACCIONA Microenergía Foundation, and start-up of six new Luz en Casa centres in Oaxaca (Mexico).
	Continue playing a leading role in international initiatives and to keep on developing the company's relationship with its stakeholders	Participation in forums and international initiatives: Bonn climate conference (COP23), One Planet Summit conference, United Nations Global Compact LEAD (steering committee), Caring for Climate, World Economic Forum, World Bank, Corporate Leaders Group (CLG), WBCSD, Alliance of CEO Climate Leaders, amongst others.
	Volunteering: to foster employees' commitment to sustainable development	Participation in diverse initiatives in 19 countries by 1,746 ACCIONA volunteers (Volunteer Day, Integra Foundation, Princesa de Girona Foundation, Inspiring Girls and Let's donate! Campaign, amongst others).

SMP AREA	2020 TARGETS AND COMMITMENTS	PROGRESS IN 2017
 CLIMATE CHANGE	Carbon neutrality: to reduce and offset emissions	<ul style="list-style-type: none"> Achievement of carbon neutrality by offsetting emissions that we have not been able to reduce. Use of the internal carbon price in the analysis of possible new investments.
	Design and prepare climate change risk maps	<ul style="list-style-type: none"> Development of a top-down analysis of the risks associated with climate change. Updating businesses' risk maps.
	Prepare and implement climate change risk management and adaptation plans in the business strategy	Preparation of a dossier that includes 67 global measures for adaptation to climate change.
	Provide training to the company on climate change risks and how to manage them	<ul style="list-style-type: none"> Launch of the ACCIONA Sustainability Course, which includes various parts relating to climate change.
 ENVIRONMENT	Eco-efficiency in operations: progress with a circular economy programme	<ul style="list-style-type: none"> Establishment of specific recovery objectives for each type of waste for each of the businesses. Incorporation of 10 projects into the life cycle analysis (LCA) portfolio.
	Improve the efficiency of water consumption	<ul style="list-style-type: none"> Development of plans to monitor and reduce water consumption in production centres. Development of a top-down analysis of risks associated with water resources.
	Neutral biodiversity footprint	Completion of 12 biodiversity action plans.
 CORPORATE GOVERNANCE	Ethics: <ul style="list-style-type: none"> Adapt the Code of Conduct to the most advanced practices Provide an international Crime Prevention and Anti-Corruption Model for 100 % of business activities 	<ul style="list-style-type: none"> Training of 6,213 employees on the Code of Conduct and 1,400 managers and directors on anti-corruption. Implementation of the Crime Prevention and Anti-Corruption Model in Italy for Energy and Water. Start of the pilot test for the management of controls established in internal regulations with the new Governance Risk & Compliance tool.
	Implement a programme of respect, protection and remediation of human rights in all activities and markets	<ul style="list-style-type: none"> Revision of the categories and analysis of associated human rights risks in the countries in which the company operates. Update of the human rights risk analysis showing that 52 % of countries in which ACCIONA operates are at very serious or serious risk of violation of human rights.
	Adopt the most advanced best corporate governance practices	<ul style="list-style-type: none"> Approval of a Selection Policy of Board Directors that fosters diversity of knowledge, experience and gender. Approval of the new Board director remuneration policy for the next three years.
	Include management of non-financial risks (human rights, climate change, anti-corruption and environmental risks, among others) as part of business management	<ul style="list-style-type: none"> Approval and launch of the new method of identifying and assessing sustainability risks (climate change, environment, social, employment and governance, amongst others).
	Transparency: <ul style="list-style-type: none"> Progress in the company's non-financial reporting at global and local levels Adopt policies that enhance fiscal transparency 	<ul style="list-style-type: none"> Reinforcement of the non-financial information in the <i>Director's Report 2017</i> in compliance with the new Spanish Royal Decree-Law no. 18/2017. Annual publication of total tax information by country.

SMP AREA	2020 TARGETS AND COMMITMENTS	PROGRESS IN 2017
 PEOPLE	Safety: bring the accident frequency rate down by 15 % below the figure for 2015	<ul style="list-style-type: none"> • Reduction of the global accident frequency rate of employees and contractors, going from 3 to 2.7 in 2017. The 2015 figure was 2.9. • Consolidation of programmes like the VPPs, BBS4U or the LIDER Program in Infrastructure, THINK SAFE in Energy.
	Healthy ACCIONA: provide employees access to health programmes and healthy habits	<ul style="list-style-type: none"> • Promote internationally integral health through an awareness campaign about endemic diseases and immunisation for travellers. • Draft health guidelines for pregnant workers.
	Development and incentives: Establish specific programmes to attract, recognise and retain talent in all countries with more than 300 own employees	<ul style="list-style-type: none"> • Development of the New Performance Management Model, having launched its first two phases: Objective Setting and first pilot Performance Status. • Revision of the Selection Method, incorporating new tests that will enable the detection of the necessary capacities in a more effective manner. • Implementation of the internal mobility control panel, to develop the greatest potential.
	Diversity and inclusion: Establish diversity plans in all countries with more than 300 own employees, with specific objectives depending on the country's circumstances	<ul style="list-style-type: none"> • Establishment of an analysis method for the remuneration gap between men and women, based on best practices (the 2017 remuneration gap is 5.17 %). • Ratio of equivalent employment of people with disabilities in Spain: 3.6 % of the workforce.
	Training: provide employees with knowledge about and skills related to sustainability in order to perform their jobs in harmony with the company's strategy	Launch of the ACCIONA Sustainability Course, available for 10,584 employees in 41 different countries.
 VALUE CHAIN	Mitigate environmental, social and corporate governance risks in the supply chain and to create new sustainable solutions	<ul style="list-style-type: none"> • Consolidation of the Risk Map with a 66 % growth in the number of suppliers assessed. • Implementation of No Go Policies, achieving the goal of 0 % general procurement orders from these suppliers. • Conduct of 296 audits (56 % more than in 2016), 47 to suppliers of risk countries.
	Mitigate environmental, social and corporate governance risks in relationships with partners: consortium, joint ventures and temporary joint ventures	<ul style="list-style-type: none"> • Evaluation of 177 partners or third parties through the PROCUR-e 3P tool, mitigating the project risks and complying with due diligence requirements.
	Clients: <ul style="list-style-type: none"> • Generate long-term loyalty and trust among clients based on ACCIONA's commitment to sustainability • Define No Go Policies with sustainability criteria (third party due diligence) 	<ul style="list-style-type: none"> • Meetings with customers to discuss topics like the sustainability strategy, quality, environment, safety and occupational health, contribution to the SDGs, relations with communities or socioeconomic impact. • First works developed and envisaged progress in the next few years.

SMP AREA	2020 TARGETS AND COMMITMENTS	PROGRESS IN 2017
 INNOVATION	Maintain an innovation over sales figure that exceeds the European average, to preserve ACCIONA's innovative leadership	Accredited innovation figure of EUR 209.4 million in 2017, which represents an innovation intensity ratio (2.9 %), higher than the European average (1.4 %)
	Collaborative innovation: collaborate with third parties to develop innovative technologies that guarantee the company's business sustainability	<ul style="list-style-type: none"> • Launch of I'MNOVATION #Startups, the first corporate start-up accelerator of infrastructures and renewable energies in Spain. • Creation of the Advanced and Digital Innovation Hub (AADIH), which includes, amongst its targets, the development of digital innovation capacities and their transfer to the businesses.
	Operational innovation: create and improve efficient processes that generate savings of at least EUR 75 million (EUR 15 million per year)	Savings of EUR 32 million (16 % more than in 2016) for improvements in operational innovation processes.

GOVERNANCE IN MATTERS OF SUSTAINABILITY

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

FUNCTIONS OF THE SUSTAINABILITY COMMITTEE

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

The issues covered in the meetings held in 2017 were as follows:

- Monitoring, approval and analysis of the advances made in the Sustainability Master Plan 2016.
- Approval of the *Sustainability Report 2016*.
- Approval of the annual objectives for 2017.
- Presentation and analysis of the results of the Dow Jones Sustainability Index 2017.

Since 2012, the content of the *Sustainability Report* that is published annually by ACCIONA is submitted to the review and approval of the General Meeting of Shareholders. Accordingly, all topics relating to sustainability were brought to the attention of the General Shareholders' Meeting. Shareholders have the chance to comment on the initiatives and the company's social, environmental and corporate governance performance, described in the *Sustainability Report*. This way they inform the Board of Directors of their opinion on the subject. In May 2017, the General Meeting of Shareholders approved ACCIONA's *Sustainability Report 2016* with the favourable vote of 99.94 % of the share capital represented at the Meeting.

In this regard, the Sustainability Department is the corporate unit within ACCIONA responsible for coordinating and boosting the initiatives and commitments of the SMP 2020, the implementation of which involves different areas of the company, both corporate and business. The Sustainability Department reports directly to the Sustainability Committee of the Board of Directors and to one of the members of the Management Committee, who is the corporate representative responsible for sustainability.

With the aim of achieving the goals of the SMP 2020, the Sustainability Department and the different business divisions have continued to work together, agreeing on objectives and monitoring them through the different business Sustainability Committees. Under this scope, the aspects covered have included the setting of 2017 goals and their monitoring, variable remuneration linked to sustainability, the emissions offsetting model or the presence in international bodies that strengthen ACCIONA's commitment to fight against climate change.

Additionally, there are sustainability representatives in strategic markets for the company, such as Australia, Chile, Mexico and Canada. This allows for a direct insight into the social and environmental context in different international markets.

ACCIONA AND THE SUSTAINABLE DEVELOPMENT GOALS

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



Via its projects in water, renewable energies and infrastructure, ACCIONA contributes towards key objectives, among other reasons to be a *sine qua non* for achieving the rest. In particular, these objectives related to the aforementioned SDGs on access to water (no. 6), energy (no. 7), infrastructure (no. 9) and mitigating climate change (no. 13). To a different extent, it also contributes to the rest of the goals through the initiatives included in the Sustainability Master Plan.

To measure the contribution made towards the SDGs, ACCIONA has analysed the indicators that, in view of its activity, are most relevant and have the greatest impact in the short, medium and long-term, with reference to the *SDG Compass The guide for business action on the SDGs*, developed in collaboration by GRI, the United Nations Global Compact and the World Business Council for Sustainable Development.

Below is a summary of ACCIONA's contribution to the achievement of the SDGs through three levels:

- Main contribution made by the businesses to the key SDGs for the company.
- Contribution through the Sustainability Master Plan.
- Contribution by means of the Social Action Plan and the ACCIONA Microenergía Foundation.


MAIN CONTRIBUTION MADE BY THE BUSINESSES TO THE KEY SDGS

 <p>6 CLEAN WATER AND SANITATION</p> <p>ENSURE ACCESS TO WATER</p>	 <p>7 AFFORDABLE AND CLEAN ENERGY</p> <p>ENSURE ACCESS TO AFFORDABLE ENERGY</p>	 <p>9 INDUSTRY, INNOVATION AND INFRASTRUCTURE</p> <p>BUILD RESILIENT INFRASTRUCTURE</p>	 <p>13 CLIMATE ACTION</p> <p>ADOPT URGENT MEASURES TO FIGHT CLIMATE CHANGE</p>
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CONTRIBUTION THROUGH THE SUSTAINABILITY MASTER PLAN

 <p>5 GENDER EQUALITY</p>	 <p>8 DECENT WORK AND ECONOMIC GROWTH</p>	 <p>12 RESPONSIBLE CONSUMPTION AND PRODUCTION</p>	 <p>16 PEACE, JUSTICE AND STRONG INSTITUTIONS</p>	 <p>17 PARTNERSHIPS FOR THE GOALS</p>
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MAIN CONTRIBUTION MADE BY THE BUSINESSES TO THE KEY SDGS

SDG	ACCIONA'S CONTRIBUTION
 <p>6 CLEAN WATER AND SANITATION</p>	<p>Throughout its history, ACCIONA has purified, processed and desalinated water for more than 100 million people worldwide. Through its water treatment activities, the company assures the supply of drinking water to areas of water stress, preserving the environment.</p> <p>In this respect, in 2017, the following contribution stands out towards the achievement of goal no. 6 (clean water and sanitation) through:</p> <ul style="list-style-type: none"> • ACCIONA's water footprint generated a positive impact on the planet of 374 hm³, a figure equivalent to the annual consumption of a population of more than 7 million people (based on the average consumption per person in Spain). This positive impact is mainly due to water treatment and purification activities, juxtaposed against the consumption and waste of the company as a whole. • More than 98 % of all the water that has been purified, processed and desalinated (775 m³) was in 8 countries with regions of water stress. • Capital expenditure in the Water business amounted to EUR 38 million.

SDG	ACCIONA'S CONTRIBUTION
 <p>7 AFFORDABLE AND CLEAN ENERGY</p>	<p>The company generates energy entirely from renewable sources such as wind, photovoltaic, hydroelectric, thermosolar and biomass. From 2016 to 2020, ACCIONA will invest at least 2,500 million dollars in the development of renewable technologies. 80 % of this investment will be in new facilities in developing countries. Based on this trend, renewable installed capacity will be at least 10,500 MW.</p> <p>In 2017, the company contributed to the achievement of goal no. 7 (affordable and clean energy), through:</p> <ul style="list-style-type: none"> • 9,022 MW installed capacity and production of 20,431 GWh of clean, emissions-free energy, equivalent to the consumption of 6 million households worldwide. • Of the company's energy consumption (19,071 Tj), 30 % was supplied from renewable sources. • Capital expenditure in the Energy business amounted to EUR 488 million.
 <p>9 INDUSTRY, INNOVATION AND INFRASTRUCTURE</p>	<p>Through its different business lines, ACCIONA offers innovative solutions that satisfy the growing demand for infrastructure, access to water and energy, etc. When developing its projects, it measures and manages its social and environmental impact on the communities in which it works. In 2017, the company contributed to the achievement of goal no. 9 (industry, innovation and infrastructure), through:</p> <ul style="list-style-type: none"> • Social impact management in 100 projects in 33 countries, where the positive and negative social consequences are analysed and addressed. • Measurement of the socioeconomic and environmental impact throughout the life cycle of two Infrastructure projects and two Energy projects. • Social cash flow of EUR 8,168 million. The economic value generated by cash flow received from its customers, divestments, financial operations and other sources, has been distributed through payments to suppliers, public authorities, shareholders, employees, etc. • Innovation figure of EUR 209.4 million, with an innovation intensity ratio (2.9 %) above the European average (1.4 %). • Launch of l'MNOVATION #Startups, the first corporate start-up accelerator of infrastructures and renewable energies in Spain. • As regards the investment effort made by the company as a whole, gross investment comes to EUR 920 million in 2017.
 <p>13 CLIMATE ACTION</p>	<p>ACCIONA has been a carbon neutral company since 2016 and considers the fight against climate change a strategic priority. Through electricity generation from renewable sources, it helps mitigate climate change by displacing fossil fuels in the countries' electricity mix.</p> <p>In 2017, the company contributed to the achievement of goal no. 13 (climate action), through:</p> <ul style="list-style-type: none"> • Achievement of the carbon neutrality goal by offsetting 100 % of emissions that could not be reduced. Continuing with this commitment, the emissions generated in 2017 (1,228,540 t CO₂) are offset during 2018. • ACCIONA has joined the Science Based Targets initiative with the aim of setting emissions reductions goals based on science. • A total of 14.4 million tonnes of CO₂ emissions avoided into the atmosphere, thanks to the generation of 100 % renewable energy. • Participation in the development of projects associated with the fight against climate change with 8 projects registered in the Clean Development Mechanism in Mexico, India, Chile and Costa Rica. It also takes part in the voluntary carbon market, through the Verified Carbon Strategy (VCS) programme, with 2 wind projects in the U.S.

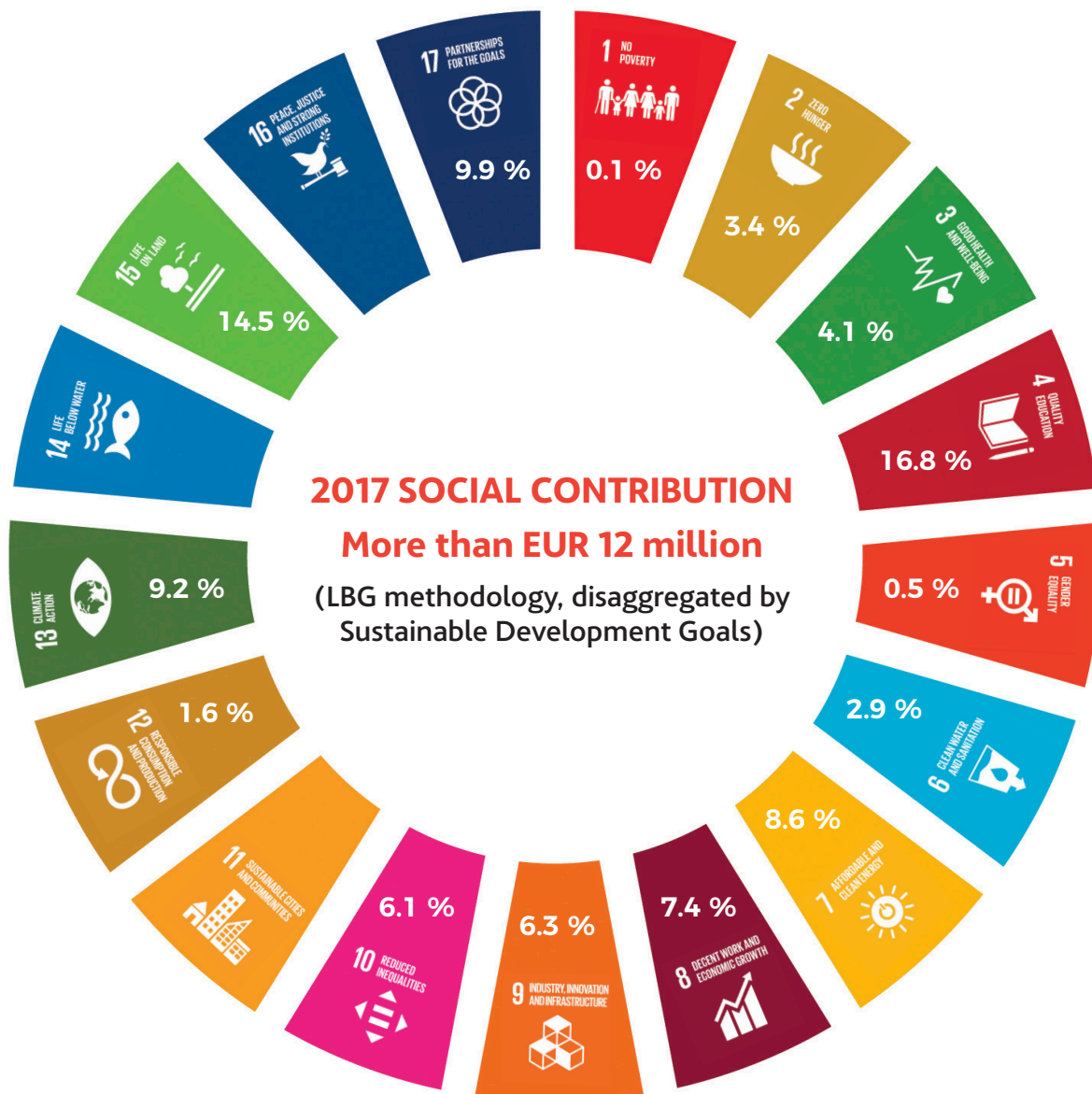
CONTRIBUTION THROUGH THE SUSTAINABILITY MASTER PLAN

SDG	ACCIONA'S CONTRIBUTION
 <p>5 GENDER EQUALITY</p>	<p>ACCIONA works on different initiatives to foster equal opportunities, meritocracy and diversity. Under the scope of the SMP 2020, the company has objectives regarding diversity plans, an increase in the percentage of women in managerial and executive roles and the elimination of the gender pay gap between men and women, amongst others.</p> <p>In 2017, the company contributed to the achievement of goal no. 5 (Gender equality), through:</p> <ul style="list-style-type: none"> • Regarding gender diversity, 30 % of the total workforce are women, occupying 12.8 % of all executive positions and 19.8 % of managerial positions. • On the Board of Directors, 27.27 % of members are women. Moreover, the Director Selection Policy was approved, which includes a specific gender diversity goal by 2020. • In Spain, all the company's activities are covered by gender equality plans. • The gender pay gap was 5.17 %.
 <p>8 DECENT WORK AND ECONOMIC GROWTH</p>	<p>ACCIONA shares the values of respect, transparency, equal opportunities, meritocracy, continuous communication and diversity with all its employees. By the same token, it also promotes health and safety amongst employees and collaborators. Through its SMP 2020, it works to improve aspects such as health and safety of employees and collaborators, and employee training.</p> <p>In 2017, the company contributed to the achievement of goal no. 8 (decent work and economic growth), through:</p> <ul style="list-style-type: none"> • Reduction of the employee frequency rate from 3 to 2.7, thanks to the consolidation of programmes to improve the preventive culture such as the LIDER program (Infrastructure) and THINK SAFE (Energy). • ACCIONA is a member of Building and Wood Workers' International, which covers all works in the industries in which it operates. • As regards integration, we have reached 3.6 % of equivalent employment of people with disabilities in Spain. • An average of 15.96 training hours per employee per year. It is important to highlight the launch of the ACCIONA Sustainability Course, available to 10,584 employees in 41 different countries.
 <p>12 RESPONSIBLE CONSUMPTION AND PRODUCTION</p>	<p>The company contributes to its value chain, strengthening risk prevention aspects, ethical principles, and the reduction of the climate and environmental footprint. It also guarantees the quality and safety of its products.</p> <p>In 2017, the company contributed to the achievement of goal no. 12 (responsible consumption and production), through:</p> <ul style="list-style-type: none"> • Implementation of No Go Policies, minimum levels of ethics and integrity, amongst others, which in the event of breach, prevent contracts from being stipulated with suppliers. • 94 % of ACCIONA's suppliers are local. • 91 % of the group's revenue are certified to ISO 9001 quality standard and 88 % to ISO 14001 for environmental management standard. • Within the Waste Management Plan 2016-2020, the company recovers 43 % of all the waste it produces.

SDG	ACCIONA'S CONTRIBUTION
	<p>The Code of Conduct and ACCIONA's Policy Book constitute a framework of integrity and governance, as a guarantee of responsibility in our management. By the same token, risk management is a process driven by the Board of Directors, which consists in identifying, assessing and managing potential events that may affect the company and the achievement of its objectives.</p> <p>On this premise, and under the scope of the SMP 2020, in 2017, ACCIONA contributed to the achievement of goal no. 16 (peace, justice and strong institutions), through:</p> <ul style="list-style-type: none"> • ACCIONA has the Ethical Channel, which enables reporting of any irregular conduct or assumption of breach or violation of the conduct set out in the Code of Conduct. In 2017, 45 reports were received through the Ethical Channel/Code Committee. • Approval and launch of the new method for the identification and assessment of sustainability risks. • Updating of the company's diagnostic study of human rights, with reference to the United Nations Guiding Principles on Business and Human Rights, as part of the due diligence process. • In line with the company's ethical commitment, the Crime Prevention and Anti -Corruption Model has been implemented in Italy for Energy and Water.
	<p>ACCIONA actively participates in international initiatives that reinforce its commitment to sustainable development, fighting climate change and the dissemination of these materials.</p> <p>In 2017, the company contributed to the achievement of goal no. 17 (partnerships for the goals) through:</p> <ul style="list-style-type: none"> • ACCIONA played an active role in COP23 held in Bonn and in the World Economic Forum in Davos. • Participation in national and international organisations on climate change, sustainable development and other issues: CPLC, Alliance of CEO Climate Leaders, Sustainable Energy for All WBCSD, Corporate Leaders Group, Global Compact, etc. • Participation in various public consultations on regulatory projects on matters of energy, infrastructure, water and services, such as, for example, in the preparation of the Climate Change and Energy Transition Law (Spain), through associations in the sector and its participation in the Spanish Green Growth Group.

CONTRIBUTION TOWARDS THE SDGS THROUGH THE SOCIAL ACTION PLAN AND THE ACCIONA MICROENERGIA FOUNDATION

In the framework of the SMP 2020, ACCIONA aims to align 100 % of the social contribution with its Social Action Plan. The company measures and assesses its social action, applying the international methodology of the London Benchmarking Group (LBG), which allows an overview and a comparison of results with other companies. For the second year running, ACCIONA has assessed its social contribution in accordance with the 17 Sustainable Development Goals.



ACCIONA Microenergía Foundation, through its activities to supply electricity through photovoltaic systems in isolated rural zones in developing countries, contributed to the achievement of the Sustainable Development Goals, standing out in particular its contribution towards goal no. 7: ensuring access to affordable, reliable, sustainable and modern energy for all.

MOST SIGNIFICANT IMPACTS OF THE LUZ EN CASA PROGRAMMES DURING 2017

 <p>7 AFFORDABLE AND CLEAN ENERGY</p>	<p>The Luz en Casa rural electrification programmes provided access to affordable electricity with home photovoltaic systems to 11,400 low-income households (more than 46,000 people) in isolated rural communities.</p>	 <p>8 DECENT WORK AND ECONOMIC GROWTH</p>	<p>The Luz en Casa centres and the electricity supplied to users with small businesses in their homes, contribute to the employment and economic growth of the communities served.</p>
 <p>1 NO POVERTY</p>	<p>The 46,000 users of Luz en Casa save EUR 945,000 by avoiding the purchase of batteries, candles, etc. and could gain the use of approximately 7,295,000 extra hours of light to carry out their day-to-day activities, as they have electric light.</p>	 <p>9 INDUSTRY, INNOVATION AND INFRASTRUCTURE</p>	<p>The models for the provision of the Luz en Casa service, which consider technological, economic and management aspects allow for the implementation of basic electrical infrastructures.</p> <p>Recognition of the Luz en Casa centres by CAF-Latin American Development Bank and the journal Compromiso Empresarial.</p>
 <p>3 GOOD HEALTH AND WELL-BEING</p>	<p>Luz en Casa provided almost 19,250,000 hours of electric lighting that minimised the use of harmful alternative methods (candles, kerosene, wood).</p>	 <p>10 REDUCED INEQUALITIES</p>	<p>Luz en Casa continued to mitigate the gap between rural and urban areas by reducing the number of people in rural communities who did not have access to electricity.</p>
 <p>4 QUALITY EDUCATION</p>	<p>The children of Luz en Casa used 725,000 extra hours to do their homework, increasing their primary schooling by 0.4 years and increasing the number of children enrolled in secondary school by 11 %.</p>	 <p>12 RESPONSIBLE CONSUMPTION AND PRODUCTION</p>	<p>The Luz en Casa programmes avoid the emission of approximately 2,750 t of CO₂ and the uncontrolled disposal of 15.2 t of batteries, thanks to the use of electric devices and lights connected to solar photovoltaic systems.</p>
 <p>5 GENDER EQUALITY</p>	<p>Luz en Casa worked with at least 600 women who were members of the Photovoltaic Electrification Committees and 4 women in charge of Luz en Casa centres.</p> <p>There are 17,200 users that can carry out household tasks more easily (and more than 7,000 children do their homework with adequate lighting).</p>	 <p>17 PARTNERSHIPS FOR THE GOALS</p>	<p>ACCIONA Microenergía benefits from the collaboration with Cooperación Española and local/regional governments in Cajamarca, Loreto and Oaxaca and developed its activities together with other organizations sharing the same objectives, such as associates with the Universal Energy Access Board, the Latin American Platform for Sustainable Energy and Equity (PLESE) and the Alliance for Rural Electrification (ARE).</p>

Note: Impacts from the projects Luz en Casa Peru and Luz en Casa Mexico

PRESENCE IN SUSTAINABILITY INDEXES, RANKINGS AND RATINGS

The different stakeholders value the sustainability performance and make recurrent requests for non-financial information on the various activities of the company.

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

PRESENCE ON INDEXES AT THE DATE OF ELABORATION OF THIS REPORT

	ACCIONA has revalidated its presence on the FTSE4Good index which includes companies complying with strict social and environmental criteria, which also stand out for their good practices in sustainability.		ACCIONA S.A. has once again been chosen as a member of the Ethibel Sustainability Index (ESI) Excellence Europe index, since 19/03/2018.
	ACCIONA is on the Climate 'A' 2017 & Water 'A' 2017 lists of CDP, comprising companies with a leading position in the fight against climate change and water management, respectively.	MSCI Global Low Carbon Leaders Index	ACCIONA has been included on the MSCI Low Carbon Leaders index that includes companies with low carbon exposure in terms of greenhouse gas emissions and potential emissions deriving from their fossil fuel reserves.
	ACCIONA is included on the Supply Chain Climate & Water 'A' List and has been recognised as Supplier Engagement Leader.	STOXX® Global Climate Change Leaders	ACCIONA is included on the STOXX Global Climate Change Leaders Index, an index of leading companies in low carbon practices and which are committed to reducing their carbon footprint.

PRESENCE ON RANKINGS AND RATINGS AT THE DATE OF ELABORATION OF THIS REPORT

2018 Global 100 Most Sustainable Corporations Corporate Knights	ACCIONA holds 56th place in the annual Corporate Knights '2018 Global 100 Most Sustainable Corporations in the World' ranking.	2017 Global Innovation 1000 PwC Strategy&	This study places ACCIONA in 5th place of the nine Spanish companies included in the ranking of the 1,000 companies that invest most in R&D&I on a global level.
New Energy Top 100 Green Utilities Energy Intelligence	For the third year running, the company has obtained first position in the annual ranking 'Top 100 Green Utilities by Energy Intelligence, that assesses companies on the basis of their CO ₂ emissions and their installed renewable capacity.	MERCO	In its latest 2017 editions, ACCIONA is present in: <ul style="list-style-type: none"> • Merco Talent (42nd out of 100 companies). • Merco Empresa (2nd company with the best reputation in the infrastructure, services and construction sector and 38th in the national ranking). • Merco Leaders (the Chairman, José Manuel Entrecanales, 23rd out of the top 100 managers). • Merco Responsibility and Corporate Governance (26th in the ranking of the most responsible businesses and 1st in the Infrastructures, Services and Construction sector).
IBEX 35 Sustainability Reporting Status Carbon Clear	According to Carbon Clear, ACCIONA is the leading company in sustainability of the IBEX 35 companies for the second year running, with a score of 89 % in the ranking.		
The 2017 EU Industrial R&D Investment Scoreboard European Commission	The company is ranked 6th in Spain and 147th in Europe for its R&D&I efforts.		

SOCIETY

SOCIAL IMPACT MANAGEMENT, COMMITMENT AND DIALOGUE

ACCIONA accepts the need to collaborate in order to improve people's quality of life, particularly contributing to society via social management and dialogue in its projects.



HIGHLIGHTS IN 2017

- The implementation of the Social Impact Management methodology reaches 100 projects of the company in 33 countries.
- Completion of 9 external audits in 2 Energy projects and in 7 Infrastructure projects, to evaluate the degree of application of the Social Impact Management.
- Measurement of the socioeconomic impact in 2 Infrastructure projects and in 2 Energy projects.
- Various volunteer initiatives carried out in 19 countries with a total of 1,746 volunteers.
- Participation in leading global sustainability forums such as the World Economic Forum, the COP23 and the One Planet Summit, among others.
- End of the ACCIONA Microenergía Foundation's "Luz en Casa" pilot project in Napo, Amazonia (Peru) as well as the launch of the six new "Luz en Casa Centres" in Oaxaca (Mexico).

MAIN CHALLENGES FOR 2018

- Establishing the Social Impact Management procedure as a standard, and approving technical instructions for communication and dialogue with communities and stakeholders.
- Continuing to carry out audits to improve the social impact management of our projects.
- Extending the socioeconomic impact studies to other Energy and Infrastructure projects.
- Carrying out periodic volunteering initiatives to foster our employees' commitment to sustainable development.
- Taking part in leading forums on sustainable development alongside other stakeholders.
- Finalising the "Luz en Casa Napo 2017" project and launching the "EncASa Oaxaca 2018" project, a Public-Private Partnership for Development with the Spanish Agency for International Development Cooperation (AECID), the Mexican Agency for International Development Cooperation (AMEXCID) and the Government of Oaxaca.

ACCIONA SOCIAL IMPACT MANAGEMENT

The management of social impact of the development of ACCIONA's projects and services in the communities is one of the key pillars of the company's sustainable business model.

The company has developed its own Social Impact Management (SIM) methodology, to analyse and deal with the positive and negative social consequences of the projects relating to people. This methodology is being implemented via a specific corporate process, in force since 2014, based on international standards like E&S Performance Standard, IFC and WBCSD, and is applicable to construction, operation or service provision projects at ACCIONA Infrastructure and ACCIONA Energy as well as in those projects deemed relevant by the company, even when outside of the described scope.

The responsibility of implementing this methodology is shared throughout the organisation and, depending on each of the stages, involves the departments of business development and studies, project or department managers as well as the quality, environment, prevention and sustainability departments of the businesses. In addition, the company's corporate Sustainability Department periodically monitors the implementation of the projects and updates the methodology.



MORE INFORMATION

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

STAGES OF THE SIM METHODOLOGY

Social risk characterisation	Study of the degree of the project's social risk by characterising the social risk from the design and tender phase.
Social evaluation of the project	Analysis of the sociodemographics of the population in the project's area of influence, identification and assessment of the positive or negative social impacts and preparation of a proposal of social measures.
Communication and dialogue with communities	Depending on the type of project, lines of communication or dialogue are set up with the local communities and other stakeholders in order to inform them about the project, its main impacts and the social measures that are going to be carried out.
Implementation and monitoring of measures	Launch of the measures identified to prevent and mitigate any negative social impacts and to bolster the positive impacts.

THE COMPANY
ANALYSES THE
SOCIAL
CONSEQUENCES
OF ITS
PROJECTS
ON PEOPLE
USING
ITS OWN
METHODOLOGY

The development of the projects generates numerous positive impacts such as the hiring of local staff, local purchasing of products and services, training of workers, increasing employees' income and improving access to roads.

THE
IMPLEMENTATION
OF THE
SIM
METHODOLOGY
IN 2017
REACHED 100
PROJECTS, 13
IN THE ENERGY
DIVISION
AND 87 IN THE
INFRASTRUCTURE
DIVISION

In addition, the SIM methodology also focuses on mitigating potential negative impacts on basic services and supplies to communities, road safety problems in urban areas, violation of basic rights like education or health, and fluctuating house prices, among others.

In 2017, the main social measures implemented to mitigate the negative impacts and foster the positive ones were informational campaigns about the project, the regeneration and improvement of areas surrounding the projects, professional training for workers, environmental and social awareness activities, education and health campaigns in schools, and collaboration agreements to stimulate the local economy, among others.

The implementation of the various stages of the methodology in the projects has increased by 22 % compared to 2016, in the Energy, Construction, Water, Services and Industrial divisions. Social impact management has been carried out in various types of projects in 2017, such as the Quito Metro (Ecuador), the Metesusto purification plant (Colombia), the Kathu solar thermal plant (South Africa), the Bannur wind farm (India) and the Romero Solar photovoltaic plant (Chile), among others.

TABLE 1.

Progress of the implementation of the Social Impact Management methodology at ACCIONA

	2014	2015	2016	2017
No. of projects	20	47	82	100
No. of countries	12	18	23	33*

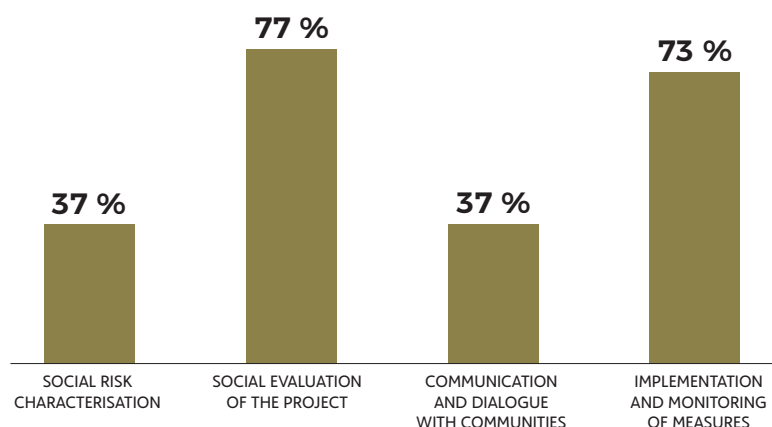
*Cape Verde, Cameroon, Chile, Ecuador, Mexico, Dominican Republic, Spain, Portugal, Panama, Canada, Australia, Colombia, UAE, Norway, New Zealand, Denmark, Trinidad and Tobago, Turkey, Nicaragua, Philippines, Italy, Brazil, Kazakhstan, Qatar, Oman, South Africa, Peru, Costa Rica, Paraguay, Poland, United States and India.

In this respect, from the earliest stages, the tender phase identifies the level of social risk thereof, depending on the type of project or service and country. In 2017, social risk characterisation was carried out in a total of 37 projects, some of which will not continue to implement the methodology in subsequent years as they were not awarded to ACCIONA.

FIGURE 1.

Status of the implementation of the phases of the Social Impact Management methodology at ACCIONA

(% of all projects with SIM in 2017)



Nine external audits were carried out, two in the Energy division and seven in the Infrastructure division, with the aim of assessing the degree of implementation of the SIM methodology.

Also in 2017, a new version of the SIM process was reviewed and approved, which includes an adjustment in the scope of application for Infrastructure and more alternatives for communication and dialogue with communities and other stakeholders. In addition, progress has been made in training employees, updating the online social impact management course.

Looking to 2018, the current procedure will be established as a corporate standard and the scope of the projects will be broadened.

SOCIOECONOMIC AND ENVIRONMENTAL IMPACT

Since 2015, ACCIONA has been measuring the socioeconomic and environmental impact of its projects in different countries to identify the benefits generated by such projects throughout their life cycle. From the Leontief model (based on the analysis of relationships between different industries), the company obtains quantitative results of the impact of its activity in terms of employment generation (direct, indirect and induced) and the contribution to the country's GDP, as well as taking into account other positive effects on the environment and communities.

In 2017, work was done on measuring the socioeconomic and environmental impact of the Mount Gellibrand and San Roman wind farms in Australia and the United States, respectively, in relation to ACCIONA Energy, as well as ACCIONA Infrastructure's construction of line 1 of the Quito Metro in Ecuador and the Kathu solar thermal plant in South Africa.



MORE INFORMATION

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

ACCIONA'S SOCIAL COMMITMENT

The company understands its role as key player in contributing to the sustainable development of society in the countries in which it operates, and contributes to improving people's quality of life. In the framework of the Sustainability Master Plan 2020, ACCIONA aims to align 100 % of the social contribution with its Social Action Plan.

SOCIAL ACTION PLAN

In 2017, the company's social contribution reached over EUR 12 million, equivalent to 7 % of the dividend for 2017¹. The social initiatives carried out by the various ACCIONA divisions have benefited 530,538 people.

ACCIONA measures and evaluates its social action as well as its contribution to the Sustainable Development Goals, applying the international LBG (London Benchmarking Group) methodology, allowing for an overview and comparison of the results with other companies.



MORE INFORMATION

in the "Investment associated with projects" section of the chapters "ACCIONA Energy's Commitment" and "ACCIONA Infrastructure's Commitment"

(1) See data published in point 29 of the Proposal for the distribution of the Consolidated Financial Statements and Director's Report.

SOCIAL ACTION PLAN 2017

ACCIONA'S SOCIAL INITIATIVES BENEFITED OVER 530,000 PEOPLE

BASIC SERVICES

ACCIONA Microenergía Foundation

- Energy
- Water
- Infrastructure

Peru: electricity is supplied to approximately 16,000 users.

- End of the "Luz en Casa" Napo Pilot project in Amazonia, benefiting 61 families

Mexico: electricity is supplied to approximately 30,000 users.

- Launch of six new "Luz en Casa" Centres projects in Oaxaca.

SOCIAL INVESTMENT OF THE PROJECTS

Projects in over 19 countries.

PROMOTION OF SUSTAINABILITY

Education

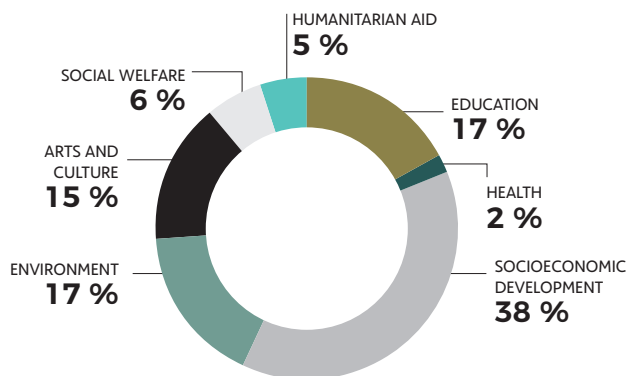
- Sustainability workshop
- EduPack

SPONSORSHIP AND PATRONAGE

- Health
- Education
- Culture

Pro CNIC, Princesa de Asturias Foundation, ACCIONA Cathedra, Museo del Prado, among others.

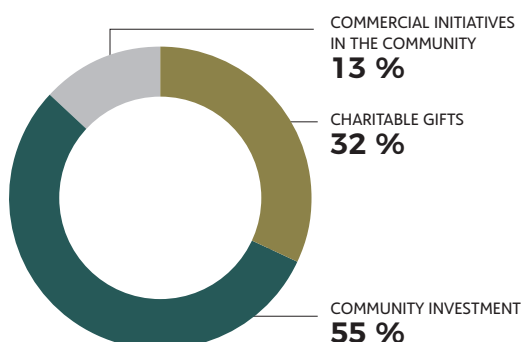
CONTRIBUTION BY AREA OF ACTION (LBG methodology)



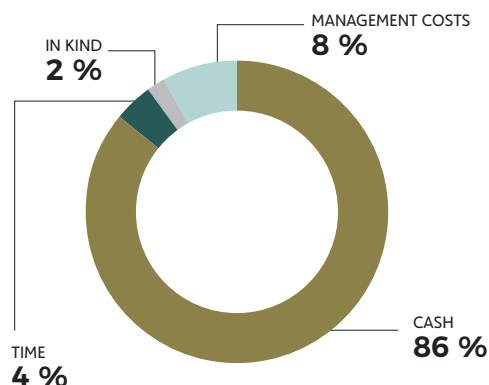
VOLUNTEERING PROGRAMME

- 1,746 volunteers in 19 countries

MOTIVATION OF THE INITIATIVES (LBG methodology)



TYPE OF CONTRIBUTION (LBG methodology)



BENEFITS ASSOCIATED WITH SOCIAL INVESTMENT PROJECTS

- Improvement of the living conditions of the communities.
- Improvement of the economy of the communities.
- Creation of local employment and fostering local self-employment via microenterprises.
- Labour integration for people at risk of social exclusion.
- Access to electrical lighting.
- Health improvements in the communities.
- Access to education.
- Improvement of public infrastructures.
- Increase of awareness with regard to the environment and mitigation of impacts.
- Promotion of sports.
- Smooth communication between the communities and the company to resolve complaints and queries.
- Involvement of the community in the project's initiatives.
- Conservation of local identity.

BENEFITS FOR THE COMPANY

- Establishment of alliances and links with local bodies and institutions.
- Dissemination in local media of the development of the project.
- Collaboration with international and Spanish institutions.
- Increase of employees' pride in belonging to the company.
- Improvement of corporate image and reputation.

ACCESS TO BASIC SERVICES: ENERGY, WATER AND INFRASTRUCTURE

The ACCIONA Microenergía Foundation aims to provide access to the basic services related to ACCIONA's business lines to isolated rural communities in developing countries with no prospects of accessing these services. Since 2009, the Foundation has been implementing basic access to the electrical service via solar home systems in Cajamarca (Peru) and Oaxaca (Mexico), benefiting some 46,000 people.

Peru

In 2017, through a pilot project, the challenge arose of supplying access to electricity with renewable energies to isolated Amazonian communities in Peru. A total of 61 indigenous families in four riverside communities on the Peruvian stretch of the river Napo accessed clean and safe electricity for the first time via third-generation solar systems.

This project had the support of the Peruvian National Fund for Scientific and Technological Development and Technological Innovation, and was used to evaluate the acceptance of the management model and viability of the proposed prepayment systems. In the satisfaction survey carried out on the service provided, the users confirmed the acceptance of the proposed model.

"LUZ EN CASA"
CENTRES,
RECOGNISED
AMONG "THE 10
MOST INNOVATIVE
SOCIAL
INITIATIVES"
BY COMPROMISO
EMPRESARIAL
AND
CAF-LATIN
AMERICAN
DEVELOPMENT
BANK

Providing electricity to these communities relies on a help desk, covered by the Napo District Municipality, which joins the "Luz en Casa" Centres entrepreneurship network, where the beneficiaries go to pay their contributions, receive advice, repair equipment or buy compatible electrical devices. In addition, in 2017, a new Centre in Cajamarca (Peru) was opened.

Mexico

In 2017, six new "Luz en Casa" Centres were opened in Oaxaca. These centres replaced the existing help desk network, agreed with the municipalities and the state government, transforming it into a network of independent businesses run by local entrepreneurs. Women have a prominent role in these centres, being in charge of half of them, and offering an opportunity for personal and economic growth, and helps breaking down certain barriers to gender equality.

During 2017, ACCIONA Microenergía Mexico collaborated with the "Ilumina tu vida" initiative of Philips Lighting and the Inter-American Development Bank, being in charge of the installation and commissioning of the lighting systems, with photovoltaic generation, of the sports fields of three beneficiary municipalities of the "Luz en Casa" Oaxaca Programme.

SPONSORSHIP AND PATRONAGE

ACCIONA's commitment to society is based on the development of a wide range of sponsorships, patronages and collaborations, with the aim of promoting initiatives with a greater impact for everyone and that are a priority in the fields of health, education and culture.

In 2017, it is important to note the sponsorship provided for the following initiatives in the area of health:

- Pro CNIC Foundation: joining forces and coordinating the commitment for research on heart disease at the National Cardiovascular Research Centre (CNIC).
- Business Alliance for Childhood Vaccination of the la Caixa Foundation: helping in the fight against childhood mortality ("Gavi the Vaccine Alliance").
- Fero Foundation: contributing to the development of oncological research.

Other highlights in the area of education and culture were:

- ACCIONA Cathedra, in collaboration with SUR, School of Artistic Professions: training of professionals working in the arts. In 2017, ACCIONA awarded 10 grants.
- Museo del Prado: collaboration agreement to endorse the work of a contemporary artist.
- Collaboration with the National Gallery of Victoria in Australia.
- Barcelona Maritime Museum: exhibit to mark the centenary of Trasmediterranea.

ART AND SUSTAINABILITY: A TOUR OF THE THYSSEN-BORNEMISZA MUSEUM AND ACCIONA

The Art and Sustainability² tour, designed by the Thyssen-Bornemisza museum in collaboration with ACCIONA, is an invitation to think about the three facets of sustainability: economy, society and the environment.

Through the paintings at the Museum, the route invites you to consider the need for balanced progress that is respectful towards the environment and responsible with social impact.

HUMANITARIAN AID

In response to certain situations of social crisis, ACCIONA supports different humanitarian initiatives, such as:

Alianza Shire: access to electricity in refugee camps in Ethiopia

In 2017, Alianza Shire was presented as, the first Spanish public-private alliance for humanitarian action abroad, with the collaboration of Iberdrola, Philips Lighting, the ACCIONA Microenergía Foundation, AECID and itdUPM. The goal is to develop innovative and sustainable solutions to supply energy to refugees and displaced populations. The first pilot project was carried out in a refugee camp in Ethiopia (Adi-Harush).

Earthquakes in Mexico: aid for the victims

After the earthquake in Mexico in September 2017, following requests from local and state government, ACCIONA mobilised more than 300 volunteers, gathered funds and food provisions, provided machinery to clear the rubble and gave access to two electric generators.

In addition, ACCIONA Microenergía helped to raise funds to buy and distribute kits with basic necessities for 458 families in rural locations in the Istmo de Tehuantepec region of the state of Oaxaca.

Earthquakes in Chile: donation of solar panels

ACCIONA Energy donated 45 solar panels and ACCIONA professionals helped launch a 100 % renewable energy supply and support system at the Asunción de Canela radio station, which was affected by the 2015 earthquake.

OXFAM Intermón Famine in Africa: collaboration through satisfaction surveys

With the launch of the "You help us, we help you" initiative, ACCIONA gives a donation for every survey completed by its customers and suppliers, having previously signed a charity collaboration agreement with two NGOs, being the beneficiary the project to receive the most votes. After the participation of 1,009 suppliers, the project which received the most votes was OXFAM Intermón, which distributes basic foodstuffs and provides water in the regions of South Sudan, Lake Chad and the Horn of Africa.

(2) More information on the Art and Sustainability tour at <http://www.artey sostenibilidad.com>

PROMOTION OF SUSTAINABILITY

Sustainability workshop

The Sustainability Workshop programme aims to help young people from 10 to 16 years old to better understand the problems of the future and their influence on sustainable development. In this regard, they approach topics such as water conservation and quality, energy saving and efficiency, mobility and sustainable building.

In 2017, Mexico continued to implement modules on Sustainability, Renewable Energies, Smart Cities, Waste and Water in several schools in the state of Oaxaca, benefiting over 5,400 children.

S.M.A.R.T., PATHS TO SUSTAINABILITY

ACCIONA's book *S.M.A.R.T., Paths to sustainability*³, presented at the International Book Fair of Guadalajara (Mexico), brought together 34 authors from across the world to provide their insight into the aspects of sustainable development that, in one way or another, are related to their areas of expertise: economy, environment, architecture, landscaping, politics, finance, photography, art, communication and culture.

CORPORATE VOLUNTEERING

The Volunteer Programme, aligned with the company's Social Action Plan, promotes a culture of collaboration and solidarity that raises staff awareness of the social needs of other groups.

Throughout 2017, 1,746 ACCIONA volunteers participated in different initiatives, among which the following stand out:

ACCIONA Volunteer Day

In its sixth edition, over 660 ACCIONA volunteers took part in an informational session on sustainable development for over 14,000 pupils aged between 6 and 10 in schools in 15 countries: Spain, Mexico, Chile, Brazil, Poland, Australia, Canada, Costa Rica, India, United States, Portugal, Peru, Norway, South Africa and New Zealand. Furthermore, this year there was a specific workshop for children with mental disabilities.

Let's donate! Campaign

For the sixth year running, over 50 volunteers helped collect food and toys to donate to the Food Bank and Spanish Red Cross. ACCIONA provided the same amount of food and toys to match its employees' donations.

ACCIONA Microenergía Foundation

In 2017, 13 ACCIONA volunteers travelled to Peru to take part in the "Luz en Casa" Cajamarca project.

Princesa de Girona Foundation

A total of 47 volunteers collaborated in the "Apadrinando el Talento" (Sponsoring Talent) and "Rescatadores de Talento" (Rescuers of Talent) projects with the aim of improving employability of qualified young graduates from challenging backgrounds.

(3) Available at <https://caminossostenibilidad.com/>

Exit Foundation

In the Coach project, 17 volunteers took part to improve the employability of young people at risk of social exclusion.

Integra Foundation

For the first time, 20 volunteers took part in the Integra Foundation's "Escuela de Fortalecimiento" (School of Strengthening), leading training workshops that will improve the employability of people at risk of social exclusion.

Inspiring Girls

A total of 67 volunteers explained their occupation to girls between 12 and 14 years old with the aim of promoting gender equality.

Similarly, numerous voluntary initiatives have been promoted by ACCIONA employees in different countries such as Canada, Chile, Colombia, Brazil, Peru, Australia, Panama, Nicaragua, Colombia and Ecuador, among others.

DIALOGUE AND LEADERSHIP

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

PRESENCE IN ORGANISATIONS AND INITIATIVES

ACCIONA at COP23

During the climate summit held in Bonn (COP23), ACCIONA promoted its carbon neutrality model, the creation of a system for setting CO₂ prices and a single, transparent standard for measuring emissions for all countries in order to ensure compliance with the commitments undertaken in the Paris Agreement.

During the COP23, ACCIONA joined the initiative "2050 Pathways to Prosperity and Safe Climate", a platform that seeks to support countries in developing long-terms plans for zero emissions, climate resilience and sustainable development.

One Planet Summit

In December 2017, the One Planet Summit was held in Paris, with the goal of promoting the application of the commitments reached two years ago in the Paris Agreement. At the summit, ACCIONA signed the International Business Declaration, together with 54 multinational companies, to urge governments to implement the Paris Agreement as well as to encourage the G20 to eliminate subsidies for fossil fuels progressively by 2025.

Additionally, the WBCSD presented the *CEO guide to Climate-related Financial Disclosures*⁴, in which business leaders, including ACCIONA's Chairman, José Manuel Entrecanales, urged other companies to promote effective management and transparent disclosure in accordance with the recommendations of the Task Force on Climate-related Financial Disclosures (TCFD), of the Financial Stability Board (FSB). Those recommendations outline that greater transparency from companies,

(4) More information at http://docs.wbcsd.org/2017/12/CEO_Guide_to_climate-related_financial_disclosure.pdf

with regard to the risks and opportunities derived from climate change, is crucial for investment decisions and supporting the transition towards a low-carbon economy.

United Nations Global Compact

Since 2005, ACCIONA has been an active member of the United Nations Global Compact, reaffirming each year its commitment to the Ten Principles of the Global Compact relating to human rights, labour rights, environmental protection and anti-corruption. ACCIONA belongs to the Steering Committee of Global Compact 'LEAD' and participates in the initiative Caring for Climate. The company is also present in the Spanish Global Compact Network.

World Economic Forum

In 2018, the Chairman of ACCIONA, José Manuel Entrecanales, took part in the work session organised by the Alliance of CEO Climate Leaders, a group of 70 CEOs of companies committed to climate action. At this meeting, the publication *Two Degrees of Transformation*⁵ was presented, in which ACCIONA described its transformation and business model's story.

Also in 2017, this group of CEOs supported a communiqué urging the G20 governments to adopt the recommendations of the Task Force on Climate-related Financial Disclosures (TCFD).

In addition, in 2017 ACCIONA began to take part in the Carbon Pricing Corridors initiative (of We Mean Business and CDP), the main aim of which is the selection and evaluation of carbon price ranges capable of creating a signal in the market to promote the decarbonisation of the global economy before the end of the century.

World Bank

ACCIONA is part of the Carbon Pricing Leadership Coalition (CPLC) initiative, which brings together governmental leaders, businesses and civil society to drive the implementation of effective price-setting systems for carbon emissions with the goal of reducing them and fight climate change. In 2017, the company helped draft the *Carbon Pricing Leadership Report*.

Corporate Leaders Group

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

In 2017, the company took part in different meetings and helped draft various renewable energy publications (*21st century energy: Business reflections on renewables in Europe*⁶), circular economy (*European Industry in the 21st century: new models for resource productivity*⁷) and the future of road transport (*The Future of Road Transport*⁸).

(5) More information at http://www3.weforum.org/docs/WEF_Two_Degrees_of_Transformation.pdf

(6) More information at <https://www.cisl.cam.ac.uk/publications/publication-pdfs/21st-Century-Energy.pdf>

(7) More information at <https://www.corporateleadersgroup.com/reports-evidence-and-insights/publications/publications-pdfs/european-industry.pdf>

(8) More information at <https://www.corporateleadersgroup.com/reports-evidence-and-insights/publications/publications-pdfs/future-of-road-transport.pdf>

World Business Council for Sustainable Development

Throughout 2017, ACCIONA continued to engage in various initiatives and publications such as the document launched by LCTPI, *Microgrids for commercial and industrial companies*. In addition, ACCIONA collaborated on the *LCTPI 2017 progress report*⁹, which demonstrated the progress made during the year in terms of climate action.

INTERNAL AND EXTERNAL DISSEMINATION OF THE SUSTAINABILITY PRINCIPLES

During 2017, ACCIONA was present in forums, debates and meetings with different organisations and also collaborated on many publications, consolidating the company's position and encouraging an external debate regarding sustainability practices.

Notable among them are:

- Media interviews and articles in different media outlets: written press and blogs.
- Participation in various international and Spanish publications, as well as those mentioned above such as *Global Compact International Yearbook 2017* by Global Compact; *EIC Corporate Responsibility Report by the European International Contractors*; *2030 Purpose: Good business and a better future* by Deloitte¹⁰ and *IV Report on the social impact of companies* by the Seres Foundation and Deloitte.
- Participation in the Earth Hour organised by the WWF.
- Participation in the #PorElClima (#ForTheClimate) initiative, an action platform for implementing the Paris Agreement and achieving the thirteenth Sustainable Development Goal.

SUSTAINABILITY

For all

DISSEMINATION OF SUSTAINABLE DEVELOPMENT

2017 was a year of great transformation in Sustainability for all¹¹. Following its creation in 2013, the excellent reception and progressive growth of the project made this space a benchmark for disseminating and reporting on sustainable development. The website received more than 2.5 million visits and over 7.5 million page views in 2017.

Following its renovation, the website consists of eight categories that offer training and updated information in a format that focuses on reflecting on how we wish to live in the future, the limits of natural resources and what future alternatives could be used to solve the greatest challenges to social progress.

(9) More information at http://docs.wbcsd.org/2017/11/LCTPI_progress_report_2017.pdf

(10) More information at <https://www2.deloitte.com/content/dam/Deloitte/es/Documents/governance-risk-compliance/Deloitte-ES-GRC-informe-2030-Purpose.pdf>

(11) Sustainability for all <https://www.activesustainability.com/>



MORE INFORMATION

on the website <https://www.accionacompany.com/pressroom/social-networks/>

ACCIONA IN SOCIAL MEDIA

The company has experienced a noticeable increase in all of its social networks, driven by the development of new content dissemination and sponsorship strategies.

The ACCIONA community now has over one million followers across all of its social networks, with an increase of 36 % in 2017 compared to the previous year. Twitter exceeded 100,000 followers and ACCIONA's Facebook page went from 176,564 users to 336,665 (December 2017), an increase of around 50 % in just one year. The number of interactions across all of the company's social media platforms exceeded 15 million in 2017, a 651 % increase compared to 2016.

La presencia de ACCIONA en las redes sociales incluye:



RELATIONSHIP WITH STAKEHOLDERS

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

Communication and dialogue are the basis of ACCIONA's relationship with its stakeholders, understood as individuals and organizations that directly or indirectly affect the company's activity and / or are affected by it. As part of its sustainability vision, ACCIONA wants to meet the needs of stakeholders and manage their expectations. To this end, it maintains an ongoing dialogue with the various groups in order to enrich its knowledge.

Its relationship with stakeholders is forged via two main paths:

- Consultations associated with projects: the company consults the stakeholders integrated in the social and environmental assessment about their projects.
- Annual consultations relating to the SMP 2020 in order to discuss, review and update ACCIONA's sustainability strategy.

In this regard, in 2018, the Stakeholder Relations Policy will be approved, which will outline the company's basic principles for interacting with its stakeholders.

Among others, the main stakeholders of the company include: Public Administrations and regulatory bodies, investors and analysts, the media, employees, customers, suppliers and local communities.



*Stakeholders also consulted via the Materiality Analysis 2017 (see chapter "Materiality Analysis").

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

ACCIONA
IS REGISTERED
ON THE
TRANSPARENCY
REGISTER
OF THE
EUROPEAN
UNION

PUBLIC ADMINISTRATIONS AND REGULATORY BODIES

For the adoption of any regulatory initiative or public policy, ACCIONA has always defended the need for dialogue and consideration of the positions of all of the affected actors.

As such, it is involved in developing public policies for the areas and sectors in which it operates by presenting proposals or arguments in public information procedures, as well as participating in various forums, associations and groups. It is a matter of providing knowledge, ideas, initiatives and experiences acquired over the years, with the objective of ensuring that the regulatory framework of each sector is aimed at sustainable development and growth for society, the economy and the environment.

In addition, since 2013, ACCIONA has been on the European Union Transparency Register¹², which reflects the most important areas and policies for the company within the scope of the EU, among other factors.

In 2017, ACCIONA worked both individually and in collaboration with other actors on various initiatives in the fields of energy, infrastructure, water and services, among which the following stand out:

In terms of energy

In the energy debate that is taking place in Spain, at European and international level, ACCIONA maintains that safety of supply must be reconciled with responsible progress and environmental care through a greater development of renewable local resources. To this end, when interacting with regulatory administrations and bodies, it always promotes positions aimed at supporting and encouraging the growth and competitiveness of clean technologies and eliminating the disadvantages of these with regard to polluting technologies, contributing both to climate goals and to economic growth and the reduction of our dependence on potentially unstable third countries.

ACCIONA takes part in associations in the sector to promote renewable energies in Spain, both regionally and nationally (such as AEE, APPA, UNEF and Protermosolar); European associations (WindEurope, ESTELA and EUFORES) and internationally (GWEC), ensuring its active participation in the activities of those associations and holding positions of responsibility in their governing bodies.

In this regard, among other positions, within the European wind energy association WindEurope, ACCIONA leads the working group on Market Design, which is proving to be one of the pillars of the new regulatory model for 2030, and in this capacity has taken part as a speaker in the round table on the new European regulatory framework of the European Wind Energy Conference 2017.

In Spain, the energy regulatory framework is still evolving. ACCIONA continues to work on drafting and putting forward regulatory proposals geared towards driving measures aimed at increasing the integration of renewable energies in the market and the system, and correcting those deficiencies that may impede the transition towards a clean energy system.

Specifically, in 2017, ACCIONA took part in various public consultations on legislative projects in the energy sector. Among them, those related to the remuneration parameters of renewable energies, electricity tolls, regional supplements to add to these, power interruptibility and energy planning.

Likewise, ACCIONA has actively participated in drafting the Spanish Climate Change and Energy Transition Law, providing its outlook in the public consultation process, and drafting proposals to put to the regulator, via associations in the sector and its participation in the Spanish Green Growth Group (Grupo Español para el Crecimiento Verde), in which it chairs the Energy Transition working group.

With regard to the EU energy regulatory framework, in 2017, ACCIONA was highly active especially in relation to the so-called Clean Energy Package that includes normative regulatory instruments applicable from 2020 for the energy sector.

In this regard, ACCIONA has held bilateral meetings with EU Parliament members of different groups, through which numerous proposals from ACCIONA have been reflected in the diverse amendments put forward in the legislative procedure of the Clean Energy Package.

Also significant in this area is ACCIONA's communication and collaboration with the European Commission Directorate-General for Competition during the analysis process of the State Aid for renewable energies case, which came to a satisfactory conclusion for ACCIONA as it managed to avoid a detrimental resolution for companies generating clean energy that receive incentives.

On infrastructure, water and services

ACCIONA has taken part in the consultation and/or public information procedures of the legislative projects that may affect its activity, putting forward its position in the legislative process, including for the purposes of issuing the corresponding reports and rulings by the competent authorities.

ACCIONA is involved in associations such as SEOPAN, in the field of infrastructure; the Private Railway Companies Association, in the field of railway transport; and AGA and AEAS, in the area of services related to the complete water cycle.

In the Infrastructure division, ACCIONA's activity is subject to the rules on public procurement. This is one of the areas in which most communications with Public Administrations and regulatory bodies took place in 2017, especially through associations in the sector.

In this area, the Spanish Public Sector Procurement Law finally saw the light in 2017, while the parallel regulatory law on procurement in the so-called "excluded sectors" is still being processed in parliament. Although the effects of the new regulation will be seen over time, they seem to approach the positions defended by ACCIONA,

consistent about the need to progressively incorporate more sustainability criteria into public procurement.

In water, ACCIONA's activities are also focused on drafting proposals and presenting arguments for legislative projects, with the purpose of promoting the adoption of measures in accordance with a water management model based on environmental and economic sustainability.

In 2017, ACCIONA focused on carrying out a detailed analysis of the complete urban water cycle sector, with the intention of being able to formulate proposals and spark a debate with the affected regulatory bodies and actors, in order to bring about an appropriate regulatory framework in this sector, which is currently non-existent.

ACCIONA has also participated in the open public consultation on the Draft Bill on the streamlining and organisation of the markets' supervisory bodies and for the improvement of their governance, proposing the creation of a specific regulator in the water sector, with coordination and supervision powers, with the aim of ensuring better regulation and greater transparency, as well as guaranteeing competition, effective and efficient resource management and consumer protection.

In the rail sector, ACCIONA continues defending having an adequate regulatory framework in Spain for the liberalisation of passenger transport, in order to meet regional demands. Accordingly, it took part in the public information process on the Rail Sector Regulation amendment project, putting forward positions aimed at improving the design of the liberalisation model through measures that ensure effective competition, improve transparency and provide greater information, a better service and increased consumer protection.

INVESTORS AND ANALYSTS

In 2017, ACCIONA maintained open and continuous communication with the community of analysts and investors who have shown an interest in the company, with the aim of increasing market knowledge about it, its different businesses, potential value catalysts, its strategy and other details that help analysts to justify their recommendations and investors to make their investment decisions.

In addition, contact was maintained with almost 500 investors and analysts, notably through the participation in and organisation of the following events:

- Participation in 15 conferences (Spain, France, the UK, the United States), where meetings were held with an average of 15 investors at each event.

- Organisation of 10 roadshows (Spain, Germany, Austria, Norway, Denmark, Sweden, France) to meet with investors who were also invited to ACCIONA's offices.
- Organisation of events to deal with specific issues such as renewable energies, infrastructure, corporate operations (Geotech and Trasmediterranea), or to review in detail quarterly and annual results.

The market showed an interest in different issues that were important throughout the year, such as:

- In the energy sector: regulation in Spain and changes or revisions to parameters, outlook on renewable energy tenders both in Spain and abroad, exposure to market prices, energy prices, forecast growth and investment strategy in Nordex.
- In the Infrastructure business: gaining a better understanding of the business model, level of margins, long-term sustainability, competitive advantages and geographical diversification.
- In the Real Estate area: new strategy, investment in Testa Residencial, potential sale of assets and details of the property development plan.
- Debt: goal to reduce leverage, sensitivity to interest rate hikes, cost of debt, capital markets exposure, timing and ratings.
- M&A operations: corporate development strategy, quantitative and qualitative effects of the operations carried out, new opportunities for investment/divestment for ACCIONA.
- Change in the company's main financial indicators.
- Share price and reason for the most significant variations during the year.

In 2017, sell-side analysts published 57 analysis reports on ACCIONA, updating the objective value or price of the company: 56 % increased it, 17 % maintained it and 28 % decreased it. At the year-end, 33 % of the analysts recommended maintaining the value and 67 % recommended buying.

With regard to the market developments in the year, the IBEX 35 saw a sharp annual rise of 7.4 %, the biggest increase since 2013 managing to ride out, in spite of the political uncertainty in Spain at the end of the year.

MEDIA

ACCIONA is responding to the needs arising from its internationalisation in terms of its relationship with the media with the rollout of a specific network of professionals in the main countries in which it operates.

The goal is to offer specialist partners who understand the local and regional concerns and sensibilities in managing the information relating to ACCIONA's activity and projects. This local outreach creates a base of visibility and credibility on which the company will continue to work.

This network, which will be finalised over 2018, is intended to improve transparency and reporting of the day to day to its stakeholders, particularly to society.

The global dimension of the company has led to the internationalisation of its systems for monitoring reputation and impact on the media, as a key factor in detecting demands and concerns of the communities in which it operates.

At the same time, external audits were carried out to evaluate the vision that the media has of the company, thus seeking references in relation to the company's relationship with the media and areas for improvement.

The most global key milestone for the company in terms of sustainability was the achievement of carbon neutrality since 2016 financial year.

Also noteworthy is the wide coverage of the inauguration of the photovoltaic plant in El Romero (Chile) and parallel initiatives such as the first electric car to finish the last Dakar Rally, the ACCIONA 100 % Ecopowered, or the ACCIONA Microenergía Foundation's programmes providing universal access to electricity.

Finally, disseminating the innovation projects and initiatives, using our own means or through the new I'MNOVATION open innovation line, continues to be a pillar for consolidating the attributes of "progress", "sustainability" and "leadership" with which ACCIONA associates itself.

EMPLOYEES

The company continues to promote multichannel use to broaden the reach of internal communication with employees. All of this is articulated in the communication plans, favouring the performance of the content of the different divisions, business, departments, etc.

In 2017, the great milestone was the launch of the new corporate intranet, Interacciona, on a global level, which has meant a transformation from a more informative intranet to one that is more interactive, with functionalities to generate conversation ("Hablamos", the new internal social network) and share documentation and knowledge (Collaboration and Knowledge). Furthermore, it affords the user more customisation and lets them create an individual space (My Site).

As a new feature, Interacciona is designed to optimise the work model, communication with and among employees, as well as content management and company governance, in order to streamline and substantially improve the control of its activities and meet the needs detected in the procedures of the organisation more swiftly and efficiently. In addition, Interacciona facilitates collaborative work online. This is evidenced by the fact that since the new platform was launched in June 2017, over 100 collaboration groups have been created. In addition, employees can comment on or 'like' the information published by the company. In 2017, a total of 370 comments and 4,239 'likes' were received.

The system developed as part of the change towards the digitalisation of the company is a substantial technological advancement for ACCIONA. The main technical objectives and new features of Interacciona are:

- Creative model that improves the user experience, with a simpler and more modern design, and with a new flexible information architecture to improve navigation and access to contents.
- Functional model based on multilingualism with the option to navigate in Spanish, English and Portuguese. It has a new service offering, management tools and allows autonomy in updating content.
- Responsive technological model adapted to different devices. Management of process and statistics indicators used to assess the current state and propose improvements. Transformation into a semantic intranet that facilitates the inclusion of a more powerful and accurate search technology.

As well as Interacciona, below you will find some of the channels and tools that facilitate communication with employees:

- Internal Communication email box: messages and questions from employees are received on a regular basis (960 messages in 2017), which are handled individually, either responding or forwarding them to the relevant departments.

- **InteraccionaTV:** corporate video channel integrated into Interacciona. A space used to store and view videos. In 2017, a total of 429 videos were accessed on the platform, viewed a total of 12,740 times.
- **Emailing platform:** in 2017, a total of 668 communications were sent from Internal Communication to employees via the corporate emailing platform. Compared to 2016, the number of campaigns increased by 32 % and the number of openings rose by 44 %. The communications campaigns with the greatest acceptance (largest number of email openings) were the Code of Conduct Course and the Information Security Course. Similarly, the campaign for the launch of the new Interacciona enjoyed great success, with over 30,000 openings.
- **Main newsletters:** the weekly Flash (Spanish edition) recorded an increase of 20 % compared to 2016. Enews (English version) experienced an increase of 49 %.
- **Meeting points:** meetings are carried out with live participation by employees of certain groups or in different countries via video streaming in Interacciona. In 2017, 10 broadcasts took place, with a total of 11,250 views.

CUSTOMERS

During 2017, the company continued to promote communication and dialogue with customers of its main business lines by holding meetings with them. At these meetings, the company's strategy is shared and the needs and expectations of customers are identified in relation to the product or service provided, as well as their satisfaction with them.

In addition, the different businesses of ACCIONA held meetings with customers in which various issues were addressed, including the following:

- Issues related to quality, environment, economic development, safety and sustainability of the projects of ACCIONA Energy in South Africa.
- Questions relating to the sustainability strategy, quality, occupational health and safety, contribution to the Sustainable Development Goals, social impact management and relationships with the communities, socioeconomic and environmental impact in Infrastructure projects in Australia, Canada, Chile, Spain and the United Kingdom.

SUPPLIERS

In 2017, the company carried out over 340,000 communications with suppliers, transmitting the Ethical Principles for suppliers, contractors and collaborators, and Code of Conduct in all of them. Similarly, ACCIONA disseminates different issues of interest on health and safety via its Supplier Bulletin.

In addition, ACCIONA Energy organised events with suppliers, including Chile and Mexico, among others, who were going to take part in bids, explaining to them how to register on ACCIONA's systems, as well as the risk factors monitored and that will be assessed at the end of the projects.



MORE INFORMATION
in the section "Supplier training
and communication" of the chapter
"Value Chain"

On the other hand, ACCIONA Infrastructure has participated in different events such as the IV Business meeting between small and large companies organised by the Spanish Chamber of Commerce in Santiago (Chile), and Mexico, or the Achilles Auditing Workshop, where many companies meet to talk about trends and opportunities for improvement in this process, among others. Finally, ACCIONA Service is the preferred partner of CPONET (social network of businesses related to the procurement function), which facilitates online networking and organises events between buyers and suppliers.

LOCAL COMMUNITIES

Engagement with local communities makes it possible to find out and manage the concerns and expectations that arise from ACCIONA's activities. In this way, the company integrates its social and environmental projects, establishing different communication channels with communities with the aim of finding sustainable development opportunities.

Via the Social Impact Management methodology described above, the company establishes channels of communication or dialogue with local communities to inform them about the project, its main impacts and the social measures that are going to be implemented.



MORE INFORMATION

on dialogue with communities in the section "Contribution to society" of the chapters "ACCIONA Energy's Commitment" and "ACCIONA Infrastructure's Commitment"

CLIMATE CHANGE

CARBON NEUTRAL

ACCIONA has taken climate change mitigation as a strategic objective. To this end, it commits its investment capacity and strives to achieve carbon neutrality in its operations through energy efficiency and by offsetting its emissions through the purchase of CO₂ emission allowances for renewable facilities in developing countries.



HIGHLIGHTS IN 2017

- Achievement of carbon neutrality by offsetting 100 % of emissions that could not be reduced.
- 14.4 million tonnes of CO₂ avoided, along with 9,979 tonnes of NO_x, 48,119 tonnes of SO_x and 318 tonnes of PM₁₀, thanks to 100 % renewable generation.
- Boost to the reduction of greenhouse gas emissions (GHGs) by means of the implementation of energy efficiency measures and the consumption of renewable energy.
- Top-down analysis of risks associated with climate change and updating of the risk maps of the company's businesses.
- Progress made on adaptation to climate change through the processing of a dossier of global measures.
- Obtaining maximum qualification in the CDP Climate and CDP Water indexes forming the Climate Change A List and Water A List, for its work on facing climate change and on sustainable water management.

MAIN CHALLENGES FOR 2018

- Continue to be a carbon neutral company in 2018.
- Use the internal price of carbon in the analysis of possible new investments or projects.
- Foster the purchase of electricity produced from renewable sources.
- Update the dossier of global measures for the company's adaptation to climate change.
- Make progress on the analysis and reporting of risks and opportunities associated with climate change, following the recommendations made by the Task Force on Climate-related Financial Disclosures (TCFD).
- Design and launch an advanced climate change course for company employees.

FIGHTING CLIMATE CHANGE, A STRATEGIC PRIORITY FOR ACCIONA

The fight against climate change is one of the company's key pillars, for which the management focus is part of its global sustainability and environment strategy, as one of its priority objectives of the Sustainability Master Plan 2020 (SMP 2020) is for the company to be carbon neutral every year from 2016.

ACCIONA has a climate change policy approved by its Board of Directors, which sets out the company's commitment and principles to combat this threat. The company prioritises leading the transition towards low-carbon business models that are resilient to climate change. To do so:

- Produces and sells renewable energy only, helping with the displacement of fossil fuels in national electricity mixes.
- Implements solutions in the energy efficiency field at its own centres and for its customers, optimising consumption and reducing the related GHG emissions.
- Constructs, operates and maintains new purification plants, wastewater treatment and desalination plants, helping manage the risks relating to the scarcity of and access to water, which will be increased with climate change.
- Strives to ensure research and development in the areas of mitigation and adaptation.
- Integrates risk mitigation actions into its business plans.

RISKS ASSOCIATED WITH CLIMATE CHANGE

The management of risks associated with climate change is integrated into the environmental risk management strategy of the company and its businesses, and is carried out through the application of a procedural methodology with which it identifies, assesses, prioritises and reports to the ACCIONA decision-making bodies the potential events related to climate change, which could have an impact on the group and its centres, so that action policies and tolerance thresholds are established that provide reasonable security for the achievement of objectives.

The climate risk management process includes the evaluation of present and future scenarios (short-, medium- and long-term), for which the probability of occurrence and consequences for the company (operational, economic and/or reputational) are analysed, in respect of:

- Physical risks: variation in average and extreme temperatures, variation in average rainfall, change in the rainfall patterns, change in the patterns of extreme events, rise in sea level, etc.
- Regulatory risks: climate policies arising from international decarbonisation commitments and objectives, carbon pricing systems, reporting and/or emissions reduction objectives, product efficiency regulations and standards, renewable energy regulations, etc.
- Other risks: impact on the supply chain, effect on habitats and ecosystems, changes in consumer behaviour, changes caused to human and cultural environments, fluctuations in the socioeconomic conditions, impacts on other stakeholders, etc.

In the process to identify and assess the risks associated with climate change, different exposure variables are analysed and different tools are used such as: tools for the monitoring of energy consumption and CO₂ emissions in the centres, actions to identify the generation of CO₂ emissions in the supply chain, energy generation management tools, financial analysis of the company, identification maps of climate risks provided by reference bodies (AR5 and AR4 Reports of the IPCC, Aqueduct-WRI, Germanwatch and World Bank), identification tools for legal requirements, procedures to manage the social impact, environmental management procedures, and the experience of the company's qualified staff.

The climate risk management process takes place on a business level and is conducted annually.

In addition, in 2017, a top-down analysis of the environmental risks associated with climate change in ACCIONA was carried out through the interrelation of the most significant climate hazards with geographical exposure and vulnerability of its activities.

DOSSIER OF GLOBAL MEASURES FOR ADAPTATION TO CLIMATE CHANGE.

In 2017, the dossier of global measures for the company's adaptation to climate change, was prepared. Through the review of 98 climate vulnerabilities, the document proposes 67 solutions for adaptation, of which at least 24 are already incorporated into the business lines.

The dossier covers the adoption of measures in fields like water management, the use of new materials, the redefinition of design standards or energy storage, and includes an approximate calculation of the expense deriving from its implementation. Additionally, it seeks to continue increasing awareness and training of its employees in the adaptation field, and to identify new business opportunities.

MITIGATING CLIMATE CHANGE THROUGH BUSINESS

Through its different businesses, the company contributes to the mitigation of climate change. Through electricity generation from renewable sources, ACCIONA Energy contributes to the displacement of fossil fuels in countries' electricity mix. In the case of Infrastructure, it offers solutions to the field of energy efficiency, successfully optimising consumption and displacing CO₂ emissions.

Under the scope of the SMP 2020, the company prepares plans and programmes to reduce its energy consumption and GHG emissions, whereby it analyses the adoption of measures that contribute towards mitigating climate change.

For 2017, ACCIONA set the internal objective of reducing its GHG emissions by 2.1 % compared to the previous year and it is committed to the "Science Based Targets" initiative for establishing reduction objectives based on science.



MORE INFORMATION

in the section "Investing exclusively in renewable energy" of the chapter "ACCIONA Energy's Commitment" and "Fighting climate change with energy efficiency" of the chapter "ACCIONA Infrastructure's Commitment"

ACCIONA REWARDED AT THE CDP EUROPE AWARDS 2017

The award was made for its inclusion, with maximum qualification, on the Climate Change A List and Water A List, for its work on facing climate change and on sustainable water management.

Through this, ACCIONA has become one of just 27 companies to have obtained this double qualification, of the more than 3,000 analysed worldwide.



MORE INFORMATION

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

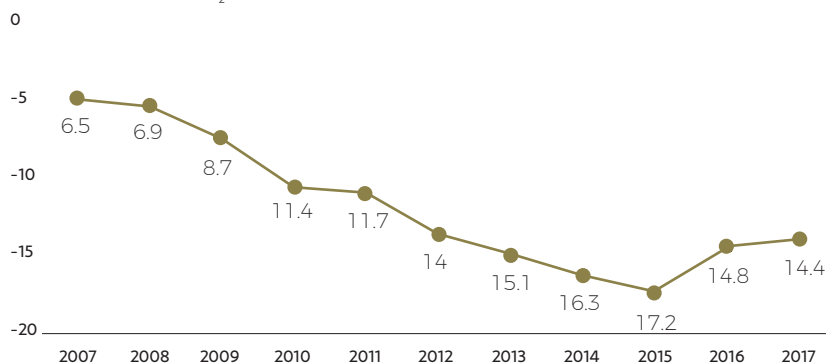
EMISSIONS AVOIDED

In 2017, ACCIONA avoided the emission of 14.4 million tonnes of CO₂ thanks to its energy generation activity from renewable sources. During the past year, this same generation avoided the emission into the atmosphere of 9,979 t NO_x, 48,119 t SO_x and 318 t PM₁₀.

FIGURE 1.

Evolution of the emissions avoided by ACCIONA

(millions of tonnes of CO₂)



ENERGY CONSUMPTION

In 2017, the company's energy consumption was 19,071 TJ, 30 % of which was from renewable sources. The company's energy intensity from fossil fuels was 1.8 TJ/€M of sales, while the energy intensity from renewable sources was 0.8 TJ/€M of sales. The energy consumption ratio of ACCIONA's buildings totalled 221 kWh/m².

TABLE 1.

Evolution of the company's energy consumption

(TJ)

Energy consumption	2014*	2015	2016	2017
Renewable	5,810	6,013	6,510	5,740
- Fuels	4,375	4,275	4,357	4,384
- Electricity	1,435	1,738	2,153	1,356
Non-renewable	6,900	7,204	9,488	13,331
- Fuels	5,292	5,666	7,432	8,787
- Electricity	1,608	1,538	2,056	4,544
Total (TJ)	12,710	13,217	15,998	19,071

* 2014 figure recalculated according to the methodological revision carried out starting this year.

FIGURE 2.

Energy consumption by source in 2017

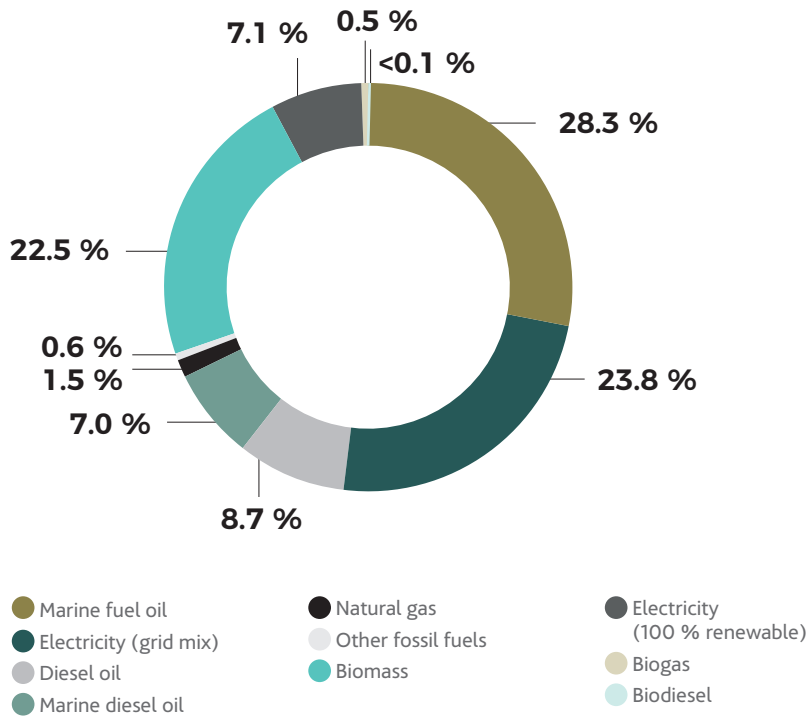
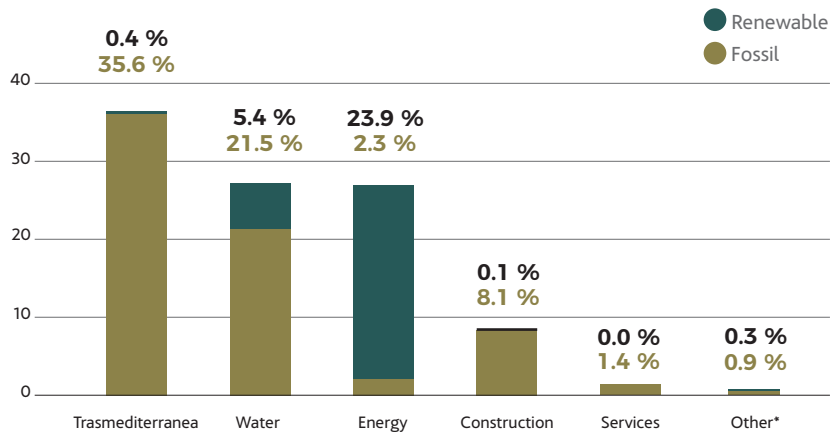


FIGURE 3.

Energy consumption by business in 2017



*Other includes Concessions, Industrial, ACCIONA Inmobiliaria and Wineries.

THIRD-PARTY ENERGY CONSUMPTION

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

TABLE 2.

Evolution of the external energy consumption

(GJ)

Type		2014	2015	2016	2017
Upstream leased assets		3,098,024	1,911,173	2,376,162	1,815,757
Downstream leased assets		8,337	Incorporated in internal energy consumption	Incorporated in internal energy consumption	Incorporated in internal energy consumption
Employees commuting		448,162	681,871	696,541	788,330
Business travel		227,058	231,023	239,899	242,624
Waste generated in operations		380,344	200,520	293,148	197,506
End of life treatment of sold products		2,444	11,744	1,235	1,909
Use of sold products		Not available	21,005	6,437	836,599
Investments		Not available	Not available	308,264	350,478
Suppliers: 100 % of the purchase of goods and services	Coal	3,407,828	5,078,045	3,514,295	4,958,163
	Oil	20,284,487	23,106,810	14,501,044	9,079,530
	Natural gas	5,206,782	755,234	4,187,832	5,089,392
	Electricity (renewable)	913,848	1,385,922	764,932	2,015,636
	Electricity (nuclear)	660,496	754,187	302,826	748,390
TOTAL		34,637,811	34,137,533	27,192,615	26,124,314

EMISSIONS GENERATED

Calculation of emissions generated

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

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 Maritime Organisation (IMO) through the implementing regulation (EU) 2016/1927 of the European Commission of 04 November 2016.

- International Energy Agency.
- Electricity Grid of Spain.
- ACCIONA Green Energy.
- Department for Environment, Food and Rural Affairs of the United Kingdom.
- The European Environment Agency.

Scope 1 and 2 emissions

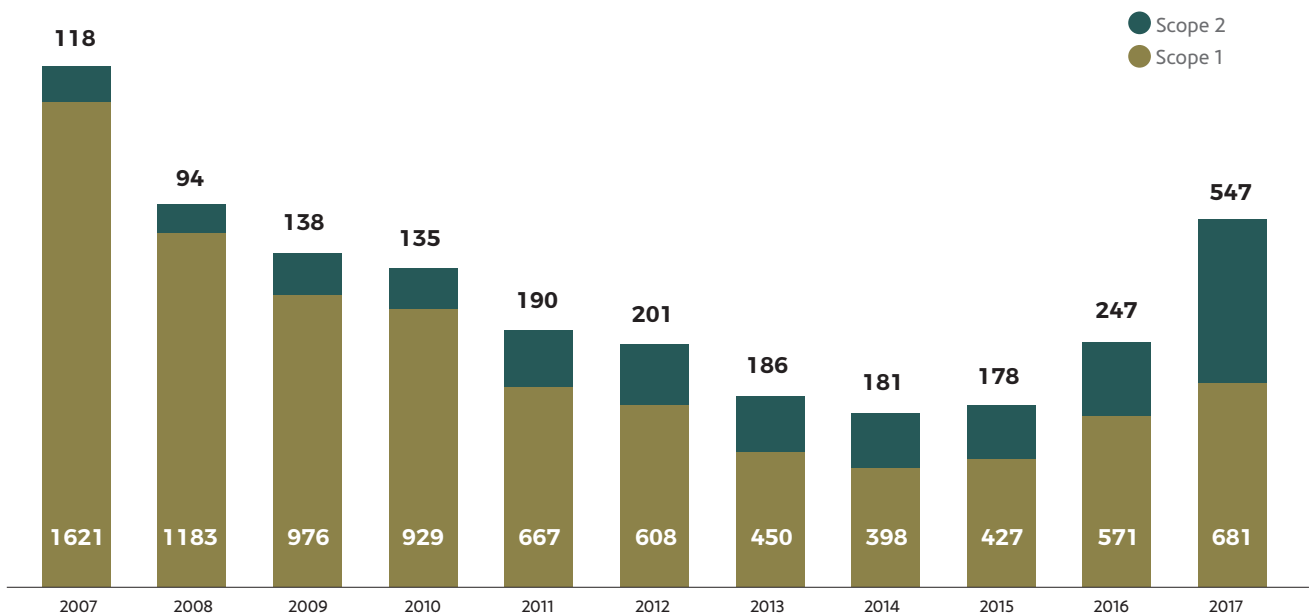
The total CO₂e emissions from Scopes 1 and 2 generated in 2017 were 1,228,540 tonnes, 681,488 t CO₂e of which correspond to Scope 1, and 547,052 t CO₂e to Scope 2 market-based (and 676,426 t CO₂ of scope 2 location-based).

The rise in Scope 1 emissions was mainly driven by the increased business activity of Trasmediterranea and ACCIONA Construction, while the increase in Scope 2 emissions was primarily due to desalination activities in countries suffering from water stress, in which access to electricity supply from renewable sources is very limited.

FIGURE 4.

Evolution of the emissions generated by ACCIONA

(thousands of tonnes of CO₂)



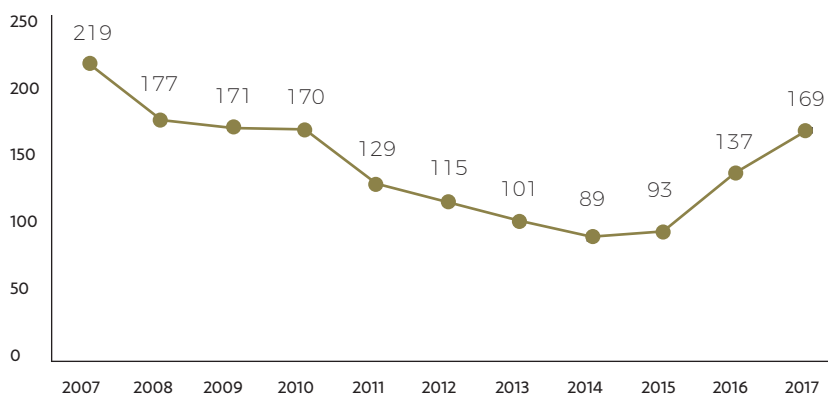
Note: Scope 1, direct emissions produced by the company, generally through the burning of fuels. Scope 2, indirect emissions generally due to electricity consumption.

ACCIONA's carbon intensity was 169 t CO₂e/€M of sales (scopes 1 and 2). As for the company's buildings, the ratio of CO₂ emissions was 35 kg CO₂e/m².

FIGURE 5.

Evolution of GHG emissions intensity

(t CO₂e/sales)



Scope 3 emissions

Scope 3 emissions have increased by 43 % compared to the previous year, mainly due to the consideration of a greater number of sources in the calculation of emissions associated with supplier activities.

TABLE 3.

Emissions scope 3

(t CO₂e)

Type		2014	2015	2016	2017
Upstream leased assets		226,499	144,587	182,917	139,579
Downstream leased assets		534	Incorporated in scopes 1 and 2	Incorporated in scopes 1 and 2	Incorporated in scopes 1 and 2
Employees commuting		32,651	49,764 (offset)	50,545	57,534
Business travel		16,352	16,263 (offset)	16,927	17,190
Waste generated in operations		28,183	14,859	22,057	14,861
End of life treatment of sold products		181	870	93	144
Use of sold products*		Not available	1,666	488	10,677
Investments		Not available	Not available	15,865	39,040
Suppliers: 100 % of the purchase of goods and services	Products, services and raw materials	912,036	957,028	632,060	958,299
	Capital goods	144,911	347,264	411,865	641,059
	Fuel consumption and electricity consumption	163,885	104,145	105,595	213,764
	Transportation	288,632	472,056	164,759	203,122
TOTAL (t CO ₂ e)		1,813,864	2,108,502 (66,027 offset)	1,603,171	2,295,269

* Sale of homes in the ACCIONA Inmobiliaria area.

Other emissions

Global emissions of NOx in 2017 were 14,683 tonnes; SOx were 3,351 tonnes and PM₁₀ 958 tonnes, increasing by 19 %, 16 % and 20 % compared to the previous year, respectively. The rises in these figures were primarily due to the increased activity of Trasmediterranea, which accounts for 89 % of global emissions of NOx, 98 % of SOx emissions and 92 % of PM₁₀. SF₆ emissions totalled 0.094 tonnes. Lastly, biogenic emissions amounted to 443,415 t of CO₂.

TABLE 4

Evolution of other emissions

(t)

Emissions	2014	2015	2016	2017
PM ₁₀	565	641	795	958
NOx	8,683	9,590	12,298	14,683
SOx	1,936	2,237	2,888	3,351
SF ₆	0.423	0.443	0.179	0.094

ENVIRONMENT

TOWARDS A CIRCULAR ECONOMY

From a prevention-based approach and with the overall goal of decreasing the environmental impact of its activities, in 2017 ACCIONA focused its actions on the integrated management of environmental risks, attention to water stress, the promotion of the circular economy and the conservation of biodiversity.



HIGHLIGHTS IN 2017

- Development of a top-down analysis of the risks associated with water resources.
- Treatment, purification and desalination of 766 hm³ in 8 countries with regions under water stress.
- Establishment of objectives for businesses in the Waste Management Plan for the promotion of the Circular Economy.
- Development of a total of 12 action plans on biodiversity in the business lines.
- Update of the environmental risk maps associated with the water resources of ACCIONA's businesses.
- Incorporation into the life cycle analysis (LCA) portfolio of 10 new projects.

MAIN CHALLENGES FOR 2018

- ▶ Continue promoting the global development of the purification, treatment and/or desalination activity in regions with water stress.
- ▶ Make progress in the deployment within the organisation of the waste management plan for the promotion of the circular economy, with established annual objectives.
- ▶ Make progress in the company's environmental risk management.
- ▶ Analyse the risks and opportunities associated with water resources in ACCIONA.
- ▶ Include the life cycle analysis in the company's new projects/centres.
- ▶ Supervise the company's action and compensation plans on biodiversity and make progress in the methodological development of the biodiversity footprint assessment.

VALUE CREATION THROUGH THE ENVIRONMENTAL VARIABLE

Preservation and respect for the environment are fundamental principles in all of ACCIONA's activities. The company has four specific policies approved by the Board of Directors: Environmental Policy, Biodiversity Policy, Climate Change Policy and Water Policy (available on its website¹³).

As specified in the Sustainability Master Plan 2020 (SMP 2020), the development of strategic initiatives and fulfilment of goals in the areas of Environment and Climate Change are referred to the Board of Directors' Sustainability Committee, in such a way that guarantees the integration of the environmental variable and the application of the environmental policies and principles in the company's business operations. The corporate principles that ACCIONA adopts in environmental matters through its policies concern all the business lines and countries in which it operates, moving into the value circle and presenting itself for the valuation of third parties.

One of the keys to the ACCIONA business is being able to rely on specific, qualified staff at all functional, hierarchical and geographic levels of the company. This means that top quality and experience can be employed at all times in pursuing the company's business, always according to the strictest environmental standards. In 2017, a total of 499 people are responsible of environmental matters.

ENVIRONMENTAL INVESTMENT AND EXPENDITURE

34 % of the group's total sales and 67 % of EBITDA are based on businesses included in what the United Nations Environmental Programme (UNEP) defines as the "Green Economy"¹⁴. During 2017, environmental expenses amounted to EUR 2,430 million and environmental investments to EUR 509 million, which places the company's global environmental activity at EUR 2,939 million.

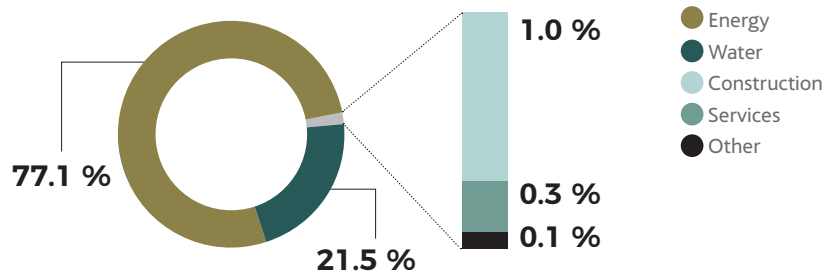
Of this total figure, EUR 69 million are derived from the management (prevention, reduction or correction) of the environmental impacts generated by the company's activities (EUR 65 million in expenses and EUR 4 million in investments) and EUR 2,870 million are derived from the business development of a mainly environmental component (EUR 2,365 million in expenses and EUR 505 million in investments) which are relevant for the strategic business orientation, such as the generation of renewable energies and the integrated management of the water cycle, which focus on managing environmental impacts generated by other players and whose management is part of the business.

(13) For more information go to <https://www.accionacom.es/sustainability/environment/>

(14) For more information about the green economy go to: https://sustainabledevelopment.un.org/content/documents/126GER_synthesis_en.pdf

FIGURE 1.

Breakdown of the environmental economic figure (€2,939 million) by business line



In 2017, ACCIONA obtained tax relief of EUR 1.7 million due to carrying out actions that promote environmental respect and protection.

ENVIRONMENTAL TRAINING

ACCIONA continues strengthening its commitment to training employees in environmental matters. In 2017, a total of 50,870 hours of training were delivered on topics such as waste management, efficient use of natural resources, operational management in the environmental issues or environmental management systems.

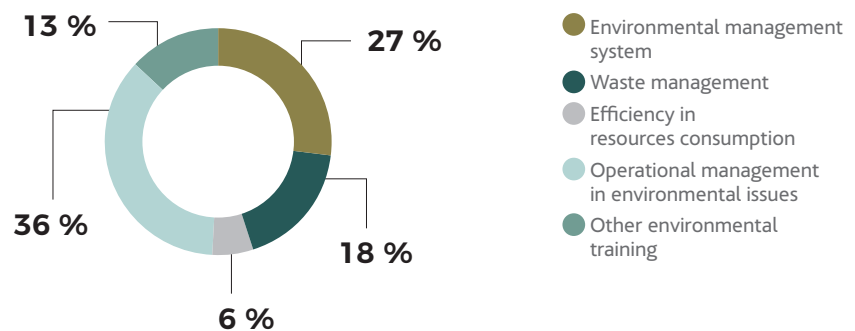
TABLE 1.

Evolution of environmental training

	2015	2016	2017
No. hours dedicated to environmental training	34,618	55,860	50,870

FIGURE 2.

Training hours by subject in 2017 (%)



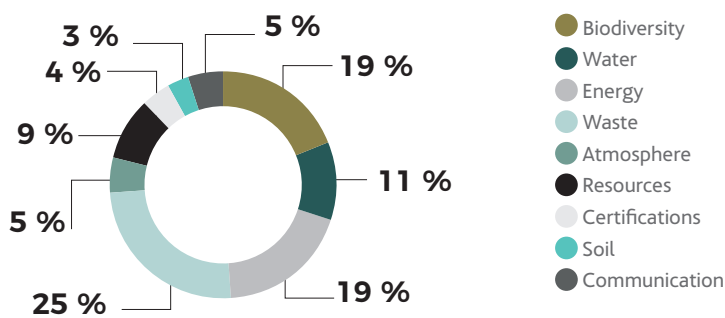
ENVIRONMENTAL BEST PRACTICES AND UNIQUE ACTIONS

ACCIONA identifies, analyses and values environmental actions, in order to recognise and publicise the most significant events within and outside the organisation. The company values the actions and selects those that stand out for their distinctly positive effect on the environment, their innovative nature or their scientific and/or social interest.

In 2017, the actions identified, analysed and valued in the different business lines correspond 33 % to Construction, 21 % to Water, 20 % to Energy, 16 % to Services and 10 % to Industrial, Trasmediterranea, Grupo Bodegas Palacio 1894 and ACCIONA Inmobiliaria.

FIGURE 3.

Main fields of environmental actions analysed



NATIONAL ENVIRONMENTAL AWARD 2017, CHILE

ACCIONA was awarded the National Environmental Award in Chile for its achievement in becoming a carbon neutral company. This recognition was granted during the celebration of the IV Edition of the National Environmental Awards, which is organised annually by the Recyclápolis Foundation, with the sponsorship of the Government of Chile.

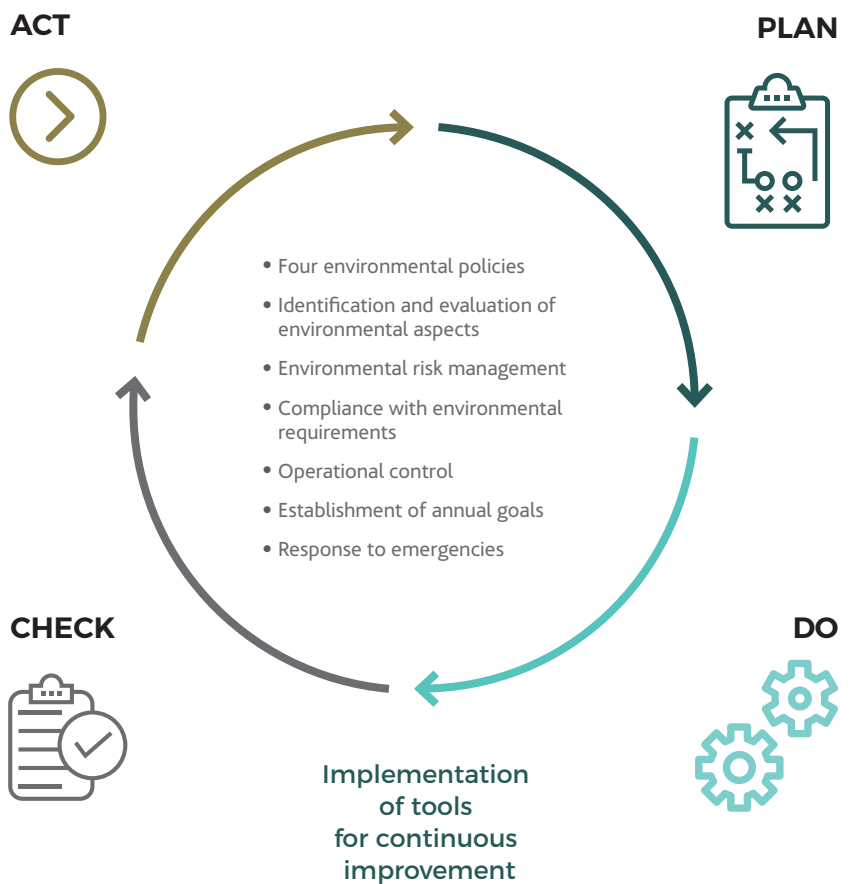
INTEGRATED ENVIRONMENTAL MANAGEMENT

PRINCIPLES FOR SUCCESSFUL ENVIRONMENTAL MANAGEMENT

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

In this respect, ACCIONA's environmental management systems are verified and certified by accredited independent entities in accordance with the ISO 14001 standard. In 2017, 88 % of revenue was certified.

This model enables ACCIONA to set up systems by which to identify and evaluate the company's environmental footprint and establish mechanisms to facilitate its minimisation. The management model is structured around the following elements:



- Identification, evaluation and minimisation of environmental conditions that may occur during the development of the company's activities.
- Analysis of environmental risks through a regulated technical procedure that quantifies the risk of an accident that causes environmental damage or a negative environmental effect on ACCIONA's activities.
- Identification and verification of legal requirements through an online regulations and legal requirements tool, which allows for managing compliance with administrative obligations and other commitments acquired in addition to those legally required. In 2017, 693 centres were registered in the tool.
- Operational control by means of the corporate tool Métrica, that compiles the quantitative environmental information of each centre, making it possible to manage the environmental performance of the processes, set goals and define strategies.
- Registration and classification of environmental near-misses in all ACCIONA centres and facilities. An environmental near-miss is any incident that does not result in damage to the environment but has the potential to do so. In 2017, the company registered 526 environmental near-misses, such as spills or fires. All the cases were resolved satisfactorily through the adoption of corrective measures (23 incidents involved spills, with a total volume of 1,739 m³ of discharges).
- Implementation of tools for continuous improvement, identification and dissemination of lessons learned and good practices.
- Establishment of annual environmental objectives in all of ACCIONA's businesses, taking as reference the identification of the most significant environmental aspects in the management systems and the SMP.

EVALUATION AND MANAGEMENT OF THE ENVIRONMENTAL IMPACT

In 2017, 21 projects under development have been the subject of an Environmental Impact Assessment (EIA), 12 of which are being processed by the competent Public Administrations of Spain, Panama, Ecuador, Chile and Mexico. In 5 of them, favourable environmental impact statements have been obtained in Mexico, USA, Chile and Panama.

The EIAs for these projects have been published in the relevant official journals and on the platforms enabled for such purpose by the public administrations to channel local participation and receive any possible claims in this respect.

On the other hand, ACCIONA has also carried out 260 Environmental Monitoring Plans (EMPs) in centres and facilities under construction, operation and maintenance.

Additionally, it is worth mentioning the specific environmental monitoring carried out in 49 facilities in 14 countries, with more than 92 supplementary studies.



FURTHER INFORMATION
in the section "Risks associated with
climate change" in the chapter on
"Climate Change"

ENVIRONMENTAL RISK MANAGEMENT

The management of environmental risks is carried out through the application of the Corporate Environmental Risk Management Standard and its associated procedures. Through the use of the aforementioned documentation, potential events related to the environment that could impact the company and its centres are identified, assessed, prioritised and communicated to ACCIONA's decision-making bodies, in order to establish action policies and tolerance thresholds that provide reasonable assurance about the achievement of objectives. The environmental risk management process includes the evaluation of present and future scenarios (short-, medium- and long-term), for which the probability of occurrence and consequences for the company and/or for the environment is analysed, focusing especially on:

- Risks that climate change supposes for ACCIONA
- Risks that water resources supposes for the company.
- Risks that ACCIONA's activities supposes for the environment.

Additionally, with the aim of addressing risks that have led to environmental crises, the company has also had procedural mechanisms in place for their management since 2011. These mechanisms make it possible to systematically identify these situations, and indicate measures to follow and the necessary responsibilities and resources for their adequate management.

SUSTAINABLE MANAGEMENT OF WATER RESOURCES

Throughout its history, ACCIONA has covered the supply needs of more than 100 million people in more than 30 countries worldwide through its integrated water management cycle, responding to one of the largest environmental challenges faced by humanity.

POSITIVE WATER FOOTPRINT ON THE PLANET

The company calculates its water footprint on the basis of two international methodologies: the Water Footprint and the Global Water Tool of the World Business Council for Sustainable Development. These methodologies take into account in the indicator both the impact on the water-resource reserves, and the variation in the water quality. Furthermore, ACCIONA takes into account the singularities of the business, highlighting the company's activities that favour the accessibility of drinking water and sanitation, both fundamental human rights, recognised in 2010 by the United Nations General Assembly.

In 2017, ACCIONA's water footprint generated a positive impact on the planet of 374 hm³, a figure equivalent to the annual consumption of a population of more than 7 million people (based on the average consumption per person in Spain). This positive impact is mainly due to ACCIONA Agua purification and treatment activities, which improve water quality without a significant impact on the water resource reserve, as opposed to the consumption and discharges of the company as a whole.

The decrease in the water footprint in 2017 is mainly due to greater activity in desalination and less activity in purification and treatment. Likewise, water consumption has increased 17.3 % with respect to 2016, mainly due to the consumption of large works by ACCIONA Construction. ACCIONA has a reduction commitment of 5 % per year.

FIGURE 4.

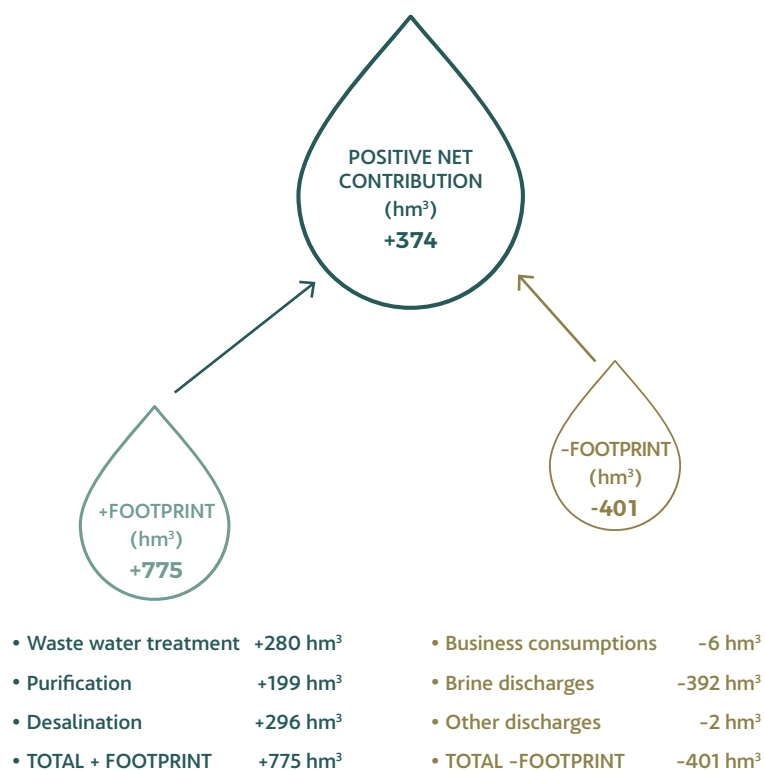
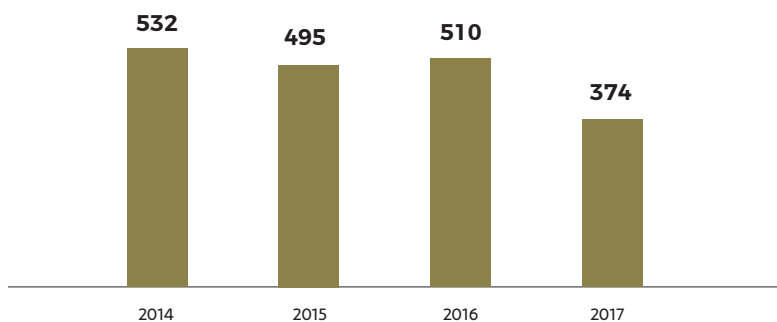
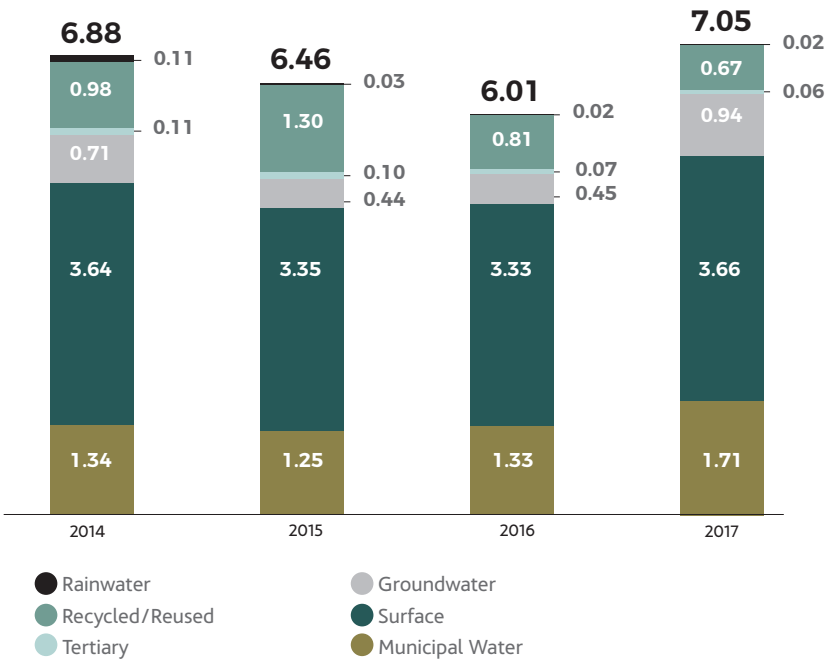
Balance of ACCIONA's water footprint

FIGURE 5.

ACCIONA's positive water footprint trends
(hm³)

ACCIONA'S WATER CONSUMPTION

FIGURE 6.
ACCIONA's water consumption trends
(hm³)



10.6 % OF THE
TOTAL WATER
CONSUMED
BY ACCIONA
IS RECYCLED
FROM TERTIARY
NETWORKS AND
RAIN WATER

Furthermore, ACCIONA has continued its commitment to using water from recycled, reused, tertiary systems or rainwater, amounting to 10.6 % of the company's total consumption. The water consumption ratio in ACCIONA's buildings was 0.85 m³/m².

FIGURE 7.
Water consumption by source

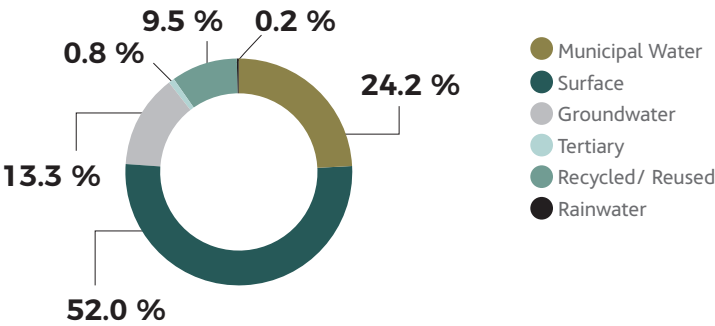
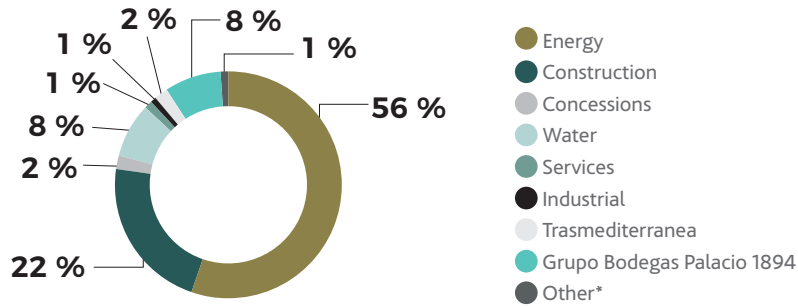


FIGURE 8.

Distribution of water consumption by business line



*Others include Corporate, Bestinver and ACCIONA Inmobiliaria

TABLE 2

Consumption of municipal, surface and groundwater in 2017

Country	Water consumption (m³)
Spain**	4,876,054
USA **	491,483
Ecuador and Galapagos Islands**	365,783
Norway	291,752
Canada**	220,922
Chile**	196,583
Australia**	172,162
Brazil**	117,441
Italy**	107,317
Mexico**	82,090
Poland*	54,643
Peru**	22,990
Qatar*	17,965
Colombia**	13,169
Portugal**	11,576
Costa Rica**	4,100
Panama**	795
Turkey**	655
Nicaragua	277
India*	261
Andorra	254
Morocco*	142
Croatia	74
South Africa*	8
New Zealand	3

* Countries subject to water stress, according to the Global Water Tool of the World Business Council for Sustainable Development (less than 1,700 m³ fresh water available per year per person).

** Countries not subject to water stress but with a specific region under water stress, according to the Global Water Tool of the World Business Council for Sustainable Development (less than 1,700 m³ fresh water available per year per person).

ACCIONA MEASURES THE TOTAL WATER CONSUMPTION OF ITS SUPPLIERS

For the third consecutive year, ACCIONA has measured the total water consumption associated to the activities of 100 % of its suppliers. The analysis, based on information corresponding to 189 countries and 26 economic sectors, confirms the company as a leader in researching supply chain impacts.

The study carried out has made it possible to reach some interesting conclusions, for instance:

- A small group of suppliers accounts for up to 70 % of water consumption in the supply chain.
- Less than 20 % of the water consumption is generated by direct suppliers.
- Two of the company's businesses account for most of the water consumption in the supply chain.
- The purchase of goods and services in certain countries and sectors has a decisive impact on the final consumption figures.

WATER TRANSFERRED BY ACCIONA

Certain facilities of the company use water in a way that does not imply consumption, given that once it is used, the water resource is returned to the place where it was collected. This process is carried out in the same quality conditions, and does not significantly affect surrounding ecosystems. Water considered under this section is referred to as water transfers, and is classified as follows:

TABLE 3

Water transferred by ACCIONA in 2017 (hm³)

Type	
Surface for refrigeration returned to source	24.3
Turbined in hydroelectric plants	20,993.3
Tertiary for refrigeration returned to intake at WWTPs	0.9
TOTAL	21,018.5

ACCIONA'S DISCHARGES

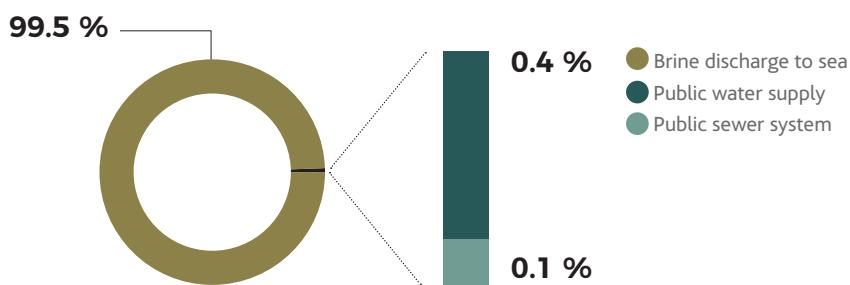
More than 99 % of the volume of ACCIONA discharges corresponds to the brine from desalination plants, with a total volume of brine returned to sea in 2017 of 392 hm³.

Discharges to sewerage networks, hydraulic public domain and maritime-terrestrial public domain have increased 67 % with respect to 2016, mainly due to the increase in Construction activity. These discharges comply with what is specified in the corresponding discharge authorisations.

It should be noted that the processes that guarantee compliance with the requirements for water collection and discharge are part of the environmental management systems that the company implements, verifies and certifies according to the international standard ISO 14001.

FIGURE 9.

Distribution of discharges by type

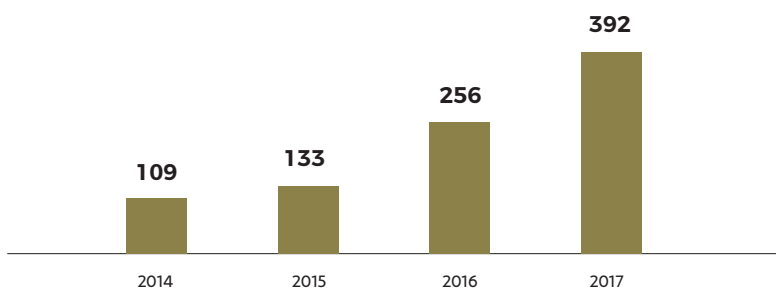


Note: the distribution also includes a small percentage of Maritime-terrestrial public domain, which has not been represented due to being a very small percentage, below the level of the amounts represented in the figure.

FIGURE 10.

Brine discharges trends

(hm³)



WATER-RELATED RISKS AND OPPORTUNITIES

The management of risks associated with water is integrated into the environmental risk management strategy of the company and its businesses, and is carried out through the application of a procedural methodology with which potential events are identified, assessed, and prioritised that could have an impact on the company and its centres, so that action policies and tolerance thresholds are established to provide reasonable security for 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.
- Regulatory risks: tariff changes, abstraction licences and discharge authorisations, regulation of river basins, among others.
- Other risks: impact on the supply chain, impact on habitats and ecosystems, social conflicts, improved water accessibility and sanitation and impact on other stakeholders.

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

In addition, in 2017, a top-down analysis of the environmental risks associated with water resources in ACCIONA was carried out through the interrelation of the most significant water hazards with geographical exposure and vulnerability of its activities.

With respect to the associated opportunities, ACCIONA Agua is nowadays carrying out its purification, waste water treatment and desalination solutions to areas of the world that suffer from major water deficiencies.



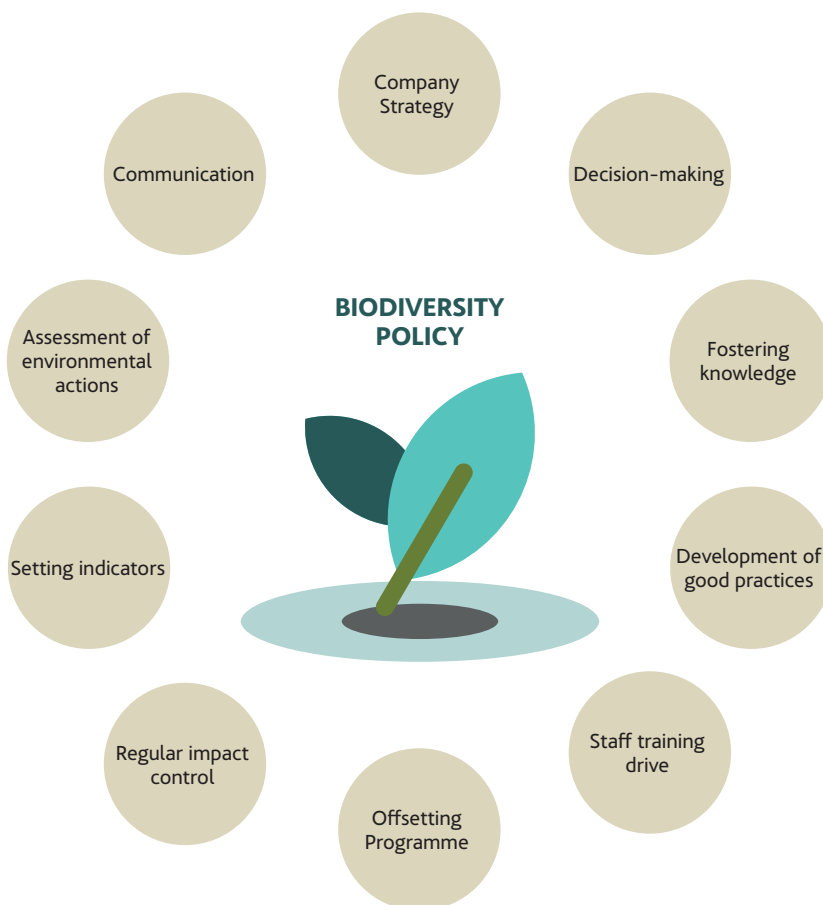
MORE INFORMATION

in the section "Management of water resources" of the chapter "ACCIONA Infrastructure's Commitment"

ENVIRONMENTAL PROTECTION AND BIODIVERSITY

In addition to sustaining the functioning of life, biological diversity provides the ecosystem services essential for human well-being. Within this context, in the meeting held during the tenth Conference of the Parties in 2010 in Japan, the Convention on Biological Diversity (CBD) approved the Strategic Plan for Biodiversity 2011-2020, with the aim of inspiring large-scale actions for all countries and stakeholders to safeguard biological diversity and the benefits it provides to people over the next decade. This Plan recognises the progress that has been made in the integration of biodiversity conservation and the sustainable use of resources in the economic activities of the companies.

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





FURTHER INFORMATION
in the section "Management of
environmental impact" of the
chapters "ACCIONA Energy's
Commitment" and "ACCIONA
Infrastructure's Commitment"

ACCIONA, in each of the phases of design, construction, operation, maintenance and dismantling of the company's activities, identifies and evaluates the possible effects on biodiversity.

To carry out their adequate management, environmental monitoring plans are established to control and implement the preventive and corrective measures associated with the project.

MAIN ACTION LINES IN 2017

Biodiversity Offsetting and Improvement Programme

ACCIONA has a programme consisting of the design and execution of voluntary initiatives that go beyond the administrative environmental requirements, whose objective is to favour the situation of certain threatened species and/or ecosystems. These are actions that favour biodiversity and social progress, and that generally imply a differentiation that allows for recognition of ACCIONA's effective commitment to sustainability.

In addition, the company periodically updates the *ACCIONA global commitment to biodiversity*¹⁵ report with new and interesting practices in biodiversity linked to the development of ACCIONA's activities, thereby showcasing and communicating the most relevant actions that develop their different business lines in terms of conservation.

CAPTIVE BREEDING AND BEHAVIOURAL STUDY OF EUROPEAN MINK

ACCIONA has collaborated with the Foundation for Research in Ethology and Biodiversity (FIEB in Spanish) since 2013 in the European Mink Captive Breeding project, a critically endangered species that is considered the most threatened mammal in Europe.

This European project is part of the Captive Breeding Program within the National Species Conservation Strategy, coordinated by the Ministry of Agriculture and Fisheries, Food and Environment. 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 breeding centre has improved the accommodation capacity of European mink specimens and the captivity standards, which has resulted in 12 new offspring born in 2017 under perfect conditions that add to the 10 born between 2015 and 2016.

This constitutes a success for the continuity of the species and for the improvement of the global genetics of the captive population. In addition, this year ACCIONA has donated a work shed which, once refurbished, can accommodate students who are carrying out work experience in these facilities. It is a project that has an important international impact, since there are only three populations of European mink in the world, and one of them is in Spain.

IN 2017,
12 ACTION PLANS
ON BIODIVERSITY
WERE CARRIED
OUT LINKED
TO THE
DEVELOPMENT
OF ACCIONA'S
ACTIVITIES

(15) <https://www.accionacom.com/sustainability/environment/biodiversity/>

IMPROVEMENT OF BIODIVERSITY IN THE TERRITORY AND HABITAT OF THE BROWN BEAR

ACCIONA has continued, for another year, the project started in 2012 in collaboration with the Fundación Oso Pardo (Brown Bear Foundation) with the planting of new fruit trees that enrich the pine forests of Palencia and Cantabria, thus improving the availability, variety and quantity of food for the brown bear, catalogued as in danger of extinction. Different scientific studies point out that the reproductive success and the survival of bear cubs seem to be linked to food, and therefore a greater diversity of food energy resources would be crucial for their recovery.

During 2017, the network of feed points for the brown bear was expanded by planting 3,000 fruit trees of different species: cherry, apple, whitebeam, alpine buckthorn, alder buckthorn, hazel and rowan, scattered in various forests to cover a greater enriched territory. As a result, the total number plantations means that the ACCIONA Forest has reached the sum of 24,000 planted trees. These plantations are carried out in one of the only two bear habitats of the Cantabrian Mountains, estimated to be home to a total of 40 bears, according to the last census carried out. These actions promote the improvement of biodiversity in Cantabria and the absorption levels of CO₂, while improving the brown bear habitat, contributing effectively to the recovery of one of the country's most symbolic animal species.

INDICATORS OF BIODIVERSITY PERFORMANCE

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

TABLE 4

Location of facilities in protected areas and unprotected areas of great value for biodiversity in 2017

Business line	Location with respect to the protected area	Surface area (ha)	Protected areas
ACCIONA Energy			
Spain			
Wind farms and power lines	Internal	92	SCI, SPA, NatP, IBA, BR
Wind farms and power lines	Partially internal	391	SCI, IBA, SPA
Hydroelectric power plants	Internal	6,880	SCI, SPA, SAC, NatP, BR, Wetland
Portugal			
Photovoltaic	Partially internal	114	ZPE
Mexico			
Wind farm	Internal	111	MR
ACCIONA Agua			
Spain			
Treatment plants and associated services	Internal	23.69	SAC, NatP, PR
Treatment plants and associated services	Partially internal	1.5	SPA
Treatment plants and associated services	Adjacent	13 facilities	SCI, SPA, SAC, PN, Ramsar
Portugal			
Processing facilities	Internal	2	NatP
Australia			
Processing facilities	Internal	6	NP
Nicaragua			
Construction work	Internal	0.4	NA
ACCIONA Construction			
Spain			
Infrastructure	Internal	14	SPA, SCI, NatP, SAC, PL
Infrastructure	Partially internal	496	SCI, SPA, SAC, IBA
Infrastructure	Adjacent	6 works	SAC, SCI, PP, NatP
Australia			
Linear infrastructure	Partially internal	92	PL
Brazil			
Linear infrastructure	Internal	4	PL
Other businesses			
Spain			
Other facilities and infrastructures	Internal	21	NatP
Other facilities and infrastructures	Adjacent	1 facility	SAC

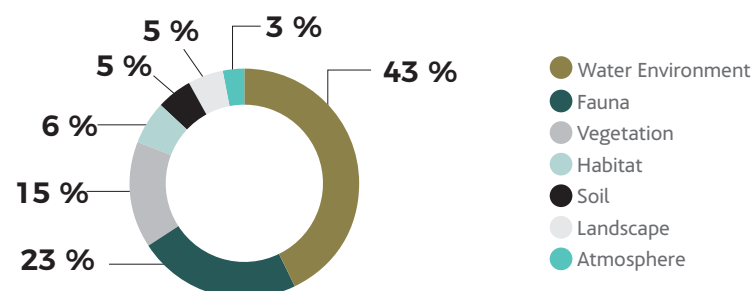
Note: SCI: Site of Community Importance; SPA: Special Protection Area for birds; IBA: Important Areas for the Conservation of Birds and Biodiversity; SAC: Special Conservation Area; NP: National Park; NatP: Natural Park; RP: Regional Park; BR: Biosphere Reserve; PL: Protected Landscape; ZPE: Special Protection Zone; MR: Migratory Route; NA: Natural Protected Area of National Interest

Identification and assessment of the most significant impacts

ACCIONA carries out the identification and assessment of the most significant impacts of each of these facilities.

FIGURE 11.

Nature of impacts



The 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

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

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

TABLE 5

Protected species affected by ACCIONA's facilities

IUCN Red List protection category		No. of species
CR	Critically endangered	3
EN	Endangered	5
VU	Vulnerable	5
NT	Near threatened	10
LC	Least concern	83
Other national catalogues		9
TOTAL		115

Restoration and protection of habitats

ACCIONA projects consider the prevention and restoration of areas that may be affected by its facilities, and therefore these projects are associated to works for the restoration and protection of habitats, such as replanting, maintenance of forests and planting of affected areas.

In 2017, the company protected and restored 126 hectares in the areas surrounding its projects and, in almost all cases, the success of the measures carried out were verified by independent external professionals.

Water bodies affected significantly by water abstraction or discharges

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

Therefore, the company and the environmental administration establish prevention measures to minimise any impacts on species that may be present in river ecosystems, such as respect for the regime of environmental flows and the technical requirements established by the administration itself.

Treatment of the main risks and opportunities associated with biodiversity

The company continues to strengthen the treatment of the main risks and opportunities related to the environment and biodiversity through the normative documentation that was approved in 2016, among which the environmental responsibility procedure stands out. Therefore, ACCIONA works to identify the risks derived from its activities and the ability to mitigate them.

This procedure, which covers every kind of facility or project for any country where the company operates, goes into greater depth on the risks that ACCIONA's activities may cause accidentally to the natural environment of any receiver. Likewise, it contemplates any defects in terms of operation, maintenance, design, material, equipment, process or external factors in the analysis of risks to the environment, including biodiversity.

CIRCULAR ECONOMY: SUSTAINABLE USE OF RESOURCES AND WASTE MANAGEMENT

Within the framework of the SMP 2020, ACCIONA is moving towards a circular economy programme incorporating in its activity methodologies, processes, technologies and good practices that allow products and processes to be selected that are more environmentally friendly and that have less impact on the entire value chain; minimising the use of natural resources and the generation of waste, increasing recovery, promoting the life cycle analysis in the production systems and promoting awareness of the aspects of the circular economy.

As a member of the Spanish Group for Green Growth, ACCIONA has also adopted the commitment to promote the transition to a circular economy through the Pact for a Circular Economy.

ACCIONA believes that life cycle analysis (LCA) is a key tool in the transition towards a circular economy. It is a standardised methodology that is applied to evaluate the environmental impact of a process, product or service throughout its life, from the purchase of raw materials, to transport, construction and use until the end of its useful life. ACCIONA has an LCA portfolio that serves as a reference for the management of this type of tool. The portfolio currently has 53 LCAs and 5 environmental product declarations (EPD) from the energy and infrastructure sectors, such as the El Romero Solar photovoltaic plant or the improvement works of the N-340 road. Both have been the first EPDs published, according to the international EPD system, in the category of solar energy and motorways, streets and roads, respectively.

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

- Efficient use of materials: the rational use of resources and maximum efficiency with the best available technologies, extending to all business practices that consume resources and raw materials.
- Minimisation and recovery of waste: the company continues to advance in the achievement of objectives established in the Waste Management Plan 2016-2020.

WASTE MANAGEMENT PLAN 2016-2020

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

Some objectives to be highlighted are the recovery of 50 % of the overall generation by 2020 and a 10 % reduction in the total generation of unrecovered waste compared to 2015.

In 2017, the company generated a total of 12,118,376 tonnes of non-hazardous waste and 21,104 tonnes of hazardous waste, having recovered 43 % of its total generation and sending the rest to landfill. The increase in the generation of hazardous waste is largely due to the greater activity of Trasmediterranea, and in turn, of Marpol I waste generation.

ACCIONA HAS
SET ITSELF
THE TARGET
OF RECOVERING
50 % OF THE
OVERALL WASTE
GENERATED
IN 2020

TABLE 5

Evolution of waste generation and management.

	2014	2015	2016	2017
Non-hazardous waste (tonnes)	16,192,489	8,909,870	12,590,645	12,118,376
Hazardous waste (tonnes)	7,050	9,889	13,279	21,104
% Recovery of the total waste	39	35	37	43
% Landfill	61	65	63	57

TABLE 6

Evolution of resource consumption

	2014	2015	2016	2017
TOTAL resources* (tonnes)	13,764,382	7,954,691	12,317,716	8.940.928
Recycled or renewable resources (tonnes)**	2,173,112	1,392,542	1,614,318	1.763.063
Recycled or renewable resources (%)**	16	18	13	20

*Includes the most representative resources for each of the businesses

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

ENVIRONMENTAL SANCTIONS AND FINES

During 2017, the company received 18 environmental fines and sanctions for a total value of €78,596. Of the total amount of the sanctions closed in 2017, there are 2 higher than (or equal to) €5,000; the amounts of which were €5,000 and €63,000 (ACCIONA Construction).

CORPORATE GOVERNANCE

ETHICS, INTEGRITY, HUMAN RIGHTS AND TRANSPARENCY

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



HIGHLIGHTS IN 2017

- Approval of the new Board director remuneration policy for 2018, 2019 and 2020. Contracting of a new statutory auditor, KPMG Auditores, S.L., as a result of the rotation process established in the applicable regulations for public interest entities.
- Beginning of the pilot test for the management of the controls established by the internal regulations with the new Governance Risk & Compliance tool.
- Review of the Crime Prevention and Anti-Corruption Model in Italy for the ACCIONA Energy and ACCIONA Agua businesses.
- Approval and launch of ACCIONA's new sustainability risk identification and assessment methodology.
- Inclusion of human rights content in two courses for employees and one for suppliers.

MAIN CHALLENGES FOR 2018

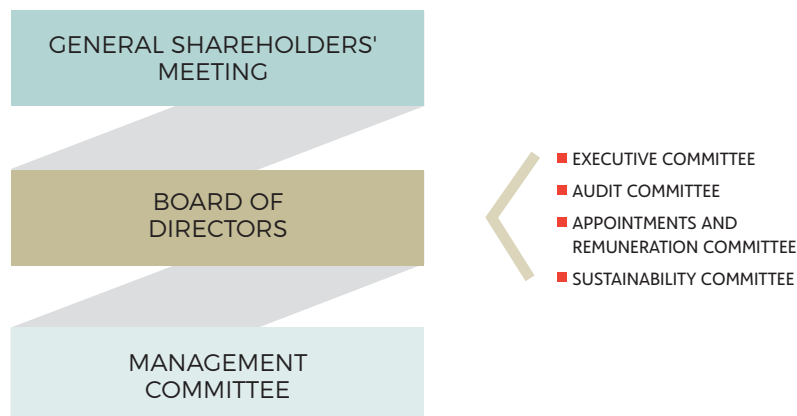
- ▶ Evaluate the performance of the Board of Directors by an independent third party, following the provisions of Article 26.2 of the Board of Directors Regulations, in compliance with the stipulations in recommendation 36 of the *Spanish Good Governance Code of Listed Companies*.
- ▶ Obtain the UNE 19601 and ISO 37001 certifications relating to management systems for criminal compliance and anti-bribery.
- ▶ Implement a new criminal risk assessment model.
- ▶ Obtain the sustainability risk maps for ACCIONA Energy and ACCIONA Infrastructure.
- ▶ Revise and update the Human Rights Policy with the aim of aligning it even more with the United Nations Guiding Principles on Business and Human Rights.
- ▶ Draft a procedure on prevention and mitigation of labor rights violations.

CORPORATE GOVERNANCE

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

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

ACCIONA Governance Structure



MORE INFORMATION

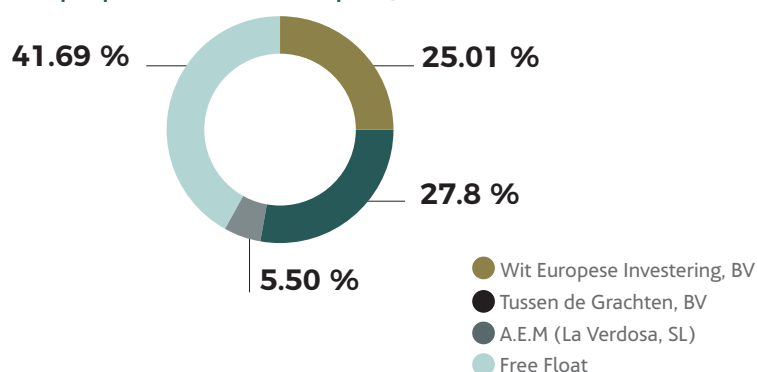
For more in-depth information on the governing bodies: <https://www.acciona.com/shareholders-investors/corporate-governance/governance-and-executive-boards/>

SHAREHOLDERS AND GENERAL SHAREHOLDERS' MEETING

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

FIGURE 1.

Significant shareholdings (as at the date of preparation of this Report)



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

Prior to the General Shareholders' Meeting, in order to guarantee and facilitate the exercise of the rights of all shareholders, including minority shareholders, in accordance with the Spanish Corporations Law, since 2011 and on the occasion of the notice for the General Shareholders' Meeting, ACCIONA has had in place an Electronic Shareholders' Forum, where users may post the proposals that they intend to submit as an addendum to the agenda announced in the notice of the General Shareholders' Meeting; requests for support for such proposals, initiatives on reaching the percentage required to exercise minority rights as set forth in the Spanish Corporations Law; as well as voluntary proxy offers or solicitations. ACCIONA also establishes contact via permanent communication channels with its stakeholders through its stakeholder engagement department.

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

At the General Shareholders' Meeting of 18 May 2017, various issues were addressed, including: (i) the approval of a dividend of a gross amount of €2.875 per share, paid on 3 July 2017; (ii) the appointment of a new independent director and the re-election of another independent director; (iii) the approval of the Board Directors' Remuneration Policy for 2018, 2019 and 2020; and (iv) the approval of the *Sustainability Report 2016*. All of the above were approved with the favourable vote of at least 88.46 % of the voting capital in attendance at the Meeting.

BOARD OF DIRECTORS

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

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

In May 2016, the Board of Directors proceeded to amend the Board of Directors Regulations in order to adapt their contents to EU Regulation 596/2014 of 16 April on market abuse, and some aspects of the Audit Act.

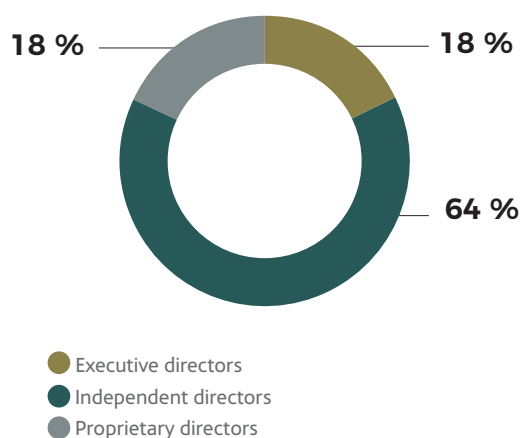
In 2017, ACCIONA approved a Policy on the Selection of Board Directors which ensures that the proposals for appointment or reappointment of directors are based on a preliminary analysis of the needs of the Board, and that its composition favours the diversity of knowledge, experience and gender.

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

- Nine of whom are non-executive directors. Of these, seven are independent directors and the two remaining are proprietary directors.
- Two of the eleven members are executive directors.

FIGURE 2.

Composition of the Board of Directors according to the nature of the position



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

ACCIONA aims, in accordance with the provisions of its Director Selection Policy and pursuant to the terms of Recommendation 14 of the *Spanish Good Governance Code of Listed Companies*, that in 2020 the number of female directors in the Board of Directors will be at least 30 % of the Board members. The Appointments and Remuneration Committee has been promoting the incorporation of female directors for some time and ACCIONA aims to meet the target, being already close to reaching that percentage. The company already met this percentage during 2012 and 2013.

TABLE 1.

Board of Directors in 2017

Member	Profile	First appointment	Committees of the Board of Directors to which he/she belongs
Mr. José Manuel Entrecanales Domecq	Chairman & CEO	1997	Executive Committee (Chairman)
Mr. Juan Ignacio Entrecanales Franco	Executive Vice-Chairman	1997	Executive Committee (Vice-Chairman)
Mr. Juan Carlos Garay Ibargaray	Lead Independent Director	2013	- Executive Committee (member) - Audit Committee (Chairman) - Appointments and Remuneration Committee (member)
Mr. Javier Entrecanales Franco	Proprietary Director	2011	- Audit Committee (member) - Sustainability Committee (member)
Mr. Daniel Entrecanales Domecq	Proprietary Director	2009	- Appointments and Remuneration Committee (member) - Sustainability Committee (Chairman)
Ms. Belén Villalonga Morenés	Independent Director	2006	
Mr. Jaime Castellanos Borrego	Independent Director	2009	- Executive Committee (member) - Audit Committee (member) - Appointments and Remuneration Committee (Chairman)
Ms. Ana Sainz de Vicuña Bemberg	Independent Director	2015	Audit Committee (member)
Mr. Jerónimo Marcos Gerard Rivero	Independent Director	2014	
Mr. Fernando Rodés Vilà	Independent Director	2009	- Appointments and Remuneration Committee (member) - Sustainability Committee (member)
Ms. Karen Christiana Figueres Olsen	Independent Director	2017	
Mr. Jorge Vega-Penichet López	Secretary Non-Director	2006	

TABLE 2.

Attendance and meetings of the Board of Directors and Committees in 2017

	Board of Directors	Executive Committee	Audit Committee	Appointments and Remuneration Committee	Sustainability Committee
Quorum	97.98 %	-	100 %	100 %	100 %
No. of meetings	9	0	5	7	4

The Executive Committee has a secondary role at ACCIONA compared to the Board of Directors, limiting its activities to extremely urgent matters. Each year, the Board of Directors prepares a work calendar with a number of ordinary meetings that allow it to adequately fulfil its general supervision and management function, without the need to turn to the Executive Committee. In fact, the Executive Committee did not meet at all during FY 2017.

In order to ensure the quality and efficiency of the Board of Directors, each year it assesses its own operation; the performance and contribution of each director and the diversity in the composition and competencies. The assessment includes the performance of the chairman and vice-chairman of the Board, based on the report submitted by the Appointments and Remuneration Committee, the operation of the Executive Committee (should it hold meetings), and the functioning of its Committees, from the report that each Committee raises to that effect.

The assessment is carried out by means of individual forms which are completed anonymously by each director. Once completed, the Audit and Appointments and Remuneration Committees analyse the results and provide the Board of Directors with the subsequent reports. In 2017, the Committee proposed that the annual assessment process of the Board of Directors, Committees and Positions should be carried out by an external expert, analysing the independence of each selected candidate and raising the favourable proposal to the Board.

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

- a) Chair the Board of Directors in the absence of the Chairman and Vice Chairmen, should there be any.
- b) Coordinate and gather the non-executive directors. Voice the concerns of the non-executive directors.
- c) Maintain contact with investors and shareholders to find out their points of view in order to form an opinion regarding their concerns, specifically with regard to the company's corporate governance.
- d) Direct the the Board of Directors' assessment of the chairman.
- e) Coordinate the chairman's succession plan.
- f) Request the convening of the Board of Directors or the inclusion of new items on the agenda for a meeting that has already been called.

MANAGEMENT COMMITTEE

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

REMUNERATION POLICY

The new Board directors' remuneration policy for the years 2018, 2019 and 2020 has been approved as a separate item on the agenda by the General Shareholders' Meeting on 18 May 2017, in accordance with the provisions of Article 529r of the Spanish Corporations Law and in Article 31.5 of ACCIONA's Corporate Articles of Association, which stipulate that it is mandatory to approve the directors' remuneration policy, for at least three years, as a separate item on the agenda. This new policy is published on the company's website¹⁶.

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

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

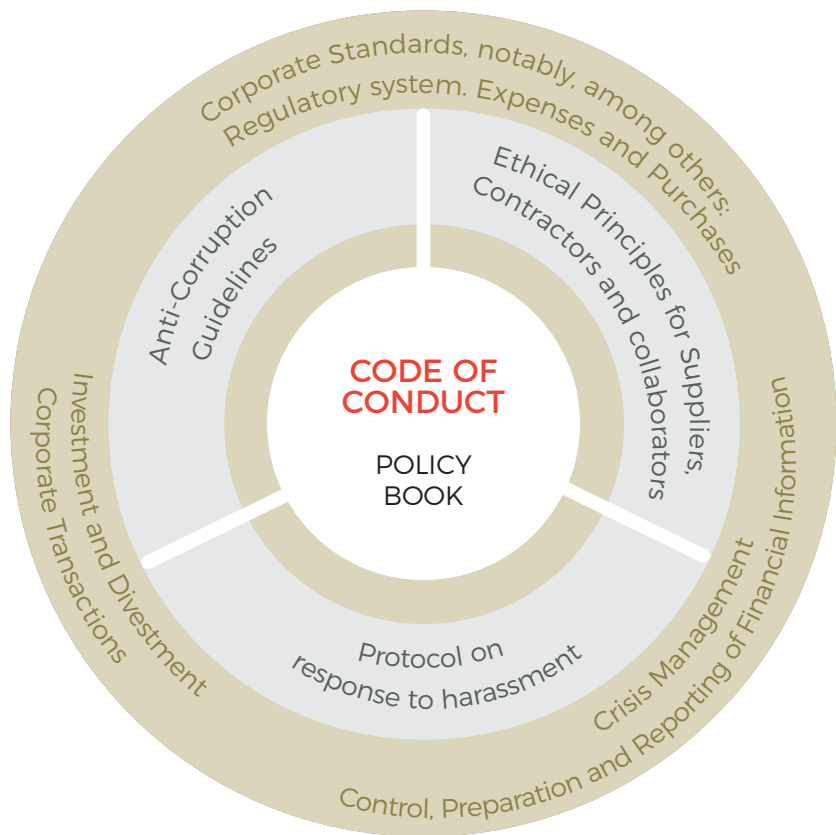
The *Annual Report on the Remuneration of Directors 2017*, approved by the Board of Directors, including the directors' remuneration policy, details the remuneration received by each of them (see *Annual Report on Remuneration of Directors 2017*¹⁷. Section D.1).

(16) Remuneration policy available at https://accionacorp.blob.core.windows.net/media/2312249/director_remuneration_policy_2018-2020.pdf

(17) More information at <https://www.acciona.com/shareholders-investors/corporate-governance/annual-report-remuneration-directors-listed-companies/>

ETHICS AND INTEGRITY AS THE BASIS OF INFLUENCE

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



The Compliance Department oversees the fulfilment and effectiveness of the procedures, controls and internal commitments. These measures are established to ensure compliance with the regulatory or voluntary obligations of an ethical, organisational, environmental or social nature, as well as the identification, prevention and mitigation of related risks. In 2017, this Compliance Department reported to the Audit Committee of the Board of Directors on two occasions.

CODE OF CONDUCT

The Code of Conduct includes the values that must guide the behaviour of all companies within ACCIONA, and its aim is to favour the consolidation of a corporate code of conduct that is accepted and respected by all employees and managers.

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

In the last revision of the Code of Conduct carried out by the Board of Directors, in 2016, ACCIONA reaffirmed its commitment to conducting its activities with integrity. As a result of this revision, new sections were introduced regarding, among others, the ethics and compliance model, the basic principles of ethics and compliance, the guidelines of conduct related to the commitment to human rights and the prevention of money laundering.

In 2017, ACCIONA continued to communicate and conduct training on the Code of Conduct on a global scale. Not only do employees have to read and accept it, the company has also launched an online training course in seven languages, which has been completed by 6,213 people.

THE CODE
OF CONDUCT,
APPROVED
IN 2007,
WAS REVISED
IN 2011 AND
IN 2016 BY
THE BOARD OF
DIRECTORS

FIGURE 3.

45 communications received in 2017

(through the Ethical Channel/Code of Conduct Committee)

FIGURE 3.1.

Type of communications in 2017

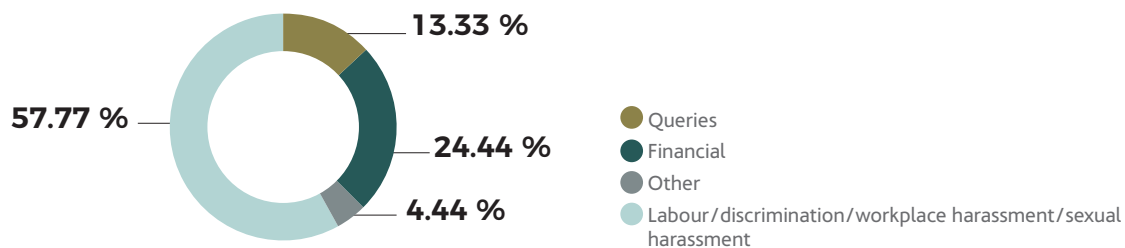
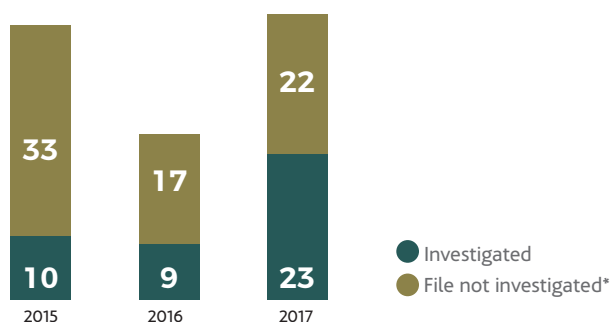


FIGURE 3.2.

Processing of communications received



* File not investigated: as it is not subject to the Code of Conduct (anonymous complaints that are non-financial, simply work-related, on organisation or functions) without prejudice largely to the files archived, a preliminary investigation has been carried out, without having appointed a specific investigator.

The increase in communications in 2017 compared to the previous year is due to the communication campaign on the Code of Conduct, the periodic communications to the employees by the Compliance Department, including a specific one about the ethical channel and employees' increased awareness.

CODE OF CONDUCT CONTROL AND COMPLIANCE

Code of Conduct Committee

- Body that studies and analyses the reports regarding breaches of the Code of Conduct. Also available for the communication of cases that affect third parties.

Ethical Channel

- This enables the confidential reporting, via email or post, of any irregular conduct related to accounting, control, auditing or any alleged breach or infringement of the Code of Conduct.
- The Ethical Channel is available to employees, suppliers and contractors of the company.

Protocol on Response to Harassment

- Through the Ethical Channel, the Committee assesses each case and establishes any necessary measures. Through this protocol, ACCIONA clarifies that its intention is to adopt any necessary measures to foster a work environment free from harassment, that does not permit or allow any conduct of this kind.

ACCIONA POLICY BOOK

The ACCIONA Policy Book reflects the commitments and principles of action applicable to the company's firms regarding economic, social and environmental issues. The Policy Book, approved by the Sustainability Committee in 2013, is divided into four blocks based on the following issues:

- Sustainability and Innovation
- Economics and Corporate Governance
- Social
- Environmental

COMMITMENT TO FIGHT CORRUPTION

The company's commitment to fight corruption and bribery can be seen in both the establishment of anti-bribery and anti-corruption measures in the Code of Conduct and in its Anti-corruption Policy.

At the operational level, there is the Crime Prevention and Anti-Corruption Model (CPACM). This model establishes the general control environment of the group, following international best practices, and carrying out an inventory of the possible crimes which ACCIONA faces in its different activities that may entail criminal responsibility for the group. It also contains a comprehensive list of all criminal risks susceptible to affecting each Department and Managerial group, as well as the existing controls that enable the prevention or detection of these crimes.

Once the CPACM was implemented in Spain, ACCIONA obtained an expert report, issued by an external entity, on all of the controls for ACCIONA Corporation, Infrastructure and Energy, excluding the controls included in the Internal Control Over Financial Reporting (ICoFR). This report concludes that the controls carried out are adequate and efficient.

In addition, in 2017, the CPACM was also implemented in Italy in ACCIONA Energy and ACCIONA Agua. Furthermore, after analysing the legislative situation in Chile regarding the criminal responsibility of legal persons in adapting the Model, the risks and controls matrix was defined, as was done in Mexico and Brazil in 2016.



The Policy Book has been distributed internally and is also available on the company website in Spanish, English, Polish and Brazilian Portuguese (<https://www.accion.com/shareholders-investors/corporate-governance/corporate-policies-book/>).

IN 2017, THE
CORPORATE
STANDARD ON
DONATIONS
AND
SPONSORSHIPS
AND THE
STANDARD
ON MARKET
COMPETITIONS
RULES WERE
APPROVED

Within the framework of the actions being carried out, and as part of the company's commitment to ethics and responsible business conduct, the Board of Directors approved ACCIONA group's Anti-Corruption guidelines in 2016. These regulations provide compliance guidelines to prevent misconduct, which are applicable and compulsory for all employees and any party associated with ACCIONA. In 2017, no incidents have been identified of employees being given warnings or being fired due to corruption.

Also in 2017, an anti-corruption training programme was launched for executives and managers in the group, which has been completed by 1,400 employees.

Anti-corruption Guidelines of the ACCIONA group

THE FOLLOWING CONDUCT IS STRICTLY FORBIDDEN:

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

Furthermore, in 2017, the Corporate Standard on Donations and Non-commercial Sponsorships was approved, which stipulates the rules applicable in this regard and which must be followed by all group companies and employees as well as third parties acting on its behalf. Similarly, ACCIONA follows a strict neutrality policy; it does not give donations to any political party or candidate or foundation serving as a vehicle for political contributions under the terms of the Code of Conduct.

It is also necessary to point out that in 2017 the Corporate Standard on Market Competition Rules was approved and published. In it, ACCIONA commits to carrying out its business and professional activities in accordance with the legislation in force in each of the places where it operates, acting in a highly ethical manner. ACCIONA understands and respects coexistence of competing companies on the markets, as it fosters quality goods, services and prices.

THIRD-PARTY DUE DILIGENCE

ACCIONA group has implemented a tool, PROCUR-e 3P, to assist in the appropriate knowledge and identification of the third parties it deals with. In this case, the Compliance Department considers that the following third parties are to be included in this process:

- Joint Venture or Limited company partner: this refers to a person or organisation that has signed a business agreement with ACCIONA (and possibly with other parties) to establish a new entity and manage its assets.
- Consortium partners (e.g. Joint Venture): a person or organisation that is pooling its resources with ACCIONA (and possibly elsewhere) to achieve a common goal.
- Agents and Brokers: an individual or organisation authorised to act on behalf of ACCIONA in achieving their business interests.

For other suppliers the current process described in the "Value Chain" chapter is applicable. The main advantages of the implemented process are:

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

In 2017, a total of 177 third parties were assessed using the PROCUR-e 3P tool. This has made it possible to know who the third party is, who manages and runs the company, the possible relationship of these people with public officials, potential disputes concerning corruption, money laundering, fraud or presence in tax havens, among other factors. After the process, the supplier is rated according to the criteria described above.



MORE INFORMATION
in the "Value Chain" chapter

HUMAN RIGHTS

Via the Code of Conduct, the Human Rights Policy and the Human Resources and Occupational Health and Safety Policy, approved by the Board of Directors, ACCIONA undertakes to respect the human rights and public freedoms recognised in the United Nations Universal Declaration of Human Rights. The responsibility of respecting human rights falls on all people and entities to whom this Code of Conduct applies, including all of the businesses and project managers.

Furthermore, as basic conduct guidelines, the company follows the Declaration of the fundamental Principles and rights in the workplace and the ILO Conventions, the OECD Guidelines for multinational companies and the United Nations Global Compact, among others. With this in mind, in 2018, ACCIONA will update the Human Rights Policy with the aim of aligning it even more to the stipulations in the United Nations Guiding Principles on Business and Human Rights.

HUMAN RIGHTS DUE DILIGENCE

Following the United Nations Guiding Principles on Business and Human Rights, ACCIONA is working on implementing a due diligence process involving:

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

As a first step, the company developed a diagnostic study of human rights risks, taking the United Nations Guiding Principles on Business and Human Rights as a reference framework. In 2017, the categories were revised and the associated human rights risks were analysed in the countries where the company operates.

Such risks include freedom of opinion and expression, rights of minorities, of indigenous people, of women and girls, rights of access to basic services, violations by contracted security forces, rights of migrant workers, working conditions, forced labour and child labour. It was concluded that 52 % of countries¹⁸ where ACCIONA operates have a serious or very serious risk of violation of any human right according to Maplecroft.

Furthermore, the diagnosis deepens the analysis on procedures and business policies. Taking the standards of the Danish Institute for Human Rights and the Global Compact of the United Nations as a reference, it was concluded that out of the 195 human rights control measures in the different risk categories: 43 % have full coverage¹⁹, 52 % have partial coverage, 3 % have insufficient coverage and 2 % do not apply.

ACCIONA
FOLLOWS THE
UNITED NATIONS
GUIDING
PRINCIPLES
ON BUSINESS
AND HUMAN
RIGHTS IN THE
IMPLEMENTATION
OF DUE
DILIGENCE

(18) Algeria, Brazil, Colombia, Dominican Republic, Ecuador, Egypt, Gabon, Honduras, Mexico, Morocco, Nicaragua, Oman, Peru, Philippines, Saudi Arabia, Turkey, United Arab Emirates, India, Romania, Costa Rica, South Africa, Argentina and Trinidad and Tobago.

(19) Understanding coverage in terms of geographic reach and ACCIONA's business units.

Secondly, with the aim of covering the insufficient and partial coverage, the company will draft a document with the principles of action for leasing or buying land by the company, a procedure on the prevention and mitigation of labour human rights violation, and technical instructions for communication and dialogue with stakeholders primarily in local communities.

Moreover, in relation to local community and labour rights that may be affected by its activities, ACCIONA is studying, through its Social Impact Management (SIM) methodology, potential human rights violations that a specific project or service could cause in the communities and other interest groups, among other factors. Furthermore, the methodology assesses the social impacts in terms of severity if they cause significant changes in the social, economic or cultural structure of a population or group of employees, or that affect human rights, establishing prevention and mitigation measures for these impacts. In 2017, 12 projects were found to have some risk of potential human rights violations, in which the SIM has been implemented, taking measures to prevent such violations from occurring.

With regard to the supply chain, ACCIONA requires its suppliers and subcontractors to sign a Self-Declaration of Compliance for its approval, accepting the Ethical Principles for Suppliers, Contractors and Partners and the Code of Conduct, among others.

It is worth mentioning the training initiatives that include human rights aspects carried out in 2017 for employees, such as the ACCIONA Sustainability Course and the Code of Conduct Course, as well as for suppliers with the course designed in conjunction with the Spanish Network of the United Nations Global Compact. For 2018, a specific course on human rights for company employees will be developed.

Finally, via the company's Ethical Channel, any supposed nonconformity or violation of the conduct outlined in the Code of Conduct can be reported, including human rights issues.



MORE INFORMATION
on the SIM methodology in the
"Society" chapter



MORE INFORMATION
in the "Value Chain" chapter



MORE INFORMATION
in the "People" chapter

RISK MANAGEMENT IN ACCIONA

Risk management is a process driven by ACCIONA's Board of Directors, which consists in identifying, assessing and managing potential events that may affect the company and the achievement of its objectives. In addition to the Board of Directors, the bodies responsible for the Risk Management System are the Audit Committee, the General Directorate for Finance and Risks, the Risk Management and Control Units, and the Management Committees of the Divisions²⁰.

Following the reform of the Spanish Criminal Code, ACCIONA established the Crime Prevention and Anti-Corruption Model and introduced new compliance risks in the risk map such as corruption in international sales transactions, altering prices in public tenders and auctions, bribery and corruption between private individuals.

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

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

Among the events that may affect the company, sustainability risks are particularly relevant, namely those relating to society and labour, government and corruption, the environment and climate change. Specifically, the criterion related to the negative impact on sustainability and development is measured on a scale from 1 to 3, from the lowest to highest severity, according to different parameters: noncompliance with expectations of more than one key stakeholder, evidence of the lack of ethics/corporate transparency, negative impact on the development of the communities and/or the environment where it operates.

SUSTAINABILITY RISKS MANAGEMENT

ACCIONA needs to understand the risks and issues that emerge from social, environmental and ethical trends. Sustainability risks management allows the company to:

- Increase resilience to multiple scenarios and environments.
- Improve informed decision-making.
- Reduce unforeseen costs.
- Identify new business opportunities and competitive advantages.
- Improve trust among its stakeholders.

In 2017, the new methodology for identifying and assessing these sustainability risks was approved. According to this methodology, the following climate change, environmental, social, labour, governmental and corruption risks are analysed for each country in the business that operates according to economic and financial consequences, the importance of the issue for each business, and the potential impact on its reputation and the management by the company of each risk.

(20) More information on the Risk Management System can be found in the Corporate Governance Report <https://www.acciona.com/shareholders-investors/corporate-governance/corporate-governance-report/>

Furthermore, in 2017, for the projects of the Energy and Infrastructure businesses, new sustainability risk scenarios were included in the evaluation, facilitating identification and assessment of the risks that affect its projects from a wider perspective and the establishment of measures that mitigate their potential negative consequences before they occur. In 2018, the risk maps will be obtained for the sustainability of the Energy and Infrastructure divisions.



MORE INFORMATION

in the sections
"Sustainability Risks Management"
 of *"ACCIONA Energy's Commitment"*
 and *"ACCIONA Infrastructure's Commitment"* chapters

FIGURE 4.

Risks studied by this methodology



THE COMPANY
IS ACCOUNTABLE
IN THE AREA OF
SUSTAINABILITY
TO ITS
STAKEHOLDERS
VIA DIFFERENT
CHANNELS

TRANSPARENCY

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

Below, the main public reports are outlined, which include information on the sustainability performance for FY 2017.

SUSTAINABILITY REPORT

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

In 2017, the company referred to the GRI Standards of the Global Reporting Initiative and delved deeper into the reporting of the Sustainable Development Goals.

INTEGRATED REPORT

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

In 2017, and for the fifth consecutive year, ACCIONA drafted its *Integrated Report* under the framework of the International Integrated Reporting Council (IIRC).

CONSOLIDATED DIRECTORS' REPORT

The Directors' Report, presented as part of the company's *Consolidated Financial Statements*, shows the results according to the International Financial Reporting Standards (IFRS) under a corporate structure composed of three divisions: Energy, Infrastructure and other activities (Bestinver, Wineries, ACCIONA Inmobiliaria and Trasmediterranea, as well as other shareholdings).

Following the approval of the Spanish Royal Decree Law 18/2017 on non-financial information and diversity, ACCIONA has strengthened its report in this edition, with a new "Non-financial information statement", which responds to the new requirements on environmental, social, labour, human rights, anti-corruption and bribery issues.

QUARTERLY RESULTS REPORT

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

GLOBAL COMPACT COMMUNICATION ON PROGRESS

Through its annual *Communication on Progress*, the company is accountable for the progress made in the implementation and promotion of the United Nations Global Compact's Ten Principles in terms of human rights, labour, the environment and anti-corruption. In this sense, in 2017, ACCIONA published its annual *Communication on Progress*, obtaining "advanced level" for the seventh consecutive year.

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



MORE INFORMATION

in the section
"Presence on sustainability
indexes, rankings and ratings"
of "ACCIONA Commitment" chapter.

ACCIONA'S CASH FLOW IN 2017

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

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

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

FIGURE 5

Economic Value Generated

€ million

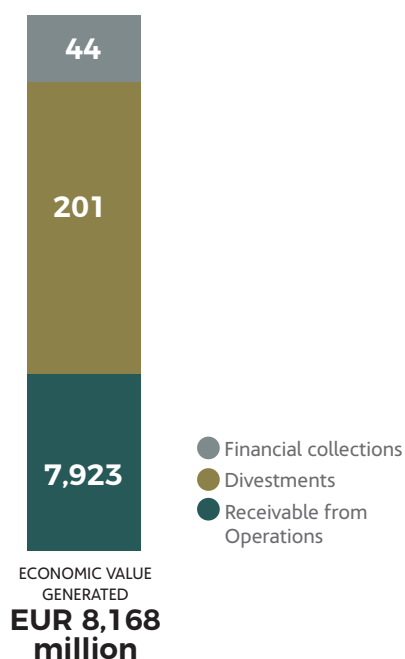


FIGURE 6.

Economic Value Distributed

€ million

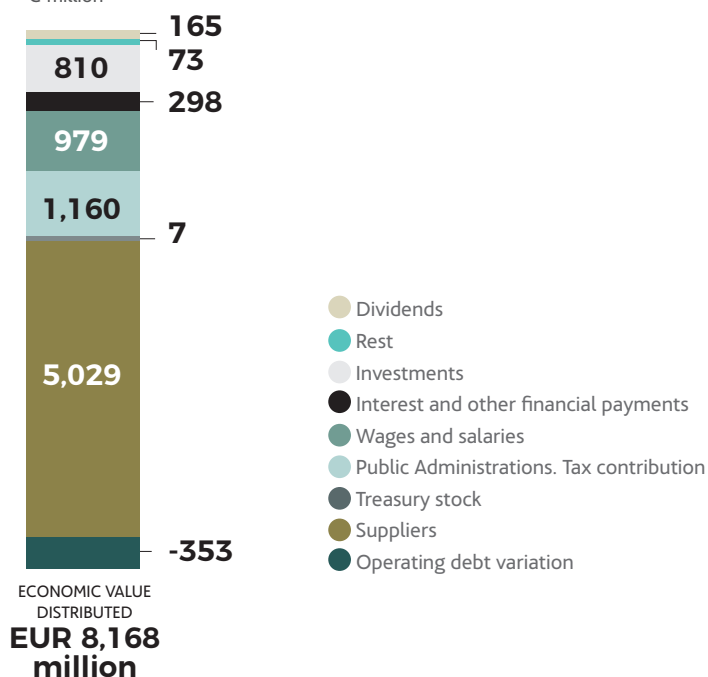


TABLE 3.

Receivables from operations, Public Administrations, suppliers, and wages and salaries. Breakdown by region

Region	Receivable from Operations (%)	Public Administrations. Tax contribution (%)	Suppliers (%)	Wages and Salaries (%)
Spain	44	67	33	52
Rest of Europe	11	11	12	11
North America	4	2	6	4
Central and South America	21	13	22	21
Africa	4	2	4	2
Asia and Oceania	16	5	23	11
TOTAL (€ MILLION)	EUR 7,923 million	EUR 1,160 million	EUR 5,029 million	EUR 979 million

During 2017, ACCIONA's economic and social contribution to Public Administrations through tax payments totalled EUR 1,160 million, of which EUR 545 million correspond to taxes paid and EUR 615 million to taxes collected.

The group's Tax Contribution for FY 2017 saw a 14.5 % increase compared to 2016 and is 5.3 times the attributable Profit After Tax. The taxes paid are 2.5 times this Net Profit. The Tax Contribution assumes that for every EUR 100 of revenue, EUR 16 went towards paying taxes, with Spain, Mexico, Poland, Australia, Chile, Brazil and Portugal being the main countries. The biggest Tax Contribution burden is the taxes associated with employment.

As part of the group's fiscal policy, progress is being made in reporting on fiscal transparency, breaking down the payment of taxes by country and voluntarily presenting the Annual Fiscal Transparency Report of the group (appendix to the Code of Good Tax Practices of the Spanish Tax Agency). Furthermore, in 2017, the ACCIONA group entities in Australia voluntarily adhered to the country's Code of Fiscal Transparency.

FIGURE 6.

Tax contribution. Breakdown of taxes paid and collected

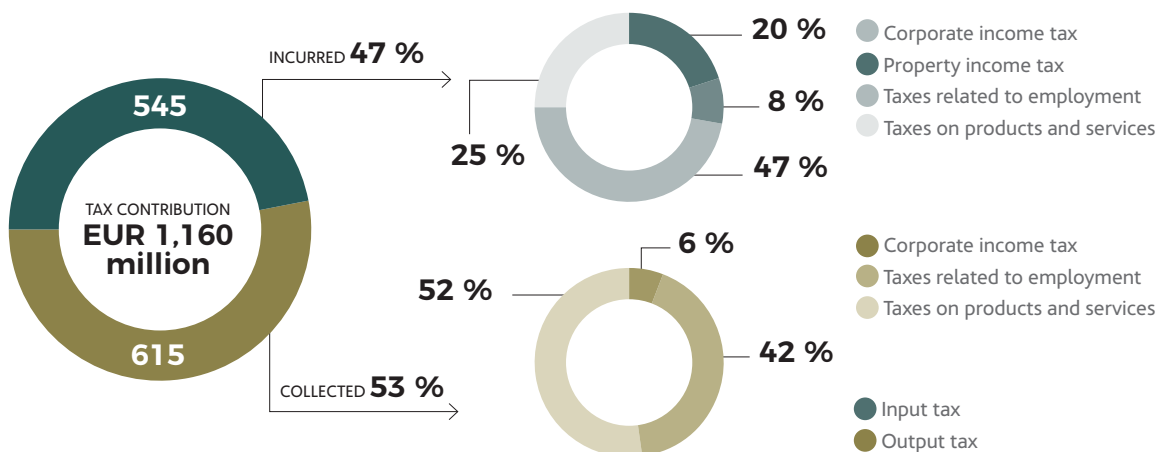


TABLE 4.

Total Tax Contributions 2017. Breakdown by country

Country	Taxes incurred (€M)	Taxes collected (€M)	Total (€M)	%
Spain	378.4	400.5	778.9	67
Mexico	14.2	38.7	52.9	5
Poland	15.8	36.5	52.4	5
Australia	18.1	25.3	43.4	4
Chile	26.9	10.8	37.7	3
Brazil	22.8	2.8	25.7	2
Portugal	7.9	13.2	21.1	2
Germany	7.9	4.4	12.3	1
Italy	10.6	0.4	11.0	1
United States	7.2	2.9	10.2	1
Canada	2.6	6.8	9.4	1
Colombia	1.8	6.3	8.1	1
Other countries	30.8	66.5	97.3	8
TOTAL	545.1	615.2	1,160.3	100 %

PEOPLE

HUMAN CAPITAL, HEALTH AND SAFETY

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



HIGHLIGHTS IN 2017

- Development of the New Performance Management Model, having launched its first two phases: Objective Setting and the first pilot of Performance Status.
- Revision of the Selection Method, incorporating new tests that will enable the detection of the necessary capacities in a more effective manner.
- Launch of the “ACCIONA Sustainability Course”, available to 10,584 company employees in 41 different countries.
- OHSAS 18001 certification reaches 95.59 % in countries with more than 150 FTEs (full-time equivalents).
- Reduction of the accident frequency rate from 3 to 2.7 in 2017 of employees and contractors.
- Consolidation of global programmes like the VPP Programs, BBS4U or the LIDER program in infrastructure, and the start-up of THINK SAFE in Energy.

MAIN CHALLENGES FOR 2018

- ▶ Global launch of performance status, the tool that identifies talent, as well as the Corporate Onboarding Programme for new employees.
- ▶ Expand the Programme for the Development of High Potential Women aiming to prepare women with high potential to assume managerial responsibilities.
- ▶ Prepare and launch a series of advanced courses on climate change, human rights and sustainability risks.
- ▶ Bring the accident frequency rate down 5 % to below the figure for 2017
- ▶ Reinforce the commitment to health and safety amongst suppliers and subcontractors of infrastructure, by means of the VPP Programs.
- ▶ Through the Energy THINK SAFE programme, improve the preventive culture through awareness-raising sessions reaching 100 % of the workforce in Spain and 30 % of the international workforce working in wind and photovoltaic production.

THE HUMAN TEAM: A PRIORITY

ACCIONA has a specific Human Resources and Occupational Health and Safety Policy which identifies ethical conduct and safety as distinctive, differential values of the way in which the company works. In the same way, it is committed to the success and professional development of its employees, permanently investing to retain the best talent.

The availability of adequate talent and leadership is one of ACCIONA's competitive advantages. The company seeks to lead the creation of an attractive, inspirational and successful work environment, with the objective of being known and recognised as the best place to work.

Human capital management in ACCIONA is designed based on the definition of the human resources strategy and is adjusted each year to the new business needs. For the period 2018-2020, the company has established as its main priority, the need to put employees at the heart of the strategy, with five basic management pillars:

- Attraction of the best technical and managerial talent.
- Focus on employee experience.
- Collaborative leadership: focus on relationships and the achievement of results.
- Smart office: adapt the working environment to the new ways of working.
- Operative & HM Tech model: speed up technological change.

In 2018, Human Resources will begin several important changes:

- Changes in the process of identifying training needs: associated with the new business requirements, the new incorporations, globalising certain training, extending the scope of access to the online campus, etc.
- Global launch of the performance status process and implementation of the My Development module as part of the New Performance Management Model, through which managers and employees can manage and monitor the development plans of each professional.

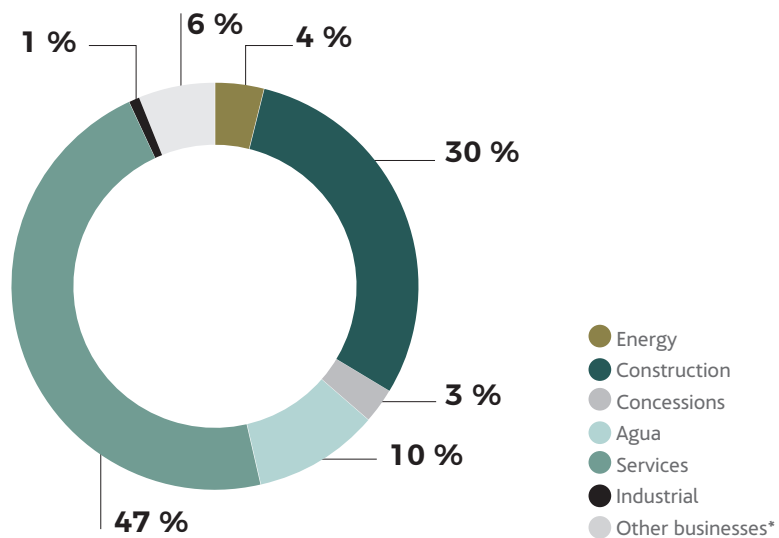
PEOPLE, MORE THAN NUMBERS

At the end of 2017, ACCIONA had a global workforce of 37,403 people, of whom 30% were women, with an average age of 42.2 years old. The global nature of the company is shown in the geographical distribution of the workforce: 41% of professionals are non Spanish nationals, out of a total of 111 different nationalities. Similarly, the number of people working in a different country than their home country has also increased.

The increased workforce (14% more than 2016) is a reflection of the increase in the company's business outside Spain and the acquisition of Geotech in Australia, as well as airport concessions in Germany and Chile. Moreover, no collective measures occurred in any country in 2017. Satisfactory dialogue is the commitment through which ACCIONA has structured all adopted measures other than those deriving from the finalisation of the projects.

FIGURE 1.

Breakdown of total workforce by business line (%)



* Other businesses* includes Bestinver, Corporate, Grupo Bodegas Palacio 1894, ACCIONA Inmobiliaria and Trasmediterranea.

TABLE 1.

Evolution of the geographical distribution of the workforce

(no. of employees)

	2016			2017		
	MALE	FEMALE	TOTAL	MALE	FEMALE	TOTAL
Spain	12,657	7,251	19,908	13,376	7,497	20,873
Germany	691	144	835	911	187	1,098
Algeria	17	0	17	32	-	32
Australia	306	86	392	956	179	1,135
Bolivia	-	-	-	170	22	192
Brazil	1,618	288	1,907	1,916	323	2,239
Canada	291	218	509	271	205	476
Qatar	-	-	-	145	17	162
Chile	1,394	163	1,557	1,823	221	2,044
China	3	1	4	-	-	-
Colombia	214	157	371	108	98	206
South Korea	5	1	6	-	-	-
Costa Rica	-	-	-	32	14	46
Croatia	8	2	10	8	2	10
Denmark	-	-	-	16	8	24
Ecuador	307	34	341	1,024	79	1,103
Egypt	3	0	3	6	-	6
Arab Emirates	42	3	45	241	28	269
United States	140	25	164	144	26	170
Philippines	-	-	-	2	1	3
France	2	3	5	3	1	4
Gabon	102	12	114	35	5	40
Greece	3	1	4	-	-	-
Netherlands	29	8	37	7	1	8
India	31	1	32	47	2	49
Italy	328	43	371	346	44	390
Morocco	79	11	90	78	11	89
Mexico	999	796	1,795	1,201	804	2,005
Nicaragua	-	-	-	2	-	2
Norway	253	13	266	618	38	656
New Zealand	-	-	-	38	13	51
Panama	20	6	26	30	15	45
Paraguay	-	-	-	3	0	3
Peru	647	172	819	814	84	898
Poland	960	553	1,513	974	564	1,538
Portugal	583	598	1,181	520	690	1,210
United Kingdom	1	1	1	1	0	1
Dominican Republic	77	15	93	49	6	55
Romania	-	-	-	8	5	13
Singapore	-	-	-	6	4	10
South Africa	33	10	43	31	13	44
Trinidad and Tobago	-	-	-	28	3	31
Venezuela	16	12	27	12	10	22
Rest of the world	272	77	349	129	23	152
TOTAL EMPLOYEES	22,129	10,706	32,835	26,163	11,241	37,403

TABLE 2.

Evolution of the breakdown of workforce by contract type and gender

(no. of employees)

	2016						2017					
	TEMPORARY			PERMANENT			TEMPORARY			PERMANENT		
	MALE	FEMALE	TOTAL	MALE	FEMALE	TOTAL	MALE	FEMALE	TOTAL	MALE	FEMALE	TOTAL
Energy	37	15	53	1,386	471	1,857	41	7	48	1,176	408	1,583
Infrastructure	3,331	1,630	4,960	15,777	8,142	23,920	7,866	2,628	10,494	15,702	7,513	23,215
Construction	848	115	963	6,214	1,408	7,622	3,134	323	3,458	6,470	1,192	7,662
Concessions	58	30	88	423	371	794	84	44	128	514	362	876
Water	289	42	330	2,489	525	3,015	1,495	138	1,633	1,645	346	1,991
Services	2,101	1,425	3,526	6,552	5,795	12,347	3,099	2,103	5,203	6,971	5,577	12,549
Industrial	35	18	53	99	43	142	53	19	73	102	36	138
Other businesses*	205	84	289	1,285	471	1,756	272	115	388	1,105	569	1,675
TOTAL	3,572	1,729	5,301	18,449	9,085	27,534	8,179	2,751	10,930	17,984	8,490	26,474

* 'Other businesses' includes: Bestinver, Corporate, Grupo Bodegas Palacio 1894, ACCIONA Inmobiliaria and Trasmediterranea.

TABLE 3.

Evolution of new hires by business line

(no. of employees)

	2016			2017		
	MALE	FEMALE	TOTAL	MALE	FEMALE	TOTAL
Energy	652	151	803	545	130	675
Infrastructure	8,944	4,173	13,117	12,312	5,098	17,410
Construction	4,380	579	4,959	5,648	577	6,225
Water	334	80	414	882	85	967
Services	4,190	3,504	7,694	5,723	4,422	10,145
Industrial	40	10	50	50	14	73
Other businesses*	280	184	464	378	266	644
TOTAL NEW HIRES	9,876	4,508	14,384	13,235	5,494	18,729

* 'Other businesses' includes: Bestinver, Corporate, Grupo Bodegas Palacio 1894, ACCIONA Inmobiliaria and Trasmediterranea.

TABLE 4.

Evolution of management indicators

	2015	2016	2017
Revenue (EUR million)	6,544	5,977	7,254
Workforce cost/revenue (%)	19	21	20.63
Revenue/workforce (EUR)	203,564	182,031	193,941
EBITDA (EUR million)	1,174	1,192	1,275
EBITDA/workforce cost	0.93	0.92	0.85
EBITDA/workforce	36,519	36,303	34,094
Costs (EUR million)	1,254	1,288	1,497

TABLE 5.

Evolution of employees eligible for maternity/paternity leave

	2016			2017		
	MALE	FEMALE	TOTAL	MALE	FEMALE	TOTAL
No. of employees entitled to paternity/maternity leave	313	187	500	378	236	614
No. of employees who took paternity/maternity leave	313	187	500	378	236	614
No. of employees who returned to work following paternity/maternity leave	297	187	484	375	234	609
No. of employees who returned to work following paternity/maternity leave and continued to work for twelve months after their return	269	182	451	354	226	580
Retention ratio*	0.91	0.97	0.93	0.94	0.97	0.95

* The GRI does not establish a specific definition for the ratio. Accordingly, in order to calculate the rate, the number of people who remain in their job on 31 December 2017 after taking paternity/maternity leave in 2017, divided by the number of paternity/maternity leaves the same year, will be reported.

DEVELOPMENT OF HUMAN CAPITAL

For ACCIONA, the talent of the people who make up its workforce is its main asset and competitive advantage. Consequently, it is vital for the company to recruit the best professionals and provide them with new learning experiences so as to continue their professional development.

TALENT ATTRACTION AND ACQUISITION

To strengthen this key area, in 2017 the Selection Method was revised, incorporating new tests to detect the necessary capacities in a more effective manner. Moreover, a specific area has been defined in the Employment Channel for candidates, improving their experience in selection processes, with complementary teaching and training.

In line with its employer branding strategy, the ACCIONA TAP (Talent Acquisition Process) methodology is the company's integral and overall solution for attracting and recruiting talent. This methodology answers the need to find different profiles in multiple locations around the world, each with new and complex requirements as a result of the diversification and specialisation of the businesses.

The methodology provides new search and recruitment methods which are adapted to the current environment and situation, placing the focus on international growth and expansion. TAP, which was successfully implemented in Australia, Brazil, Canada, Chile, Mexico and Spain, is structured into a series of tools that cover the different talent attraction and recruitment subprocesses: TAP Employer Branding, TAP Recruitment and TAP Assessment.

In 2017, the ACCIONA Graduates programme was re-launched, seeking to capture excellence in the areas of science, technology, engineering and mathematics (STEM).

ACCIONA GRADUATES: CREATION OF THE INTERNATIONAL WORKFORCE

The programme, which was launched in 2017 globally, aims to establish a new standard of contracting, which allows the creation of an international workforce to meet ACCIONA's needs in the medium and long-term, through the training of the best students and graduates.

The new standard stipulates that the grants programmes will, as from now, only be for students and establishes a new junior selection method, for profiles of graduates and students, based on their potential, through the following profile:

- Superior/Masters qualifications, particularly STEM training.
- Academic excellence.
- Skills: focus on results/customers, learning/innovation capacity, cultural intelligence, flexibility and motivation for growth.

The project includes a specific Basic and Digital Competencies Training programme and a performance monitoring and assessment process.

JOB MOBILITY

As part of its International Transfer Policies, ACCIONA's localisation process seeks to respond to the growing number of employees who, at the end of an international assignment, choose to stay in the destination country as local employees. Accordingly, the localisation procedures in Australia, Canada, the United States, Mexico and Poland have been extended.

In 2017, work was carried out on the definition and start-up of an internal mobility control panel, to develop people with the highest potential, cover vacancies in an efficient manner, create an environment for an attractive career development, stimulate internal talent and increase permeability between the different businesses that makes up the company. The number of employees on temporary international assignments was 396 in 2017, in a particularly intense year of project execution.

Looking to 2018, a new internal mobility structure will be launched, with the aim of:

- Developing high potential professionals that have stood out for their performance and support and assuring them a career in ACCIONA that is appropriate for their capabilities.
- Achieving an efficient coverage of vacancies with a suitable mix of internal and external candidates that can cover each of the jobs in the organisation, with the best market professionals.
- Creating an environment for attractive career development, both for current and potential ACCIONA workers.
- Fostering internal talent with assessment, development and training tools
- Facilitating permeability between the different ACCIONA group businesses, so that the company is nourished by the cross-functional knowledge of its employees.
- Creating employees' pride of belonging to the company.

With this aim in mind, an Internal Mobility Committee was established, scheduled to meet once a week to discuss matters such as the Internal Mobility Policy, the Communication Plan, and the management of internal applications.

Likewise, there is an important focus on the development of careers with high added value and which are critical to the business, such as Project Directors or Plant Managers (engineers), for which training, teaching, development and promotion programmes have been developed.

MANAGING KNOWLEDGE: SKILL MAPPING

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

This model makes it possible to know 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, this model 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 the process so as to facilitate team managers in the definition of these needs. Personnel managers are 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 agenda for the whole of FY 2018, identifying the most appropriate programmes/actions through three major pillars: identification of strengths, definition of aspirations and management of priorities.

One of the most noteworthy of these tools is the Knowledge Map, which facilitates the identification of knowledge categories that serve as support for the development of business strategies and the achievement of goals in the different areas of its organisation. Every year, this knowledge map is then used to prepare the Training Needs Identification Process, which is distributed to the management team, to prepare the training plans. Based on this information, different communities were created featuring practices linked to specific fields of knowledge and specialities, directly connected to the "formative itineraries" of the Corporate University's technical schools.

In 2017, work continued on the design of a new personal and professional space for each employee, called My Development, which will be integrated into the new version of the Intranet (Interacciona). This web space, which focuses on the principle of self-development, will foster the strengths and skills of the ACCIONA professionals who commit with their own development.

GLOBAL CAREERS: THE TECHNICAL LEADERS PROGRAMME

ACCIONA has created a Technical Leaders group, comprising people who provide exceptional technical knowledge in key business areas. These professionals, who are capable of transforming this knowledge into high-value technical skills, are recognised both inside ACCIONA and out, have 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 2017, the programme was successfully implemented, with the following key developments

- The development of a monthly working session, where the Master Technical Leaders have presented and executed their technical knowledge transmission plans.
- Launch of the 1st Forum of Technical Leaders, with the participation of the members of the Steering Committee and more than 100 people. This forum was broadcast via streaming to the entire organisation.

ACCIONA UNIVERSITY

The company's range of training offer is structured around the ACCIONA University, the mission of which is to guarantee the permanent overall development of people through the alignment of training with the needs generated by business strategies.

The company has a physical corporate training centre, with multiple classrooms and hi-tech rooms, as well as a Campus Online with more than 2,000 learning resources in several languages and formats. In 2017, almost 10,000 people accessed the Campus Online and 26% of the target group accessed it once a month.

A pilot project was run in Spain in 2017 to expand upon the group of people who can access the campus, which has granted access to more than 300 employees of ACCIONA Service. In 2018 and 2019, this group will be extended with the aim of reaching 100% of the workforce.

TABLE 6.

Training received by professional category and gender

		2017					
		EXECUTIVES	MANAGERS	TECHNICAL STAFF	SUPPORT	WORKERS/ OPERATORS	TOTAL
Total no. of hours received	Men	12,720	82,360	142,057	6,897	196,817	440,851
	Women	2,181	23,626	74,125	23,573	32,445	155,950
	TOTAL	14,901	105,986	216,182	30,470	229,262	596,801
Students	Men	274	1,534	3,335	345	11,487	16,975
	Women	37	369	1,643	777	2,630	5,456
	TOTAL	311	1,903	4,978	1,122	14,117	22,431
Training hours employee/year	Men	50.48	53.52	35.67	14.41	9.86	16.82
	Women	58.95	217.31	42.20	29.14	3.95	13.94
	TOTAL	51.56	55.26	37.67	23.66	8.14	15.96

TABLE 7.

Investment in training delivered

	EXECUTIVES AND MANAGERS	TECHNICAL STAFF	SUPPORT	WORKERS/OPERATORS	TOTAL
Total investment (EUR)	3,844,941	2,890,785	353,076	1,807,017	8,895,819
Investment in employee/year (EUR)	1,742.16	503.68	274.21	64.15	237.84

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

TABLE 8.

Assessment levels

ASSESSMENT LEVELS		
Level 5 ROI	Return on investment.	Analysis of the impact of training on selected business indicators.
Level 4 Results	Business results achieved through the training.	Training Efficacy Assessment Questionnaire.
Level 3 Performance	Changes that have taken place in the position held by the person who has attended the training.	Training Efficacy Assessment Questionnaire.
Level 2 Learning	Determines whether there has been a transfer of knowledge and a learning process.	Knowledge assessment test at the end of the formative itinerary.
Level 1 Reaction	Equivalent to measuring participant satisfaction.	Assessment questionnaire filled out by the student once the course has been completed.

NB: in 2017, only levels 1, 2 and 3 were assessed; in 2018, NPS (Net Promoter Score) will be included, to assess the learning experience of our employees.

The company's model of formative itineraries can be broken down into five lines: Skills Development Centre, Business School, Functional Itineraries focusing on sustainability, Technical Schools and Language School.

SKILLS DEVELOPMENT CENTRE

The Corporate University, together with its Skills Development Centre, continues making its so-called Basic Itineraries available to all company employees. The Basic Itineraries are designed to develop skills associated with the role of each person. In 2017, these itineraries were renewed and extended with new content called ACCIONA Skills, which is composed of a series of multi-channel resources that are made available to employees in different editions throughout the year.

The itineraries are designed sequentially, with three key components: a presentation of the skill, an expert's video, and blocks of content available on the corporate platform. The total number of hours taught in the Skills Development area was 596,801 in 2017; a 19% increase over 2016.

In 2017, of all programmes, the following stand out:

- Digital Skills Programme: launched in 2017 with two editions and in collaboration with the Universidad Politécnica de Madrid (Spain). This new training programme aims to develop employees' capacities in the areas of digital communication and collaboration, amongst others. The programme was widely accepted by participants scoring 4.10 out of 5. It should also be noted that the ratio of completeness of the different editions is 76% in the first and 73% in the second.
- The T-Max Programme, which was designed in collaboration with the Madrid School of Industrial Organisation (Escuela de Organización Industrial - EOI) in Spain, is a training programme that specifically targets the ACCIONA technical team. The aim is to make progress in the consolidation of the skills that technical staff are required to have, and which are marked as a development need during the performance evaluation process. During this year, several new modules have been added to the programme to include the following skills: Efficiency and effectiveness, Customer focus, Quality of management, Teamwork, Achievement of results, Initiative and innovation, Communication, Negotiation and Networking.
- M3+ programme: in collaboration with the Business Institute (IE) and intended for all executives. In 2017, 490 executives took part within Spain, completing a total of 1,976 training hours. Special emphasis was assigned to people management, carrying out four classroom sessions. Three were on innovation, with the collaboration of the ACCIONA Corporation R&D&I Director as well as the ACCIONA Infrastructure Digital Transformation Director. The aim for 2018 is to globalise this programme.

BUSINESS SCHOOL

In 2017, the Business School has developed programmes like the ACCIONA MBA and the Emerging Talent Programme.

- Executive MBA in Sustainable Global Business (VIII edition): a complete focus has been included on sustainable business management, as well as specific modules on the Sustainability Master Plan (SMP). In 2017, 30 ACCIONA professionals took part, distributed geographically in various places across the world.
- ACCIONA Emerging Talent programme: launched in 2015, the initiative, which consists of introducing skills management to the technical team, makes it possible to perform an employee evaluation based on the employee's new individual role and its implications, with special emphasis on the skills that are most needed for their new managerial position: leadership, negotiation, flexibility and change management. In 2017, a session of the programme was held for recently promoted executives and managers, obtaining a very positive average score (4.5 out of 5). In the forthcoming sessions, the focus will be on those with high potential and forecasting identified in the performance status process. They will use the three pillars of the development framework (learning, exposure and experience).

TECHNICAL SCHOOLS

The ACCIONA University Technical Schools comprise a basic pillar for ensuring the availability of qualified professionals, and they are designed to have an impact on improved productivity, technical excellence, specialisation and internationalisation.

The Technical Schools offer training in specialities and sub-specialities. Each of them provides formative itineraries that include activities designed to follow a structured pedagogical sequence. The perception and response of the General Management, business units and employees has been excellent.

LANGUAGE SCHOOLS

In 2017, a New Language Platform was launched, with modified usability, searching and browsing, obtaining an 18% increase in participants with respect to 2016. All target workforce can access this platform which allows the study of up to 6 different languages.

SUSTAINABILITY TRAINING

In 2017, ACCIONA launched the new ACCIONA Sustainability Course, with the aim of providing to 10,584 employees in 41 different countries with basic knowledge and skills. The 15-hour course consists of 7 modules with different contents on the impact of human beings on the Earth, sustainability in the business and future sustainable development trends, amongst others.

The ACCIONA Sustainability Course was based on a game-driven itinerary in which users achieve points and targets by viewing content and participation. Through this approach, learning was reinforced by means of interaction in debates, 16,641 comments and the contribution of additional materials. The main course monitoring indicators were:

- 1,423 employees started the course, 415 employees completed it.
- 10,138 total training hours.

Amongst the various actions organised for 2018 in sustainability training, the following objectives apply:

- Launch a second campaign of ACCIONA Sustainability Course for those who have not been able to start or complete the training. This campaign will be guided by a tutor.
- Prepare and launch a series of advanced courses on climate change, human rights and sustainability risks.

TALENT RETENTION

The ACCIONA people management model is composed of policies and initiatives that are geared towards achieving: a high performance from all employees, objective compensation based on results, and career development inside the company.

NEW PERFORMANCE MANAGEMENT MODEL

ACCIONA aims to promote the development of a high performance culture of people and evaluate objectives through its own performance evaluation process. To do so, it has developed tools to allow objectives to be set and monitored in a flexible manner and according to the needs for immediacy and flexibility by the needs that the world raises.

The performance evaluation model has change entirely in 2017 with the new performance model establishing the manager as the main player. The objectives defined by each manager with each team member no longer takes place on an individual basis, with a shift in focus to setting ambitious objectives in a collaborative manner. This tool makes it possible to improve the team's professional capabilities and align individual and group expectations with the strategic expectations of the company. The implementation of this process in ACCIONA has been gradually extended and in 2017 reached 100 % of the groups involved in the process with the new tool developed. Additionally, this new tool allows objectives to be adjusted at any time to the day-to-day business needs.

In 2017, the New Performance Management Model was developed, which replaces the previous performance evaluation process. It comprises a dynamic model, targeting achievement, with a clear focus on the team and the future, where the manager's role is to guide and develop the professionals, who are the main protagonists.

NEW PERFORMANCE MANAGEMENT MODEL: 4 DRIVERS

1. Establishment of objectives set by the management.
2. Performance Status: tool that helps managers identify talent and potential amongst employees.
3. My Development: offers employees the chance to discover their strengths and define their priorities to prepare action plans and achieve objectives.
4. Decentralisation of remuneration management: by decentralising the process of preparing decision proposals. The manager will continue to be the main player and continue to assess the individual performance of its team, applying the criteria to be considered. For the remuneration proposals, the manager will, amongst others, consider the following criteria:
 - The specific contributions and technical excellence in work that help ensure the correct pursuit of the annual results.
 - The contribution to the multidisciplinary and multifunctional working teams.
 - The contribution to results in terms of flexibility and adaptability to the business needs.
 - Support to the company's long-term transformation projects including sustainability and digitalisation, and others, identified as priorities for the business' future.
 - Both targeted works planned at the start of the year, and objectives and priorities that arose on a later date.

In this new model, in 2017, the following progress was made:

- Implementation of the Objective Setting lever and its new associated tool. This lever promotes the establishment of transformational objectives on a team level and in a collaborative manner. The focus is on “thinking big” and on change, transformation and innovation. Moreover, this lever is hinged on a core element, feedback, and ongoing discussion, as the tool allows for objectives to be redefined from time to time, by the manager and employee, as well as continuous monitoring. The process reaches a total of 11,560 people, from all divisions, business lines and roles, which makes for 100 % of the scope group.
- It also launches the implementation of the new talent and potential identification process, Performance Status, as a reinforcement of the current Talent Review. All ACCIONA divisions and business lines take part in this process, which consists of a questionnaire that both hierarchical and functional managers will complete on each professional. This will enable a better identification of the potential in the company and thus organise a talent map through which to design specific development and training programmes for the segments of groups, based on their needs and the business needs. People identified will participate in the different programmes designed by the company so that they can take greater responsibilities in the future. In 2017, the new process was directed towards a group of 325 people. Full implementation, in all divisions, will be achieved in April 2018.

- Lastly, a new space has been designed so that everyone can manage their own development in ACCIONA: My Development. This platform will facilitate self-development, helping to establish strengths, motivations, priorities and aspirations. Both managers and employees can take part in this space and work together on the employee's career development, starting from the diagnosis and designing an action plan.

TABLE 9.

Evolution of employees involved in the Objective Setting process by professional category*

		2016			2017		
		MALE	FEMALE	TOTAL	MALE	FEMALE	TOTAL
No. of employees involved in the objective setting process	Executives	230	32	262	252	35	287
	Managers	1,264	308	1,572	1,409	368	1,777
	Technical Staff	2,943	1,710	4,653	3,396	1,729	5,125
	Support	116	317	433	310	761	1,071
	Workers/Operators	690	124	814	2,745	555	3,300
	TOTAL	5,243	2,491	7,734	8,112	3,448	11,560
% of the total workforce involved in the objective setting process	Executives	95	94	95	100	100	100
	Managers	95	97	95	100	100	100
	Technical Staff	92	99	94	100	100	100
	Support	91	96	95	100	100	100
	Workers/Operators	90	95	99	100	100	100
	TOTAL	92	98	94	100	100	100

*Note 1: the total workforce involved in the objective setting process does not include workers/operators or administrative support positions with lower qualifications (roles at levels lower than four for workers/operators and lower than two for administrative support employees).

Note 2: in 2017, the optimisation process changed meaning that the 2016 and 2017 data is not 100 % comparable.

COMPENSATION

The basic criteria used to design and implement the company's compensation policies are objectivity, external competitiveness and internal equity. In this sense, the ACCIONA remuneration model is defined based on the results and levels of a job classification system, which objectively arranges the contribution made by all employees to the company.

As a consequence of this model, remuneration bands are established by country. At present, 59 remuneration bands of ACCIONA are being managed worldwide. The bands have up to 10 different levels. The definition of the remuneration policy by country both in terms of remuneration and social benefits, is achieved by considering the best remuneration information available on the market and in the countries in which there is a structure. Internal equity is also analysed to determine competitive remuneration on the reference market.

ACCIONA BONUS

Implemented in 2012, ACCIONA Bonus is a programme for those employees with variable remuneration that is linked to the company's financial results and individual targets, and is based on objective and pre-established metrics.

In accordance with the goals established in the Sustainability Master Plan (SMP), the ACCIONA Bonus programme has been extended internationally to all divisions in the company's main countries of operation. In 2017, more than 3,800 employees benefited from the ACCIONA Bonus programme, including 95 % of executives, 85 % of structural managers and part of the technical and support staff. On an international level, the bonus was applied in Australia, Brazil, Canada, Qatar, Chile, Colombia, Costa Rica, Croatia, Egypt, the United Arab Emirates, Spain, the United States of America, the Philippines, Gabon, India, Italy, Morocco, Mexico, Norway, New Zealand, Panama, Peru, Poland, Portugal, the United Kingdom, South Africa, Trinidad and Tobago and Venezuela.

The structure of the targets is standardised across countries and includes:

- Overall company targets, which have a weighting of at least 10 % for all employees and 15 % in the case of executives.
- Targets of divisions, companies, countries and units with their own profit and loss accounts.
- Individual targets. In 2017, for payment in FY 2018, the valuation of individual targets is not bound to the performance evaluation. Through the Salary Revision tool, managers can make proposals for the achievement of individual targets more easily. The system seeks to provide managers with greater autonomy/flexibility so that they can recognise the work carried out during the year for the short- and long-term objectives.

Additionally the Bonus system includes approximately 3.5 % of the sustainability-related targets that have been defined for each of the divisions in the framework of the Sustainability Master Plan's areas. These include, for instance, targets for reducing CO₂ emissions, implementing the Social Impact Management methodology in projects, increasing the presence of women at executive level and consulting with stakeholders, among others.

Additionally, there is an ACCIONA Flexible Remuneration Plan, which allows the selection, acquisition and/or contracting of certain benefits with important advantages, which enables the employees' salaries to be maximised. In 2017, the following benefits were available: medical insurance, meal vouchers, childcare vouchers, transport cards and training programmes linked to professional development and the role. Through the flexible remuneration plan, there is also a programme that fosters the participation of employees in ACCIONA's share capital.

THE ACCIONA
BONUS
INCLUDES
OBJECTIVES
INVOLVING
THE REDUCTION
OF EMISSIONS,
SOCIAL IMPACT
MANAGEMENT,
INCREASE IN
THE NUMBER
OF WOMEN IN
MANAGERIAL
POSITIONS,
AMONG OTHERS

EMPLOYEE SATISFACTION AND COMMITMENT

Employee satisfaction and commitment are the key attributes of the relationship model that ACCIONA aspires to achieve with its employees. The climate and commitment survey, conducted globally every two years, is the tool that allows the company to identify factors that have an impact on these attributes.

In 2017, the global commitment study was launched, which ACCIONA carries out once every two years with AON. The traditional climate and commitment survey has been transformed, converted into multiple short questionnaires (in 7 different languages) in digital format for the first time, with a view to obtaining more immediate information with a greater focus on employees' opinions. The first study with the new model was related to commitment. For the first time, the figure of 6,200 answers was exceeded (1,400 more than the previous edition).

ACCIONA's commitment on a global level comes to 68 %, 7 % more than the previous edition and 6 % more than the international AON benchmarks. On a global level, it emerges that 81 % of ACCIONA employees would recommend the company as a good company in which to work (as compared with 78 % in 2015) and 73 % consider that there would need to be an important reason to leave ACCIONA.

SOCIAL RESPONSIBILITY WITH PEOPLE

WORKER'S COVERAGE (GRI 102-41)

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

Collective bargaining agreements are signed for all works and projects; except in those countries where trade union affiliation or representation is not standardised practice or is even considered illegal. In these cases control mechanisms have been established with regard to conditions agreed upon both by the company and its suppliers. ACCIONA is a member of Building and Wood Workers' International (BWI), which covers all work in the industries in which it operates.

In Spain alone, the company has more than 726 legal worker representatives in the country and more than 350 collective bargaining agreements in place in different areas.

ACCIONA holds ongoing, regular meetings with all trade union and employee representatives to preventively manage any matters that may derive from situations of conflict, thereby reducing them to a bare minimum.

EQUALITY AND DIVERSITY

ACCIONA's commitment to values such as integrity, transparency, safety and equal opportunities is described in detail in the company's Code of Conduct. ACCIONA works hard to achieve real equal opportunities for all groups of workers, and to incorporate the diversity factor as a strategic element of its people management.

In response to this commitment, and as a key part of its diversity management policy, the company has been developing a process of continuous support for the incorporation of women in the company's management teams.

It should be noted that in some countries, the protection of children stands out (BBEEE requirements in South Africa, First Nations in Canada, Indigenous in Australia) or the promotion of equality (Europe, Canada, etc.), as well as the protection of immigrant groups (Middle East and Asia). ACCIONA's management of these risks involves the alignment of the global diversity processes and overall targets, and socially-responsible contracting, with the development of specific plans and procedures where required. To this end, in certain high risk situations, external audits are carried out on working conditions, as is the case in the United Arab Emirates.

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

In the case of Spain, all business lines are covered by Equality Plans that are compliant with the Organic Law 3/2007 (Spain) 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. Similar mechanisms are implemented in countries like Australia, Mexico and Canada. Additionally, ACCIONA Engineering, Facility Services and ACCIONA Energy have all earned the Equality seal.

Regarding gender diversity, in 2017, 30 % of the total workforce are women, occupying 12.8 % of executive positions and 19.8 % of managerial positions.

TABLE 10.

Evolution of the distribution of the workforce by gender

(% of employees)

	2015	2016	2017
Men	66	67	70
Women	34	33	30

TABLE 11.

Evolution of women in the qualified employees group

(% of employees)

GROUP	2015	2016	2017
Executives	11.89	12.73	12.80
Managers	18.80	19.73	19.76
Technical Staff	34.00	32.58	30.61
TOTAL	29.32	28.75	27.34

In 2017, the company continued to strengthen the use multi-channel to carry out sensitisation campaigns that would enable employees to obtain information on diversity initiatives. All this was structured through communication plans, a tool that fostered performance of the content of the different initiatives in which ACCIONA is engaged. In 2017, participation in the following stand out:

- International Women's Day.
- International Day for the Elimination of Violence Against Women: work is carried out with various institutions for the dissemination of the awareness-raising campaign such as the Red Cross, the Ministry of Health, Social Services and Equality and the Integra Foundation.
- Wage Equality Day: ACCIONA joined the cause in 2015.

ACCIONA's remuneration policy makes no difference according to gender and seeks objectivity in decision-making regarding the review of individual salaries, so that remuneration is fair and according to the level of responsibility and contribution to ACCIONA's results.

In line with the goal of closing the remuneration gap set out in the SMP 2020 and in line with the European Commission Recommendation of March 2014 on the principle of equal pay²¹ and legislative trends of some European countries, ACCIONA has completed a project to redefine the salary analysis method and how it is applied to identify the gender pay gap between men and women.

The project included an analysis to identify the variables that influence the salary perceived by a person, so as to more rigorously outline differences that may potentially be rooted in gender.

The new analysis process has enabled ACCIONA to more appropriately quantify the possible existence of a gender pay gap aimed at better guiding its initiatives to correct possible salary differences between men and women.

In this sense, ACCIONA is working on the development of a control panel by business line and country to monitor the remuneration gap and, if applicable, ensure action is taken to address any remuneration difference so that there are no gender differences in ACCIONA.

As a result of the analysis method, ACCIONA identified a gender pay gap between men and women on a global level of 5.17 % in 2017²².

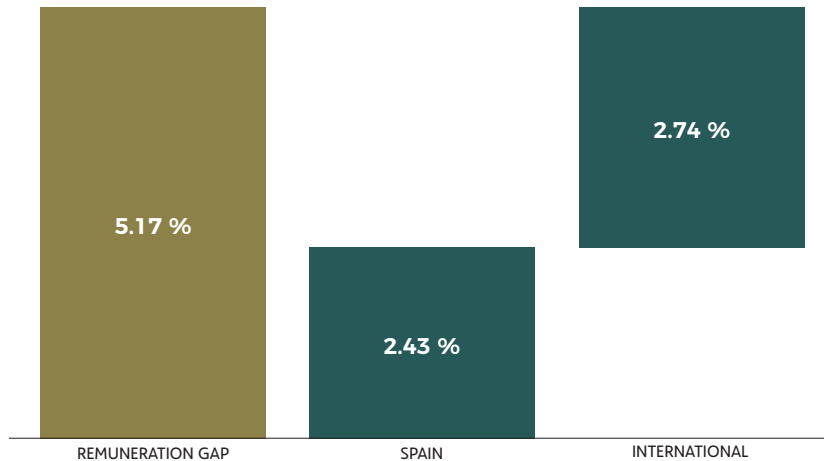
(21) http://ec.europa.eu/justice/gender-equality/files/gender_pay_gap/c_2014_1405_en.pdf

(22) The combination of all the variables affecting an employee's salary (including country, business line and role level) and which come together to form the concept of "same job or same value" has given rise to the establishment of comparable employee segments, for which salary differences between men and women are calculated. For these calculations to be possible, ACCIONA has had to make improvements to its human resources information systems, to incorporate and improve the quality of the data on these new variables included in the analysis. The revision of the analysis method and the improvement made to the information systems means that the 2017 figure of is not entirely comparable with that of previous years.

FIGURE 2.

Global gender pay gap

(weighted median of the gap in Spain* and internationally)



*Remuneration gap Spain 4.3 %.

The information provided below shows the breakdown by internal ACCIONA level. In this sense, with a view to facilitating the monitoring of the gender pay gap by level compared to previous years, a collective group has been included given that the gender pay gap analysis carried out between 2017 and 2018 is based on the ACCIONA role levels and not in group collectives.

FIGURE 3.

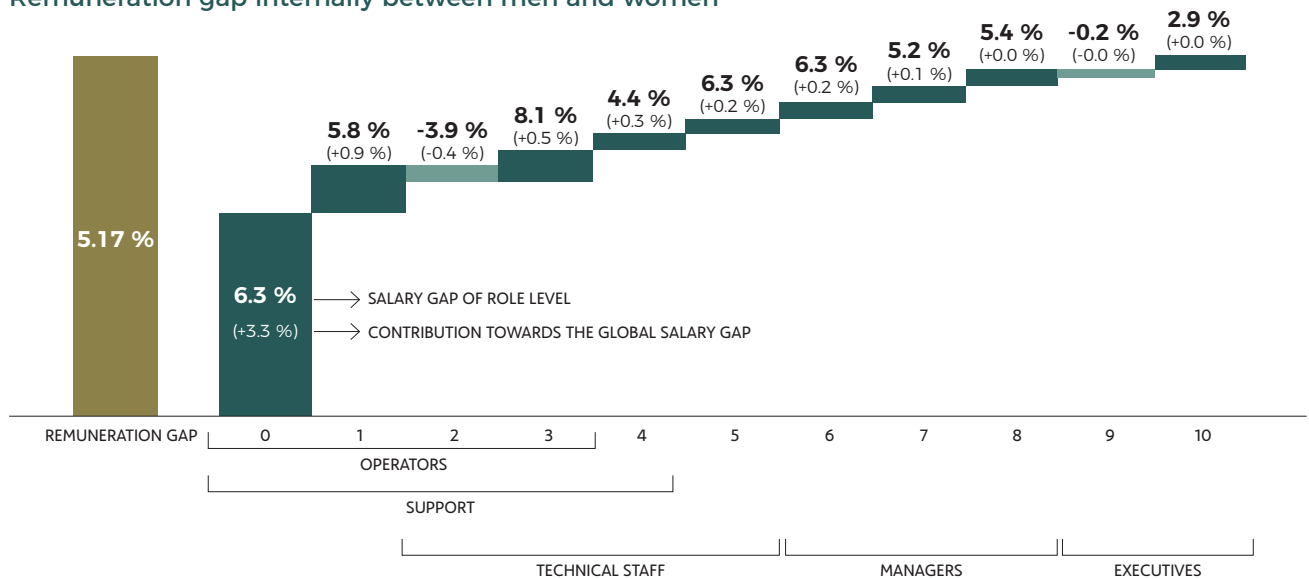
Remuneration gap internally between men and women

TABLE 12.

Evolution of turnover by gender, age and workplace

(%)

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

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

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

*** Figure influenced by incorrect accounting taken from the figures of ACCIONA Service in Mexico.

TABLE 13.

Evolution of breakdown of the workforce by professional category and age band

(no. of employees)

	2016				2017			
	< THAN 31	31 TO 50	> THAN 50	TOTAL	< THAN 31	31 TO 50	> THAN 50	TOTAL
Executives	-	146	129	275	-	149	140	289
Managers	8	1,270	445	1,723	10	1,426	482	1,918
Technical Staff	883	3,610	726	5,219	1,065	3,938	736	5,739
Support	220	741	273	1,228	242	780	268	1,290
Workers/Operators	3,258	13,412	7,294	23,967	3,821	15,027	8,259	27,107
Other*	60	220	142	423	125	580	355	1,059
TOTAL EMPLOYEES	4,429	19,398	9,008	32,835	5,263	21,900	10,240	37,403

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

TABLE 14.

Breakdown of the workforce by professional category and gender

(no. of employees)

	2016			2017		
	MALE	FEMALE	TOTAL	MALE	FEMALE	TOTAL
Executives	240	35	275	252	37	289
Managers	1,383	340	1,723	1,539	379	1,918
Technical Staff	3,500	1,718	5,218	3,974	1,765	5,739
Support	419	815	1,234	478	813	1,290
Workers/Operators	16,083	7,881	23,964	18,925	8,182	27,107
Other*	396	25	421	995	65	1,059
TOTAL EMPLOYEES	22,021	10,814	32,835	26,163	11,241	37,403

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

INTEGRATION

As regards the non-discrimination of people with disabilities or those at risk of social and occupational exclusion, ACCIONA's Code of Conduct constitutes the guide to which behaviour in all of the company's businesses should adhere. The Code fosters effective equality, a term which in practice consists in promoting gender diversity as well as the professional and personal development of all employees, thus ensuring equal opportunities. Likewise, no form of discrimination in the professional sphere, for reasons of age, race, colour, gender, religion, political views, national origin, sexual orientation, social origin or disability will be tolerated.

ACCIONA reached and exceeded the SMP 2020 target set for 2017 (3 % of equivalent employment of people with disabilities in Spain). The total figure reached was 3.6 %²³. Of this percentage, it is worth noting that 2.89 % corresponds to direct employment, which is up 0.9 % on the previous year, and reflects the company's commitment to direct job insertion. The remaining 0.71 % of the total figure is accounted for by indirect employment. This was achieved through procurement from Special Employment Centres and donations to the third sector foundations and organisations.

In this regard, ACCIONA renewed its Bequal certification, including the Bequal Plus seal for several of its businesses. This seal in the field of disability certifies not only compliance with the law but also ACCIONA S.A.'s commitment to disability causes and social responsibility through an auditing process; it has become one of the first corporations to obtain this certificate.

With regard to the company's participation in initiatives in the area of social and occupational integration, the following stand out:

- **Renewal of the Inserta Convention of the ONCE Foundation:** this entails a commitment to hire 150 people during the next four years, in order to reach 500 contracts since the collaboration first started.
- **Job insertion programmes (Ministry of Health, Social Services and Equality, Integra Foundation and Red Cross):** ACCIONA has hired a total of 35 women who have been victims of gender violence, in addition to 115 people from other groups at risk of social exclusion.

This scope also includes awareness-raising initiatives around the International Day of Persons with Disabilities.

The company also carries out internal awareness-raising initiatives on disability, equality, gender diversity and age, among others. Courses on equality and diversity are also taught via the corporate e-learning platform.

(23) Figure at the close of preparation of this report.

HEALTH AND SAFETY AT ACCIONA

The company has a number of instruments that it uses to promote the health of its employees and outsourcers, and prevent occupational risks. Noteworthy examples include strategies based on its Human Resources and Occupational Health and Safety (OHS) policy, and a health and safety action and target plan. The company also assesses specific risks associated with each of its activities through its OHS management system.

Throughout 2017, ACCIONA worked on several initiatives aimed at ensuring the health and safety of the people who work in its different businesses, as well as in its supply chain. These measures include preventive measures such as the Health and Well-being Plan, the Road Safety Plan, and novel actions in the fields of training, communication and safety awareness based on conduct, among others.

ACCIONA consults and collaborates with the representative bodies so required by the different legislations in which it operates, such as the Health and Safety Committees in Spain, and uses other communication tools, such as suggestion boxes, in its different business lines.



MORE INFORMATION

in the sections on "Health and Safety" in the chapters "ACCIONA Energy's commitment" "ACCIONA Infrastructure's commitment" and "Other business' commitment".

The company understands that promoting health and safety goes beyond its own employees and extends to its stakeholders: suppliers, customers and its social setting. In this regard, ACCIONA develops programmes aimed at ensuring occupational risk prevention for its contractors and participates with government agencies in promoting safe and healthy environments in the areas where it operates.

EVOLUTION OF THE MAIN ACCIDENT INDICATORS

In 2017, a total of 2,515 accidents occurred involving employees of ACCIONA, 2,329 in Spain and 186 in international subsidiaries. Unfortunately, 4 of these accidents were fatal, three of them in Spain (Infrastructure) and one in Mexico (Energy).

FIGURE 4

Evolution of fatal accidents

(own employees)

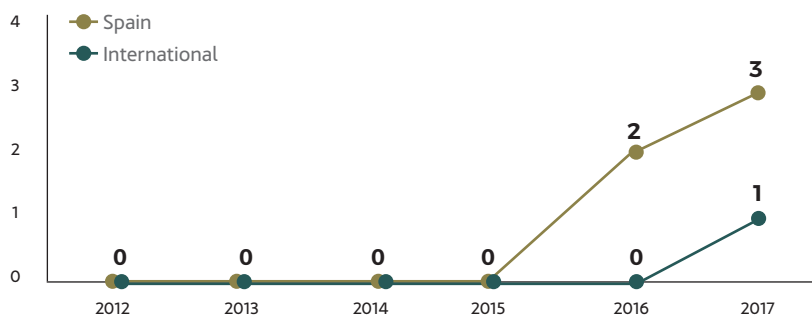
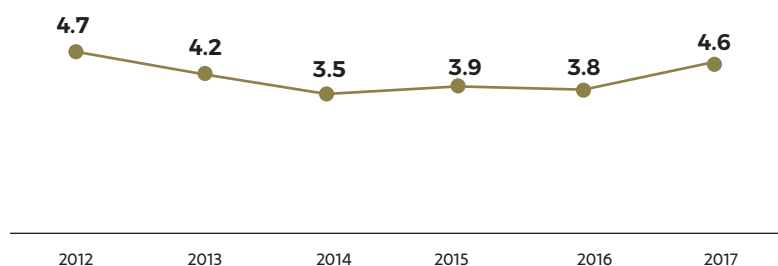


FIGURE 5

Accident frequency rate evolution

(own employees)

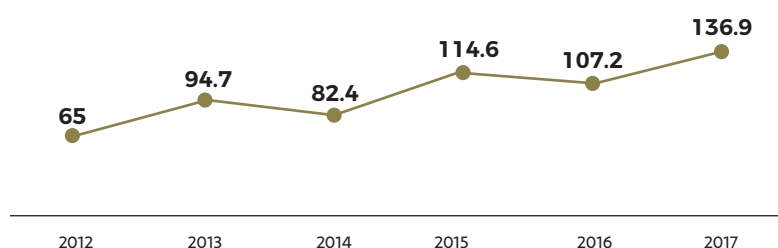


OHS - I. Frequency rate: (no. of accidents with work loss/hours worked) x 200,000.

FIGURE 6

Severity rate evolution

(own employees)



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

According to figure 5, the accident frequency rate and severity rate have risen in the past year. The objective for 2018 for ACCIONA is to reduce the frequency rate by 5 %, compared with 2017.

TABLE 15.

Evolution of accident rate indicators

(own employees)

	SEVERITY RATE ⁽¹⁾				FREQUENCY RATE ⁽²⁾			
	2014	2015	2016	2017	2014	2015	2016	2017
Energy	17.6	39.8	17.1	7.9	1.3	1.6	0.5	0.4
Infrastructure	84.6	120.7	111.2	147.3	3.6	4.3	4.0	4.9
Other businesses*	136.3	139	134.4	113.2	4.1	1.9	2.6	2.7
Corporate	0.5	0	0	0	0.5	0	0	0

(1) OHS - SR: (no. of days lost due to work accident/hours worked) x 200,000.

(2) OHS - FR: (no. of accidents with loss of work/hours worked) x 200,000.

* Includes Bestinver, Wineries, ACCIONA Inmobiliaria and Trasmediterranea.

The absenteeism rate has increased slightly. The following table shows a breakdown of 2017 data by business line and country. Values are calculated in a common and standardised way for all the countries where the company has significant activity under the international standard indicator.

TABLE 16.

Evolution of the employee absenteeism rate by business line

BUSINESS	2014	2015	2016	2017
Energy	0.10	0.16	0.07	0.84
Infrastructure	3.63	3.21	4.71	4.94
Other businesses*	3.13	4.42	4.67	4.65
Corporate	2.04	1.43	1.93	1.59
TOTAL	3.36	3.00	4.48	4.67

Note: Bestinver, Wineries, ACCIONA Inmobiliaria, Trasmediterranea

Absenteeism rate = (no. of days lost through absenteeism/no. of days worked) x 100

TABLE 17.

Evolution of the employee absenteeism rate per country

COUNTRY	2015	2016	2017
Australia	0.1150	0.0779	0.0002
Bolivia	0.0000	0.0000	0.0000
Brazil	0.1956	0.1139	0.0676
Canada	2.3036	3.6185	2.3286
Chile	0.7939	1.1999	1.0060
Spain	3.3717	5.4272	5.8670
Italy	2.1251	2.1642	1.2318
Mexico	0.4651	0.9126	1.1436
Peru	1.1298	1.6646	1.3369
Portugal	4.1972	5.6778	6.1158

Absenteeism rate = (no. of days lost through absenteeism/no. of days worked) x 100

Note: Absenteeism information is reported only for countries with activity in 2017 and with more than 150 direct FTE employees, since such information cannot be obtained directly and reliably in countries with inferior structures. The information given above accounts for 97.39 % of the total workforce.

ROAD SAFETY

In 2017, all divisions carried out actions to promote road safety and reduce accidents, encompassing not only accidents relating to vehicle traffic (on missions), but any type of cases that may occur when going to and from work (on route).

Training and awareness-raising initiatives were key tools in this effort. In 2017, road safety awareness-raising campaigns continued, carried out on the company's intranet with the monthly publication of a video giving advice and recommendations on safe driving. It should be noted that the employee and outsourcer bus service continues to run in the Madrid (Spain) Divisions Centre, which ensures a representative reduction in private transport.

“DRIVE SAFE, WORK SAFE” DAY

As part of the World Day for Safety and Health at Work, employees of the Madrid (Spain) head office were offered four simulator models whereby they could try out risk situations at the wheel, to show just how important it is to behave safely on the road. During sessions, trainers and road safety experts from RACE offered employees recommendations on safe driving techniques, as well as advice on how to keep the vehicle in the best possible condition at all times.

TABLE 18.

Evolution of on route accidents

(with and without work leave)

BUSINESS LINES	2014	2015	2016	2017
Energy	12	8	5	13
Infrastructure(*)	114	79	178	158
Other businesses (**)	4	3	10	2
Corporate	3	4	4	6
TOTAL	133	94	197	179

* Including Construction, Concessions, Water, Services and Industrial.

** Includes Bestinver, Wineries, ACCIONA Inmobiliaria and Trasmediterranea.

TABLE 19.

Evolution of accidents on missions

BUSINESS LINES	2014	2015	2016	2017
Energy	1	1	3	4
Infrastructure(*)	18	31	100	15
Other businesses (**)	0	0	0	0
Corporate	1	0	0	0
TOTAL	20	32	103	19

* Including Construction, Concessions, Water, Services and Industrial.

** Includes Bestinver, Wineries, ACCIONA Inmobiliaria and Trasmediterranea.

IN 2017, THERE
WAS A 9%
REDUCTION
IN ON ROUTE
ACCIDENTS
AND AN 85%
REDUCTION IN
ON MISSION
ACCIDENTS

HEALTH AND PREVENTION

ACCIONA promotes the health of its employees through regular medical examinations and campaigns for prevention and early detection of illnesses. It also monitors workers who travel abroad, providing preventive medical information for the destination country and immunisation where necessary. Similarly, in recent years ACCIONA has been increasing its links with private healthcare providers, which offer very competitive conditions.

TABLE 20.

Evolution of occupational illnesses rates

(own employees)

BUSINESS LINES	2014	2015	2016	2017
Energy	0.273	0.261	0	0
Infrastructure(*)	0.046	0.019	0.057	0.068
Other businesses (**)	0	0	0	0
Corporate	0	0	0	0
TOTAL	0.057	0.037	0.052	0.061

OHS – OI: (no. of cases of occupational illness/hours worked) x 200,000.

* Includes Construction, Concessions, Engineering, Agua, Services and Industrial.

** Includes Bestinver, Wineries, ACCIONA Inmobiliaria, Logistics and Transport, and Trasmediterranea.

Certain activities have been identified in several divisions that may cause occupational illnesses due to exposure to biological risk, overexertion, noise, silicosis and asbestosis. In all these cases, the necessary preventive medical actions have been assessed and performed in order to minimise or eliminate the risk (training, awareness raising, protective equipment, etc.). All workers exposed to such types of risk are monitored regularly.

HEALTH AND WELL-BEING PLAN

As part of its responsibility towards its workers, ACCIONA has implemented company-level strategies that invite workers to adopt healthy habits and reduce the occurrence of illnesses linked to lack of exercise. Below are some of the actions carried out over recent years:

- Healthy menus: implementation of wellness menus in canteens at company sites, providing more nutritional information and checking daily menus to assess nutritional balance.
- A healthy, balanced diet: raising dietary awareness through campaigns promoting healthy and balanced eating habits, fostering the "Mediterranean diet".
- Sports: promotion of physical exercise through awareness campaigns and encouraging participation in events such as fun runs, etc. In addition, changing and showering facilities have also been provided in the centres.
- Emotional control: inclusion of new campaigns promoting awareness and participation with a view to developing mindfulness tools.
- Analysis and study of biochemical and anthropometric data: collaboration with epidemiologists from the Pro CNIC Foundation to set up and monitor the progress of the Health and Well-being Plan.
- Healthy habits: collaboration with the Spanish Association Against Cancer (AECC, as per its Spanish acronym) to promote habits that improve health.

The Health and Well-being Plan, which is being developed across the company's different divisions, primarily includes activities aimed at raising awareness of healthy life habits, informing about ergonomics in the workplace and promoting physical activity. All of the plan's actions and messages are made available in several languages, in both online (banners, posts on Interacciona, emails) and offline (paper, posters, signs, etc.) formats. The platform is used to ensure that the messages reach the workers and also use the "Suppliers Newsletter" to reach the sphere of influence.

IMPROVEMENTS IN OHS MANAGEMENT AND SYSTEMS INTEGRATION

One of ACCIONA's values is the continuous improvement of the health and safety management at work systems. This will facilitate consolidation of the system in all countries, improving its efficiency, leveraging good practices and maximising the use of the tools available in different parts of the world.

OHSAS 18001 CERTIFICATIONS

In its commitment to go beyond the legal minimum in occupational risk prevention and occupational health issues, ACCIONA has achieved OHSAS 18001 certification in most of its businesses. This certification is internationally acknowledged as the standard for occupational health and safety management systems. In 2017, the certifications achieved during previous years, were maintained.

TABLE 21.

Evolution of the ACCIONA business certified OHSAS 18001

(own employees)

	2014	2015	2016	2017
% of ACCIONA business certified OHSAS 18001	95.87	94.60	95.76	95.59

TABLE 22.

OHSAS 18001 certifications by business line

BUSINESS LINE	% CERTIFIED ACTIVITY
Energy	100.00
Infrastructure	98.89
Construction	100.00
Concessions	100.00
Water	88.28
Services	100.00
Industrial	100.00
Other businesses*	9.05**
Corporate	100.00

* Includes Bestinver, Bodegas, ACCIONA Inmobiliaria, Logistics and Transport, and Trasmediterranea.

** The percentage of certification without considering the 150 FTEs would be: 76 % in Wineries, 96.37 % in Bestinver, 0 % in Wineries, and 90 % in Trasmediterranea.

ACCIONA
HAS SET ITSELF
THE TARGET
OF REDUCING
THE FREQUENCY
RATE
BY 15%
IN 2020
COMPARED
TO 2015

HEALTH AND SAFETY TARGETS AS PART OF EMPLOYEE PERFORMANCE EVALUATIONS

One of the established performance evaluation criteria among ACCIONA's different divisions is compliance with the OHS targets defined in the SMP 2020. Specifically, the occupational health and safety target set for the group is to reduce the accident frequency rate by 5 % compared to 2017. Achieving this, together with other goals related to people management, accounts for a percentage of employees' variable remuneration. To achieve this overall target by the year 2020, the divisions establish annual objectives, which are set at the start of the year and reviewed on a monthly basis. These have a direct impact on the bonuses earned by all employees.

WORKER PARTICIPATION

The 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 participation in occupational risk prevention efforts. Work centres also receive visits and are informed about accidents, safety inspections, workers' complaints, risk assessments and other activities of the Prevention Department. The percentage of employees represented by formal health and safety committees exceeds 99 %.

Some of the divisions have email accounts or suggestions boxes where workers can communicate their doubts, suggestions and concerns on health and safety.

Personnel from collaborating firms also participate through business activity coordination committees created in all the work centres where concurring business activities are identified. These committees are attended by the health and safety employees appointed by each represented company.

TRAINING AND AWARENESS RAISING

Training plays a key role in the management of employees in all of the company's divisions. For this reason all of the divisions incorporate training and awareness-raising programmes in their annual plan as well as occupational risk prevention and safety training requirements. ACCIONA also has internal communication mechanisms that are key to preventing accidents and preserving the health and safety of employees. The most widely used communication tools are the Interacciona Intranet, newsletters , email, suggestion boxes, communications through signs or via payroll and specific actions in the work centres.

TABLE 23.

OHS training 2017

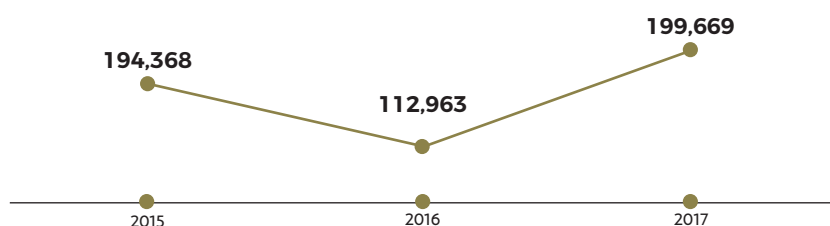
(Corporate University)

	Nº. OF HOURS	Nº. OF EMPLOYEES	Nº. OF OHS HOURS PER EMPLOYEE/YEAR
Energy	26,423	1,631	16.20
Infrastructure*	170,774	33,710	5.07
Other businesses**	2,472	2,062	1.20
TOTAL	199,669	37,403	5.34

(*) Includes Construction, Agua, Services and Engineering.

(**) Includes Corporación ACCIONA S. A., Wineries, and Trasmediterranea.

FIGURE 7

Evolution of the total number of training hours on OHS**EXTENSION OF THE PREVENTION COMMITMENT TO THE SUPPLY CHAIN**

One of ACCIONA's goals is to extend its culture and commitment in relation to health and safety to its entire supply chain. In this regard, the company tracks accident rates in the supply chains of its divisions. In general, there is full participation from contractors or subcontractors and suppliers in almost all prevention 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.).

Some of the initiatives relating to occupational health and safety regarding suppliers in 2017 are:

- Dissemination of health and safety information to the supply chain through the publication of newsletters and safety alerts.
- Regular business activity coordination meetings.
- Publication of business activity coordination compliance reports with economic repercussions for suppliers in cases of non-compliance.
- Preventive training in specific emergency protocols.

TABLE 24

Evolution of accident indicators for contractors

	SEVERITY RATE ¹				FREQUENCY RATE ²			
	2014	2015	2016	2017	2014	2015	2016	2017
Energy	30.5	55	46.7	3.6	1.8	1.6	1.9	1.1
Infrastructure	54.9	19.7	29.5	19.2	2.7	1.7	1.9	0.9
Other businesses (*)	125.3	0	0	0	2.2	0	0	0
Corporate	5.2	0	5.8	0	0.9	0	0.4	0
TOTAL	50.4	23.4	31.2	18.1	2.5	1.7	1.9	0.9

(1) OHS - SR: (no. of days lost due to work accident/hours worked) x 200,000.

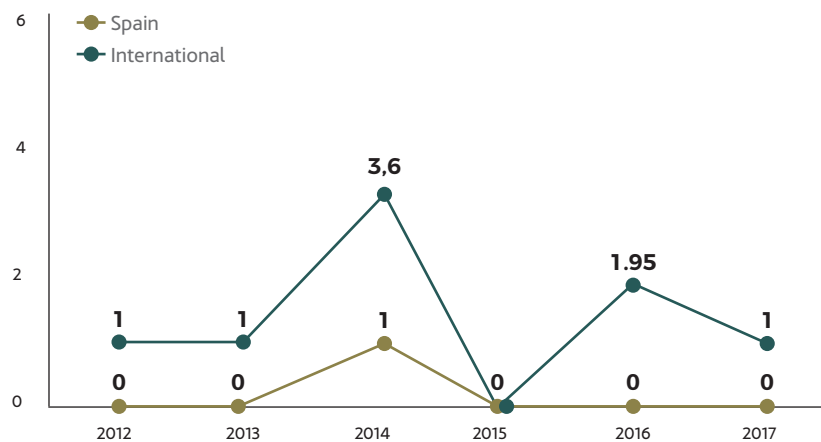
(2) OHS - FR: (no. of accidents with loss of work/hours worked) x 200,000.

* Includes Bestinver, Grupo Bodegas Palacio 1894, ACCIONA Inmobiliaria, Logistics and Transport and Trasmediterranea.

FIGURE 8

Evolution of fatal accidents involving temporary JV (% participation) and contractor workers

(Spain and international)



In 2017, the fatal accident happened in Ecuador (Infrastructure)

SUPPLY CHAIN TRAINING AND COMMUNICATION

The Emergency Plan defined by ACCIONA in its work centres establishes occupational health and safety prevention actions involving both company employees and contractor and supplier personnel. Specifically, it involves theoretical and practical emergency and first-aid training actions.

The company provides OHS training and informational materials through its supplier communication channel. Not only does this improve the health and safety of the supply chain, but it also facilitates responses to self-assessment questionnaires, specifically those on safe and healthy workplaces, labour legislation, documented occupational risk management, etc.

Similarly, the company continues to disseminate good practices through the publication of four bilingual (Spanish and English) editions of the Quarterly OHS Bulletin for suppliers of all its divisions. In 2017, which saw the publication of the 22nd edition, the Bulletin was sent to more than 50,000 supplier email addresses (more than 18,000 single-source) and more than 3,000 ACCIONA employees. The Bulletin's international circulation, as well as the number of people receiving OHS tips, experiences and lessons learned, increases year by year. In 2017, suppliers were notified of various health and safety improvement plans related to their certification processes²⁴ in order to help them correct, prevent and/or mitigate their exposure to risk and improve their incidence rates.

THE EMERGENCY
PLAN HELPS
PREVENT
OCCUPATIONAL
RISKS
THROUGH BOTH
THEORETICAL
AND PRACTICAL
TRAINING

(24) See the Value Chain chapter for more information about the supplier certification process.

VALUE CHAIN

RESPONSIBLE AND QUALITY MANAGEMENT

ACCIONA aims to prevent, mitigate and manage risks in its supply chain, and guarantees the quality and safety of its products and services.



HIGHLIGHTS IN 2017

- Consolidation of the Risk Map with 66 % total growth. There has been a 35 % increase in critical suppliers, which shows that PROCUR-e has established as a reliable mechanism by which to manage risk in the supply chain.
- Implementation and consolidation of No Go Policies, minimums that in the case of breach prevent contracting, accomplishing the objective of 0 % orders placed with No Go suppliers by the procurement department.
- As part of the supplier development, ACCIONA has designed and made available to suppliers, a new course entitled "Sustainability applied to your business", taking a more practical approach for suppliers that brings sustainability to small businesses.
- The global index of satisfied customers is 99.8 %, 3% higher than in 2016.
- 91 % of the Group's sales are certified ISO 9001 and 88 % ISO 14001 certified.
- Development of 56 improvement groups, 44 % more than in 2016, with the direct involvement of more than 400 employees.

MAIN CHALLENGES FOR 2018

- ▶ Increase the implementation of PROCUR-e, particularly internationally, and the development of sustainability courses by suppliers.
- ▶ Expand upon and investigate risk management and analysis, to reflect the new Supply Chain variable and strengthen the contract clauses with suppliers and direct subcontractors.
- ▶ Implement improvements to No Go Policies, in respect of economic solvency and the legal documents.
- ▶ Implement management models for processes developed in 2017 in Construction, ACCIONA Inmobiliaria and Services; and to update the Water Processes Map, according to the international PMI (Project Management Institute) standard.
- ▶ Create a system for assessing the excellence of projects and assets in use in ACCIONA Energy.
- ▶ Improve customer segmentation in ACCIONA Inmobiliaria through the CRM and creation of a customer area on the website.

THE ACCIONA SUPPLY CHAIN

In ACCIONA, the guidelines and management strategy adopted in the supply chain are established by the Procurement Coordination Committee, made up of the ACCIONA Infrastructure, ACCIONA Energy and ACCIONA Corporation Procurement Directors.

The Procurement Standard and related procedures, together with their implementation in the main ERPs, the planning applications, PROCUR-e (supplier portal and group bidding tool) and the various reporting tools are the main instruments by which to bring together, support and control the procurement function.

Throughout 2017, the company made purchases from more than 19,500 suppliers, thereby reaching a volume exceeding EUR 3,900 million, 26 % more than the previous year.

Table 1.

Supplier breakdown per division in 2017

Business line	Total no.	% total	No. Spain	No. rest
Energy	3,023	15	1,671	1,352
Infrastructure				
Construction	8,948	46	2,940	6,008
Concessions	1,042	5	165	877
Infrastructure maintenance	665	3	665	0
Water	644	3	567	77
Services	2,401	12	2,095	306
Industrial	833	4	260	573
Other businesses*	1,996	10	1,746	250
Total	19,552	100	10,109	9,443

*Includes Bodegas, Corporate, ACCIONA Inmobiliaria and Trasmediterranea.

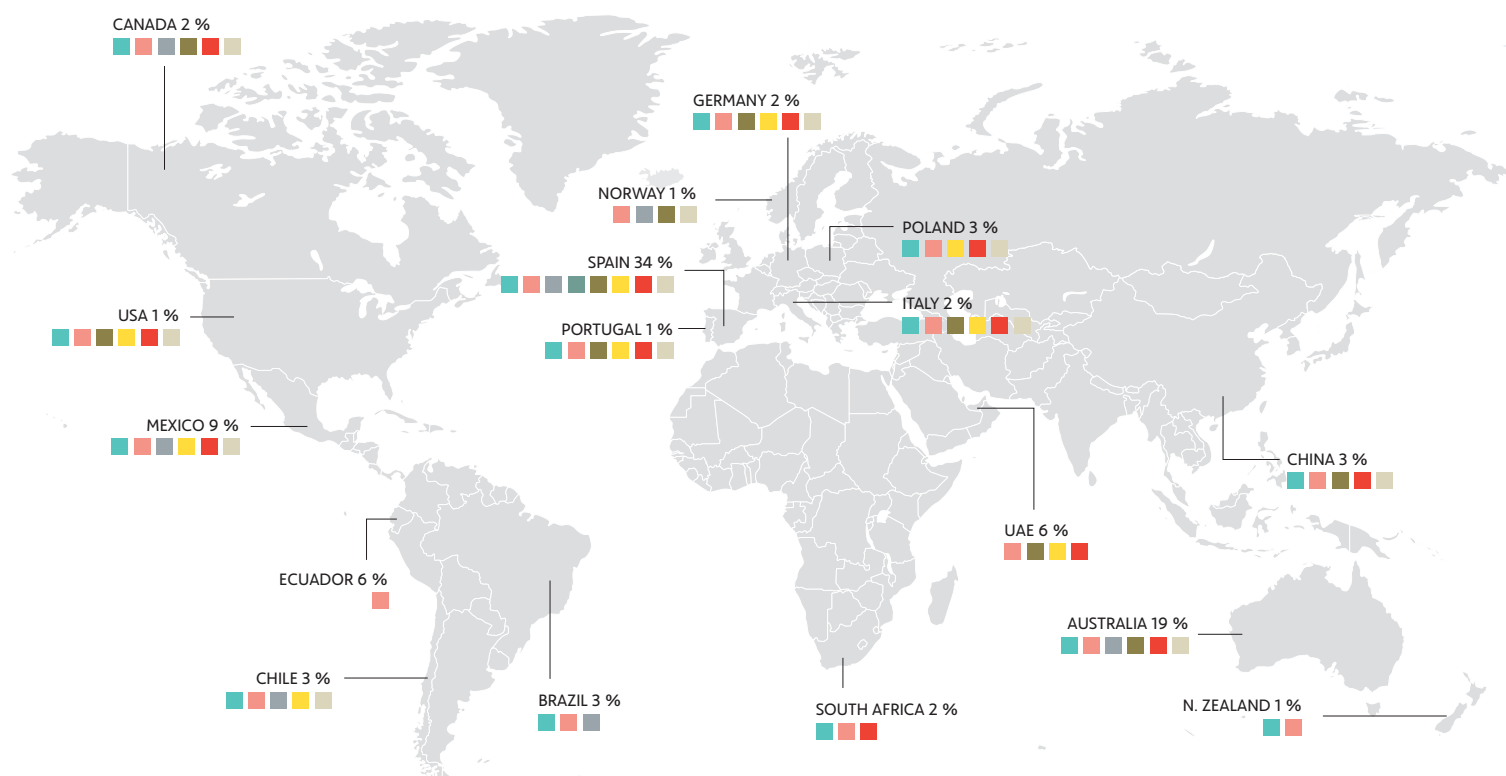
THE ASSOCIATION
OF PROCUREMENT,
CONTRACTING
AND SUPPLY
PROFESSIONALS
GAVE RECOGNITION
TO PROCUR-E,
NAMING IT BEST
PROJECT IN
SPAIN IN THE
AREA OF THE
TRANSFORMATION
OF THE
PROCUREMENT
FUNCTION

GEOGRAPHICAL DISTRIBUTION OF PROCUREMENT

Approximately 80 % of the volume of purchases for 2017 come from seven countries, including Spain, Australia, Mexico, the United Arab Emirates, Ecuador, Chile and China. There is a notable increase in Australian suppliers, due to the greater presence of ACCIONA in this country.

FIGURE 1.

Origin of ACCIONA group supplies



Percentages for the volume of purchases in 2017 through orders to suppliers including group companies according to their countries.

Energy Construction Concessions Maint. Water Services Industrial Other business

NB: the countries of origin are shown that exceed 1 % of total procurement.

CRITICAL SUPPLIERS

As in previous years, the level of criticality of ACCIONA's suppliers and contractors is established by their economic risk, in other words, any supplier with an annual business relationship representing more than 100,000 is considered critical. Additionally, any suppliers whose characteristics, origin or unique nature entail a risk for the company, are also considered critical.

In accordance with the foregoing criteria, as was the case in 2016, in 2017, 17 % of ACCIONA suppliers were considered critical suppliers.

Table 2.

Critical suppliers by division in 2017

Business line	Total no.	No. critical	% total
Energy	3,023	480	16
Infrastructure			
Construction	8,948	2,048	23
Concessions	1,042	67	6
Infrastructure maintenance	665	14	2
Water	644	101	16
Services	2,401	139	6
Industrial	833	213	26
Other businesses*	1,996	242	12
ACCIONA Total	19,552	3,304	17

* Includes Bodegas, Corporate, ACCIONA Inmobiliaria and Trasmediterranea

LOCAL SUPPLIERS

ACCIONA continues to strengthen its relations with suppliers based in the countries in which it operates, fostering the local development of these communities. In doing so, it also reduces the operative risk by securing shorter lead times for products and the provision of services.

In 2017, 94 % of active ACCIONA suppliers were local suppliers²⁵, totalled 18,387, 8 % more than the previous year. In 2018, a study was carried out on the possibility of improving local procurement through the “KM-0” analysis project.

Table 3.

Local suppliers by division in 2017

Business line	Total no.	No. local	% total
Energy	3,023	2,854	94
Infrastructure			
Construction	8,948	8,408	94
Concessions	1,042	992	95
Infrastructure maintenance	665	665	100
Water	644	590	92
Services	2,401	2,345	98
Industrial	833	710	85
Other businesses*	1,996	1,823	91
Total	19,552	18,387	94

* Includes Bodegas, Corporate, ACCIONA Inmobiliaria and Trasmediterranea.

(25) These are those in which the country where the supplier is located coincides with the country where the company or Temporary Joint Venture of ACCIONA has carried out its business.

RESPONSIBLE MANAGEMENT OF THE ACCIONA SUPPLY CHAIN

For another year, the company has continued to work on bringing sustainability closer to the whole of the supply chain, without losing sight of the global and technological transformation.

- The objectives and commitments to supply chain management are: to know risks, their scope and criticality; to know what the exposure to risk is (both operational and social); to launch initiatives that help mitigate the risk and, where appropriate, to draw up corrective plans and improvements to attenuate or even eliminate it.
- The supply chain Risk Map and the Supplier Certification and Evaluation Procedure are the two major levers that, together with the Self-declaration of Responsibility for company Suppliers, the Ethical Standards, the audits, evaluations and No Go Policies, respond to the ACCIONA responsible management of the supply chain model.
- The development and implementation of policies guaranteeing these commitments in ACCIONA are included in the No Go Policies. Breach of the minimums set out in these policies means that no contracts can be stipulated with ACCIONA until the relevant causes are remedied.

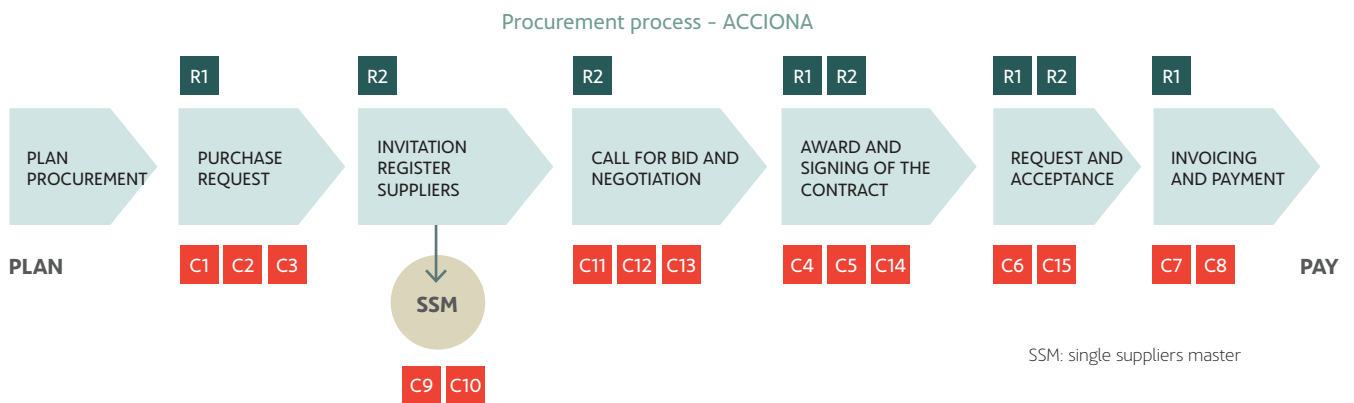
RISKS AND CONTROLS IN THE SUPPLY CHAIN

ACCIONA continues to optimise the process governing the company's Procurement Function. Together with the Internal Audit Department, new risks have been clarified, updated and identified that may impact the supply chain. ACCIONA has identified two types of risks associated with procurement processes:

- Operational risks: linked to business earnings or that infringe the ACCIONA Procurement Standard. For example, the making of unauthorised purchases or those that had not been budgeted for, contracting of orders by persons outside the Procurement Department and non-compliance with the group procurement policy.
- Compliance, sustainability, environmental and social risks: linked to poor practices in matters of corporate responsibility and sustainability, such as the environmental impact, the violation of human rights or the lack of transparency and ethics in procurement processes.

For both risk types, ACCIONA has developed preventive control mechanisms that help mitigate problems in the future.

Figure 2.

Risks and controls throughout the procurement process**CORPORATE PROCUREMENT STANDARD****R1. Operational risks**

- C1. Budget controls.
- C2. Request with maximum amount per type of procurement.
- C3. Choice of material with framework agreement.
- C4. Joint approval of the Proposed Award by Procurement and the requesting unit.
- C5. The compulsory contract clauses previously revised by the Legal Department.
- C6. Segregation of duties in the creation and acceptance of the request.
- C7. Invoice associated with the request with the compulsory acceptance number.
- C8. The information given on the invoice must coincide with that of the order and acceptance.

R2. Compliance, Sustainability, Environmental and Social Risks

- C9. Self-declaration of responsibility for suppliers.
- C10. Synchronisation of the supplier in the Single Master of the ACCIONA group.
- C11. General contracting conditions.
- C12. Complete ACCIONA registration for the sending of offers through PROCUR-e.
- C13. Calculation of the Risk Map v2.0.
- C14. Supplier certification, if applicable.
- C15. Assessment of the order/Contract by the requesting unit

SUPPLY CHAIN RISK MAP

The ACCIONA Risk Map, a tool for controlling the supply chain that allows for risk management, supports decision-making criteria for procurement and the identification of potential areas for improvement in suppliers. It is an essential mechanism by which to transmit the ACCIONA criteria and policies regarding corporate liability and sustainability to the whole of the supply chain.

Every day, PROCUR-e updates all the information of the risk map, combining information contributed by suppliers in their questionnaires with direct integration with external systems and ACCIONA's internal information. The risk map is known prior to contracting and helps ensure that ESG criteria are an important part of the supplier selection process. The 10 variables comprising the risk map are: Supplier Integrity, Supplier Country Risk, Corporate Responsibility and Sustainability, Economic Solvency, Economic Dependence, OHS Activity Risk, Environmental/CO₂ Risk, Legal Documentation Status, ISOs Status and Supplier Assessment.

MITIGATION CONTROLS

In 2017, progress continued in the development of mitigation controls for cases of variables for which a significant risk to the company has been detected, specifically:

- Integrity risk: carrying out due diligence on suppliers, in collaboration with the Compliance Management.
- Country risk: 56 % increase in the number of corporate audits on suppliers to verify, amongst other factors, compliance with the ten Global Compact principles.
- CR and Sustainability risk: new supplier training course hinged mainly on measures that can be adopted by a company of any size, to improve its performance.
- OHS risk: in liaison with the OHS departments of the businesses. Launch of Voluntary Improvement Plans for adherence by suppliers with an incidence rate that exceeds the risk level accepted by ACCIONA.
- Environmental risk: in collaboration with the Environmental Departments of the businesses, the businesses that have been charged with environmental sanctions are analysed.

PROCUR-e Risk Map v2.0

The PROCUR-e Risk Map v2.0 in 2017 numbers 16,712 suppliers, 66 % more than in 2016, resulting in analysis of 55 % of the risk of all contracts, thereby generating an increase in its scope. By the same token, 5,956 suppliers are international, 102 % more than in 2016, highlighting the globalisation strategy of the risk management model in the company's supply chain. Suppliers must have a risk map if they wish to submit a bid on PROCUR-e, meaning that the number grows significantly from year to year.

This is mainly due to the supplier development works (training, improvement plans, enhanced due diligence, audits, etc.), which cause them to gain a better positioning with respect to ACCIONA's standards. In 2017, 93 % of suppliers have a medium/low risk level.

Table 4.

Distribution of risk on the Risk Map in PROCUR-e v2.0

	2015	2016	2017
No. suppliers	2,457	10,056	16,712
Low risk	51 %	49 %	67 %
Medium risk	33 %	37 %	26 %
High risk	16 %	14 %	7 %

PROCUR-e Critical Supplier Risk Map v2.0

The PROCUR-e Risk Map v2.0 for critical suppliers numbers 1,778 suppliers in 2017, showing a 35 % increase compared to the previous year. The contracting of these suppliers accounts for:

- 51 % of total group contracts.
- 55 % of contracts with critical suppliers.
- 69 % of contracts with critical suppliers of own works (works that ACCIONA is responsible for managing).

91 % of critical suppliers are medium to low risk.

FIGURE 3
PROCUR-e Critical Supplier Risk Map v2.0

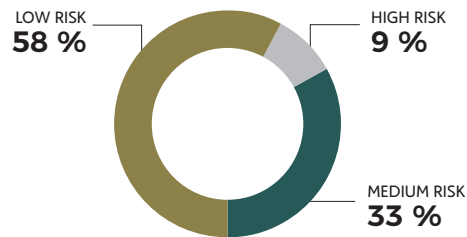
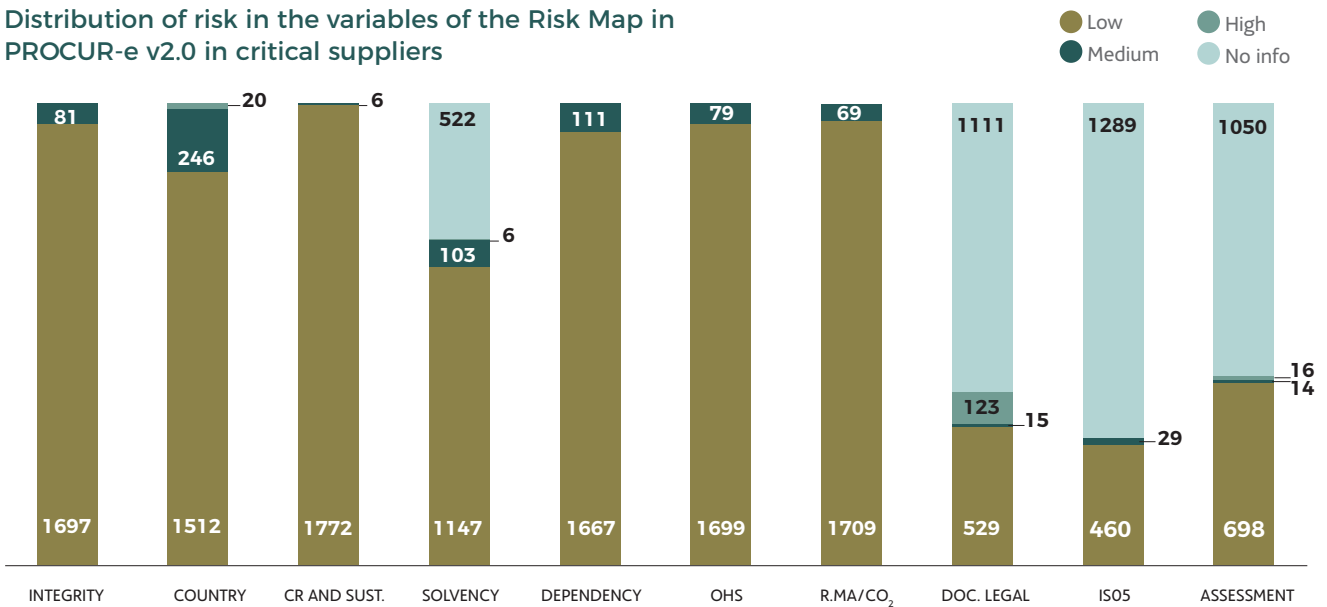


FIGURE 4.
Distribution of risk in the variables of the Risk Map in PROCUR-e v2.0 in critical suppliers



NB: the four variables that show suppliers without information contain data from external systems. The series of values shown in light green corresponds to information not reported by said systems

After analysing critical suppliers, the following conclusions are drawn:

- In 2017, no supplier was contracted for more than EUR 100,000 with the integrity variable classed as high risk, as this is included in the No Go Policies and there are only two options: not to contract the company in question or to carry out reinforced due diligence (RDD), which mitigates the risk level of this company.
- The country risk level has been reduced, thanks to the increase in international audits verifying compliance with international standards.
- Improvement in the CR and Sustainability variable, mainly due to training aimed at training suppliers with the worst performance in this area.

Risk Map v3.0

In 2017, ACCIONA worked on the study of the variables and nature of the risk, which may have a negative impact on the group interests and values. Therefore, at end 2017, the new version of the PROCUR-e Risk Map v3.0 was defined, to be implemented in 2018 with the main goal of aligning high risk with No Go Policies.

In doing so, it is easier to distinguish between the companies that do not comply with ACCIONA standards and that cannot, therefore, work with any group companies until they settle their deviations. This also ensures efforts are focussed on the development of suppliers towards higher risk business relations or directly preventing them from occurring.

NO GO POLICIES

No Go suppliers are suppliers that do not meet the minimum requirements laid down in the Policies. These suppliers cannot be contracted by the group until they solve the shortcomings that put them in this position.

The No Go Policies include the following:

- Supplier with significant risk of ethics and integrity, as it is sanctioned on international lists or shows serious indicators of corruption, fraud or money laundering.
- Critical suppliers in high-risk countries without audit or with audit but with one or more Serious Non-Compliances that have not been remedied.
- Proven non-compliance with the United Nations Global Compact.
- Economic solvency risk.
- Social security or revenue agency debts.
- Companies penalised by the performance assessment on previous works with ACCIONA or serious shortcomings detected in audit and not remedied.

FOCUS ON THE CR AND SUSTAINABILITY VARIABLE

The CR and Sustainability questionnaire helps prepare part of the Risk Map, analysing the supplier's commitment to transparency and ethics, human rights and social action, health and safety and quality and the environment.

In 2017, this variable underwent a change in criterion to bring it into line with the No Go Policies, identifying as high risk all companies revealing a demonstrated non-compliance with the United Nations Global Compact. Only two suppliers were identified whose work practices did not comply with International Standards: one solved its shortcomings in 2017 and the second has ceased working with ACCIONA, forming part of the group of No Go suppliers.

In 2017, 23,548 questionnaires were sent out to suppliers, accounting for 58 % of the year's contracts, obtaining the CR and Sustainability rating for 16,712 companies. The number of suppliers with this rating has increased by 66 %. Internationally, in 2015 there were 458 questionnaires, 2,937 in 2016, and this year, the figure of 5,956 was achieved, 102 % more than the previous year.

The average rating obtained by these companies is 50.47 (A-), distributed as follows:

Table 5.

Supplier scoring on the CR and Sustainability variable in 2017

Scoring on the variable CR and Sustainability	No. of suppliers in 2017
B-	329
B	5,349
A-	6,376
A	3,481
A+	1,177
TOTAL	16,712

Through this variable, the supplier is also assessed in terms of human rights. ACCIONA is aware that it needs to monitor and ensure respect of human rights across the supply chain, not only of direct suppliers, but also those on all other levels.

Within PROCUR-e, there are elements that help identify and manage due compliance in this respect:

- Maplecroft indexes. Through these indexes, countries are identified in which these rights are most vulnerable.
- CR and sustainability questionnaire. Suppliers answer questions on international standards.

- And, lastly, to manage the risk, there is also the audit process, in which correct compliance is verified and checked.

In the same way, the PROCUR-e questionnaire reflects the control of ACCIONA suppliers over their suppliers. Of the 16,712 suppliers with a Risk Map, 5,745 (34 %) confirm that they carry out audits on compliance with regulations and international standards, on their suppliers. It is again seen that this percentage grows in companies with the highest turnover.

FOCUS ON THE VARIABLE INTEGRITY

Maintaining relations with upstanding suppliers is one of ACCIONA's objectives. To achieve it, the Integrity variable is analysed, defined by the company as "the supplier's positioning in terms of money laundering, tax havens, corruption disputes, inclusion on international sanction lists, etc."

In 2017, through specific analysis tools, a due diligence process was carried out on 5,947 suppliers (a 50 % increase on 2016), which means that 49 % of total group contracts were analysed. Once analysed, suppliers continue to be monitored and followed-up on a daily basis.

Of the 24 suppliers identified as having significant risk in 2017 in the Integrity variable, 12 have remedied the situation through reinforced due diligence (RDD)²⁶, as set out in the ACCIONA Anti-Corruption Standards and the Guide to the Interpretation of Integrity. The data provided by the supplier in this respect is analysed and measured jointly with the Compliance Management.

The other 12 did not have any contracts after the failure and are currently in a No Go situation.

The integrity study was also carried out on shareholders or third parties, on the same basis as for suppliers. Through this process, at close of 2017, 177 shareholders, collaborators or agents had been analysed and continued to be monitored.

CORPORATE PROCEDURE FOR SUPPLIER CERTIFICATION AND EVALUATION

The ACCIONA certification process is a complete, objective process whereby a full analysis is performed of the supplier in a process seeking to continuously minimise risks.

In 2017, a new edition of the procedure was approved, to bring it into line with the No Go Policies and the supplier integrity study, amongst others. At the end of the year, 3,850 suppliers had been certified: 1,238 were for the first time, 2,120 had current certification, 372 were recertified and 129 lost certification due to expiry of validity and not having requested certification in 2017.

(26) More information on reinforced due diligence is available in the chapter on "Corporate Governance".

SUPPLIER MANAGEMENT CONTROLS

The supply chain controls are established by levels of criticality, where they become more in-depth as the risks increase: economic, country, business and CR and sustainability. These levels are:

1. Level one: the supplier must accept the ACCIONA group self-declaration document. This includes the Code of Conduct, the Ethical Principles for Suppliers and minimum levels as regards integrity, the environment and quality. This requirement is necessary and essential to access the Supplier Portal.
2. Level two: in order to submit bids in PROCUR-e, the following are necessary: fill in the self-assessment questionnaire on the platform, so that the company is included on the Risk Map and monitored daily.
3. Level three: suppliers that have been awarded a cumulative total of more than EUR 100,000 (considered as critical suppliers) require an additional control, which is reflected in the approval process.
4. Level four: focus on critical suppliers from risk countries or with specific or recurring contracts. For this group, corporate audits and regulatory compliance audits are carried out by an external agent, who performs an *in situ* assessment with the ACCIONA group Audit Protocol.

CERTIFICATION AND IMPROVEMENT PLANS

The improvement plans seek to make the most of the opportunity of pursuing the business development of the supplier, and reducing the supply chain risk. ACCIONA applies these plans as a result of the supplier certification process, mainly in occupational health and safety and environmental protection.

In 2017, 41 suppliers requesting certification were analysed as having high risk in OHS. The analyses resulted in the conclusion that there were no significant risks in 12 of them. The rest adhered to an Improvement Plan proposed by ACCIONA.

In 2017, no environmental risk was detected in suppliers requesting certification, hence no improvement plan was developed outside those established in audits.



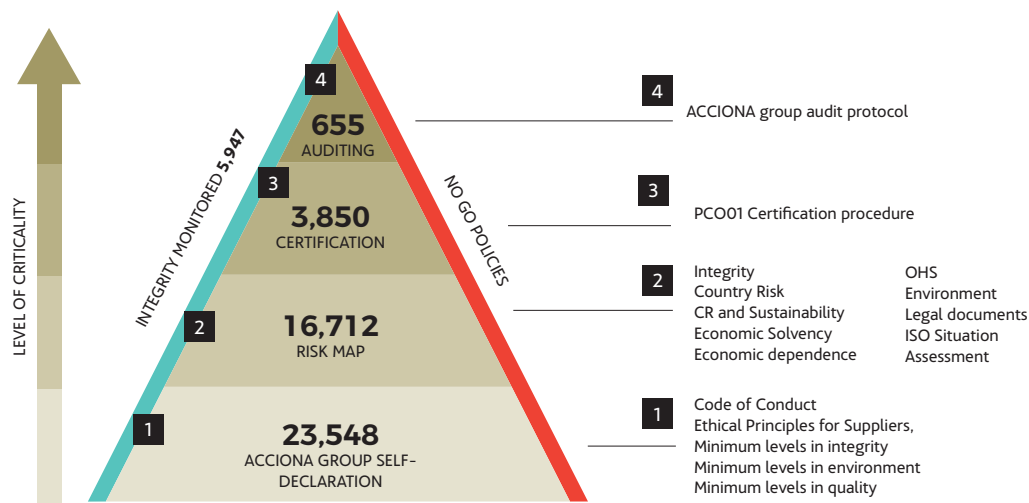
MORE INFORMATION

see example of health and safety improvement plan for suppliers in the chapter on "ACCIONA Infrastructure's Commitment"

SUPPLIER PERFORMANCE ASSESSMENT

ACCIONA assesses the supplier's performance to check that the requirements met initially continue throughout the business relationship. In 2017, supplier assessments continued in accordance with the criteria relating to time frames, occupational risk prevention, quality, the environment, compliance with administrative obligations and technical capacity. The result: more than 6,800 assessments of orders placed with more than 3,100 suppliers. 93 % of these assessments were type A or B (supplier highly recommended or recommended). This data and percentages are very similar to those of 2016.

Figure 6.

Level of criticality supply chain controls**ENVIRONMENTAL, LABOUR AND SOCIAL ASSESSMENT OF SUPPLIERS AND AUDITS**

The PROCUR-e Risk Map involves the assessment of 16,712 companies for ESG matters: Environment, Social and Human Rights; Ethics, Integrity and Governance; and other matters supporting the buyer's decision, such as performance assessment or economic solvency.

CERTIFICATIONS

ACCIONA positively values suppliers that are Quality, Environment and OHS-certified according to the main internationally recognised standards, ISO 9001, ISO 14001 and OHSAS 18001 respectively. Audits and verifications are also run on suppliers to verify the business practices and that certificates are up-to-date.

Of the 16,712 suppliers fully registered with PROCUR-e, the percentage of suppliers declaring that they have one of these key certificates are:

Table 6.

Suppliers with quality, environmental and OHS certificates, by division

	ISO 9001 (Quality)	ISO 14001 (Environment)	OHSAS 18001 (OHS)
Energy	42	24	31
Infrastructure	44	27	39
Construction	45	29	40
Concessions	39	39	22
Water	48	24	37
Services	38	24	39
Industrial	58	32	40
Trasmediterranea	53	37	47
Other businesses*	41	22	35
Corporate	36	21	36

Note: % obtained on fully registered suppliers in PROCUR-e (16,712), and their statements regarding their possession of different certifications.

* Includes Bodegas, ACCIONA Inmobiliaria and Trasmediterranea.

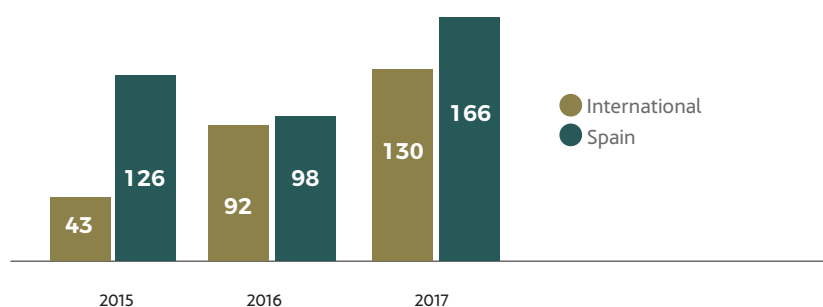
2017 AUDIT PLAN AND VERIFICATION OF QUESTIONNAIRES

Audits are one of the key tools by which to verify compliance with sustainability commitments in the supply chain, generating shared value and allowing measures to be implemented that can have a positive impact on society.

External Audits

During the last three years, the evolution of audits has been considerable, as a result of the application of the business procedures and the ACCIONA commitment in the knowledge and improvement of the supply chain, with 655 suppliers with audits (validity is for 3 years) at the end of the year.

FIGURE 7.

Evolution of supplier audits

Throughout 2017, 296 audits were carried out on suppliers, making for a 56 % increase compared to the previous year. They were carried out by auditing firms operating globally and with local auditors possessing the necessary country-specific know-how.

At ACCIONA, as seen in the certification procedure, there are two types of audits:

1. Certification audits: carried out on critical suppliers. The level of criticality may stem from a risk country or risk detected in CR; it is essential to overcome this process in order to be certified. In 2017, 47 audits were organised on suppliers from risk countries. 88.46 % of critical suppliers of own works in the risk country, are audited.
2. Monitoring audits: these are carried out on suppliers of interest to the group, either due to recurrence, levels of criticality, specialisation, etc. In 2017, 249 audits were carried out in countries not considered at risk.

Internal Audits

Additionally, in 2017, there were 74 *in situ* visits to suppliers for the Quality departments' own staff, mainly in the Energy and Construction businesses. The aim is to ensure that they meet the requirements established by ACCIONA, particularly with regard to product quality, the manufacturing process or the service provided. In the last 3 years, a total of 381 supplier visits were made.

Questionnaire verifications

The truthfulness of the supplier information registered in PROCUR-e is checked using third party document management tools that validate and monitor the information. Of the 16,712 suppliers with risk maps, these tools are used to check information on: 2,366 suppliers by Repro/Achilles and 3,205 suppliers by Obralia/Gestiona, platforms that are used by the group's different businesses.

MONITOR COMPLIANCE WITH THE GENERAL DISABILITY ACT

PROCUR-e monitors compliance with the General Disability Act (LGD as per its Spanish acronym) for Spanish suppliers. Of the 10,756 with complete registration, 97 % declared that they complied with the act or were in possession of a certificate of excellence.

RESOLUTION OF MAJOR OR SERIOUS NON-CONFORMITIES

Suppliers with Serious Non-Conformities detected in an audit are assigned time frames within which to remedy them. Once these time frames have come to an end, the supplier is assigned to No Go status.

80.6 % of suppliers audited in 2016 solved their Serious Non-Conformities, thereby showing a greater commitment on their part.

Of the suppliers audited in 2017:

- 46 % had no Serious Non-Conformities.
- the remaining 54 % implemented various action plans.
 - More than 55 % fully or partially solved their shortcomings.
 - 42 % of No Go suppliers (35/84) had been classified as such for failing to solve their Serious Non-Conformities within the time frames assigned. 23 % of these have now done so, after taking suitable steps.

Of the critical suppliers audited in risk countries:

- 25 % had no Serious Non-Conformities.
- the remaining 75 % implemented various action plans.
 - More than 50 % fully or partially solved their shortcomings.

74 % of the SNCs continue to arise in the Health and Safety, and Quality and Environment sections, hence the aim is to continue to work with the suppliers to improve development in these areas.

The company is aware that insisting on resolving these shortcomings is the right approach helping its suppliers with the continuous improvement of their processes and management and the mitigation of supply chain risks. Working with better suppliers improves the company's performance and generates shared value.

ETHICS FOR SUPPLIERS, CONTRACTORS AND PARTNERS

ACCIONA views the dissemination of the Company's ethical principles to its supply chain as a priority for alignment with its suppliers, ensuring the sustainability of its businesses in the different countries in which it operates and seeking to strike a balance between economic results, personal growth and development and respect for human rights and the environment.

The challenge of transferring sustainability is achieved through transparency and communication. In 2017, ACCIONA made more than 340,000 communications to suppliers, conveying the essence of these principles, by means of the acceptance of the Self-declaration of Responsibility for Suppliers document, orders, contracts, tender bases, bulletins and training courses.

The Self-declaration of Responsibility for Suppliers of the ACCIONA group continues to be one of the mechanisms used to prevent, mitigate and spread awareness of the ACCIONA sustainability policies and the gateway for becoming a supplier. This includes the Ten Global Compact Principles, the Ethical Principles for Suppliers, the Code of Conduct and ACCIONA's minimum levels as regards of Integrity, Quality and the Environment. Any supplier that does not accept it, may not work with ACCIONA.

The ethical principles and ACCIONA's commitment to the Global Compact also form part of the group's ethical clauses. The inclusion of these clauses pursues the termination of contracts with suppliers whose activity does not incorporate corporate responsibility and sustainability criteria in line with ACCIONA standards. In 2017, more than 159,000 requests and contracts included these clauses (93 % of orders placed with suppliers, the 7 point difference mainly relates to projects awarded in temporary JVs and international projects).

SUPPLIER TRAINING AND COMMUNICATION

The Suppliers Campus of ACCIONA's Corporate University is integrated into PROCUR-e, and is available free of charge to all suppliers. In 2017, four training campaigns were launched.

Additionally, a new course has been developed for suppliers called "Sustainability applied to your business"; this was designed by ACCIONA in collaboration with the Spanish Global Compact Network to bring sustainability to small and medium suppliers, with a focus that is mainly practical and in line with the ACCIONA CR and Sustainability questionnaire.

A new version of the "Code of Conduct" course has also been made available to all suppliers in PROCUR-e, conveying ACCIONA's ethical values and the behavioural challenges for all stakeholders.

The 1,492 companies contracted in 2017 and their 1,923 employees, were involved in the following courses:

Table 7.

Evolution of supplier training

Course delivered	2015		2016		2017	
	No. suppliers	No. people	No. suppliers	No. people	No. suppliers	No. people
Code of Conduct	131	379	120	181	393	476
CR and sustainability in the supply chain	139	408	134	209	299	394
Basic concepts, management and international OHS standards	134	402	149	227	380	480
Equality and the prevention of discrimination	114	326	142	213	222	302
Dissability awareness	110	307	136	202	198	271
Total	628	1,822	681	1,032	1,492	1,923



MORE INFORMATION
see the chapter on "People"

As an integral part of supplier training, ACCIONA has 20 questionnaire assistance sheets, available in both Spanish and English and this year, also in Portuguese.

In terms of communication on OHS matters, ACCIONA continues to distribute a quarterly Supplier Bulletin.

COMMUNICATIONS CHANNELS WITH SUPPLIERS

Throughout 2017, communications continued with suppliers through the already mature channels in ACCIONA: compraresponsable@acciona.com, boletinproveedores@acciona.com, proveedores@acciona.es and procure.help@acciona.com. Suppliers can also rely on the ethical channel to report any irregular practice, which ACCIONA will then review.

OTHER INITIATIVES WITH SUPPLIERS**SUPPLIER SATISFACTION SURVEY**

This year, ACCIONA implemented the "Supplier satisfaction survey" in which 1,009 Spanish and international suppliers took part by providing their answers. One of the main goals was to understand the importance that the ACCIONA supply chain assigns to sustainability. In this sense, supplier self-assessment was very high, with integrity (working honestly to prevent corruption) and health and occupational safety standing out in particular.

As part of this initiative, ACCIONA contributed to a solidarity project to help to combat hunger in Africa, with a donation for every questionnaire completed. Additionally, the Spanish suppliers completing the questionnaire were also entered into a prize draw for 10 free memberships of the Global Compact. In 2018, ACCIONA will be working with them on a joint project with the Global Compact to bring sustainability to small businesses, making it credible and achievable.



MORE INFORMATION
in the section on "Humanitarian aid"
of the "Society" chapter

INTEGRATION OF ESG PRINCIPLES INTO THE PROCUREMENT PROCESS

In order to identify sustainable procurement, ACCIONA has developed the "Sustainable Procurement Guide". Since 2016, the indicators for its identification have been implemented, both in PROCUR-e and in the main management systems. In 2018, this guide will be revised in order to attempt to adapt it to the new sustainability requirements.

Find below some examples of how the sustainability criteria have been incorporated into procurement and contracting management, and the different actions carried out by the main divisions in this regard.

Renewable energy

In 2017, 525 GWh of energy from renewable sources was consumed. Moreover, 1,208 supply points consumed 100 % renewable energy, as compared with 1,165 in 2016.

This commitment to using renewable sources, in addition to the action taken in terms of adjustments made to power and improved contracting and management of electricity meters, resulted in total savings of EUR 1,139,000.

Eco-efficient vehicle fleet

The operative fleet in 2017 was made up of 473 vehicles, of which 141 are low emission vehicles, i.e., emitting less than 120 g CO₂/km, which implies lower fuel consumption.

99.7 % of the fleet has EURO5 and EURO6 engines, 3.4 % are hybrid powered vehicles with EURO6 engines (a total of 15 vehicles) and 0.7 % are electric vehicles (a total of 3 vehicles), resulting in lower CO₂ emissions, and a reduction in NOx and particulate emissions.

Sustainable mobility

Corporate car sharing pilot project: shared electric mobility for business travel. ACCIONA has pursued the implementation of a pilot project with electric vehicles using car sharing technology, thereby offering an efficient solution to timely needs for corporate mobility in work travel. Key figures from March to November: 800 hours of use, 7000 km travelled, 750 kg CO₂ avoided.

Sustainable wood

In 2017, 307.01 tonnes of wood consumed by ACCIONA Construction was certified. ACCIONA S. A., ACCIONA Energy and ACCIONA Service include a clause applicable to all wood-derivative orders and contracts in their ERP: "The Customer shall ask the Supplier for the forest products chain of custody certificate (FSC, PEFC, or similar) for all wooden elements that are the subject of this request."

Hiring of Special Employment Centres

In 2017, contracts were stipulated with 23 Special Employment Centres. The aim of this practice is to promote the inclusion of people with disabilities into the workplace. Hiring throughout 2017 totalled EUR 3,038,106.50, a 25 % increase over the previous year. ACCIONA mainly uses these companies to supply work clothing, laundry services, safety materials, travel agencies, printing and vending machines, amongst others. Of the various group companies, Trasmediterranea stands out once again, increasing its contracts in the SEC on last year by 66 % and in EROM by 47 %.

LEED certified steel

In ACCIONA Construction, in the project in the region of Talca (Chile), priority was given to the procurement of steel bars with LEED certification, to certifiers associated with Gerdau: Gerdau is the local steelworks that fosters local employment and development and which manufactures steel using electric furnaces and scrap by way of raw material, with the LEED certificates that bear it out.

ACCIONA'S EXCELLENT MANAGEMENT

The company has chosen to focus its business activities on sustainability and technical excellence, which, coupled with the demands it must meet to remain competitive on a globalised market - with qualified, knowledgeable users and customers - means that the quality of its products and services and the efficiency of its operations, are key to the strategy. This strategy takes tangible form through: maximum commitment by Senior Management, including quality in the management of the processes and the existence of quality teams with a cross-cutting view, which play an active part in continuous improvement. This approach is primarily structured around the Sustainability Master Plan, which sets out goals for improvement, acknowledging the key part that employees play in the company's improvement.

ACCIONA has a Corporate Quality Policy for the whole group, approved by the Board of Directors' Sustainability Committee. Additionally, each business has its own Quality Policy - approved by the top business manager - as part of its quality management systems.

In all businesses, there is a quality manager with responsibility for, amongst other matters, maintaining the corresponding quality management system. By the same token, the corporate department plays a coordinating, supervisory and supportive role with the businesses and leads the development of the company's Regulatory System, which was revised in 2017, together with the General Area of Compliance, to adapt it to the company's current situation. The main aim is to ensure that it is homogeneous and effective, and that it is disseminated to employees to raise their awareness to it.

In this regard, ACCIONA has delivered 176,000 hours of training and awareness-raising in processes and quality, more than 10 times the number of hours delivered the previous year.

QUALITY IN ACCIONA'S OPERATIONS

Certified management systems

All divisions of ACCIONA in Spain and internationally have certified management systems compliant with some of the most important international references on quality, the environment and safety of customers and users: ISO 9001, ISO 14001, ISO 50001, ISO 22000, SA 8000, ISO 27001, ISO 39001, FSCC, EMAS, IFS etc. ACCIONA aims to ensure organisational commitment to continuous improvement of processes and activities, guaranteeing the competence of its staff to conduct the work assigned and the economic and technical organisational capacity to carry them out in each of the countries it operates.

In 2017, 91 % of group sales were ISO 9001-certified and 88 % of sales were ISO 14001-certified. Moreover, the company's activities which are certified ISO 9001 and ISO 14001 include 100 % of the certifiable installed MW, 100 % of the marketing and sale of renewable energy with guaranteed origin accredited by CNMV and 100 % of the construction business in various countries - Spain, Chile, Mexico, Canada, Poland, Australia, etc..

Improvement tools

The audits, both of customers and certification entities in relation to ACCIONA management systems, constitute one of the main tools that the company relies on in order to identify opportunities for improvement.

In 2017, 585 internal audits were carried out in ACCIONA, 6 % more than in 2016 and 259 external audits were received, for the main standards implemented and certified. All businesses have managed to certify or renew, after passing the external audit, the certifications of the different management systems implemented.

ACCIONA received 186 client audits, 14 % more than in 2016. ACCIONA Services accounts for 54 % of all audits received from customers in 2017.

Improvement groups and lessons learned

In 2017, 56 improvement groups operated in ACCIONA, 44 % more than the previous year, with the direct involvement of more than 400 employees grouped into multidisciplinary teams, to identify and implement innovative solutions, as well as to establish mechanisms that allow for the management of the risks associated with the various businesses. These groups worked in very different areas, from wind production to Quality, Environment and Safety Improvement Programme of Engineering and Construction, both of ACCIONA Energy; the improvement in the Trasmediterranea customer experience, the stakeholder satisfaction surveys run by ACCIONA Services or the improvement of processes in ACCIONA Agua.



MORE INFORMATION
in the chapters "ACCIONA Energy's commitment" "ACCIONA Infrastructure's commitment" and "Other business' commitment"



MORE INFORMATION
in the chapters "ACCIONA
Energy's commitment" "ACCIONA
Infrastructure's commitment" and
"Other business' commitment"

Lessons learned and best practices are tools that ACCIONA uses to document and share the knowledge gained with experience, and to make it available for the benefit of the entire company. Once approved, they are disseminated to employees in various ways and used as incoming elements to improve the processes with which they are related. In 2017, a total of 221 lessons learned and best practices were identified.



MORE INFORMATION
in the section for customers, products
and services of the "Company profile"
chapter

ACCIONA'S COMMITMENT TO ITS CUSTOMERS

Meeting the needs and expectations of its customers and users is ACCIONA's main objective. The company's different businesses mean that it has various different types of customers, primarily consisting of large customers from the public sector and private sector, such as private companies (business to business - B2B) and financial investors, amongst others. Notwithstanding this, in several of its companies, such as ACCIONA Agua, ACCIONA Services, Grupo Bodegas Palacio 1894, Trasmediterranea and ACCIONA Inmobiliaria, the company has business-to-customer consumers or clients.

Customer relationship and communication

Given the diversity of customers that ACCIONA has, the communication channels are very diverse, pursuing greater accessibility and agility in its dialogue with the customers and other company stakeholders. The following stand out:

- **Personal managers:** all ACCIONA companies that execute projects, designate contract managers who are available to the customer throughout their relations with the company.
- **Meetings with customers:** identify their needs and expectations in connection with the product or service provided and the degree of satisfaction.
- **Websites:** ACCIONA Green Energy, Trasmediterranea, Grupo Bodegas Palacio 1894, ACCIONA Concessions, ACCIONA Agua and ACCIONA Services, amongst others, have specific sections for consulting information and providing services online.
- **IT applications:** improve the customer experience, by allowing customers to submit complaints and claims or as a means by which to inform them of the measurement of results of certain services.
- **Physical customer service points and dealing directly with customers:** all companies that manage large construction projects, operations or concessions, hold regular meetings with their customers since the contract is signed through to its completion. Customer service offices are also set up for the ACCIONA Agua services, property developments, handling services in airports, winery stores or shipping stations in Trasmediterranea.
- **Call centres and telephone lines:** attend to customer needs 24 hours a day in various company businesses, such as ACCIONA Green Energy or ACCIONA Airport Services.
- **Online services offered to customers:** various companies offer their customers



MORE INFORMATION
in the "Stakeholder relations" section
of the "Society" chapter

online services: virtual office or management services, information exchange platforms, online consumption and invoice consultations or forecast prices in ACCIONA Green Energy, sales channels, like the Grupo Bodegas Palacio 1894 online store, or on-line chat and a “click to call” button on the Trasmediterranea website to request immediate contact by telephone.

- Publications and signs: like the Trasmediterranea digital signs system, which launches real time promotions in any ship. It is also an interactive platform where passengers can find the information they need.

Customer satisfaction

Customer satisfaction is one of the most important aspects by which to measure ACCIONA's performance and facilitate the planning of specific actions aimed at improving customer experience with the company. This is why the measurement of customer satisfaction is one of the main aspects included in the Corporate Quality Policy and each year, concrete targets are set in the planning of each business, to improve the worst-rated aspects. In 2017 the following methods were used:

- Satisfaction surveys: is the method most used. Most of these are in digital format, in some cases accessible by tablet or smartphone by means of a QR code. In 2017, ACCIONA received 59,164 surveys, 665 % more than the previous years.
- Interviews: over the telephone or in person.
- “Happy or not” devices: Trasmediterranea passengers were able to assess the service using these electronic devices (755,881 responses received in six months).

Considering the diversity of the products and services offered by ACCIONA, the aspects contemplated in the measurement of customer satisfaction are very diverse: from the evaluation of time frames and human resources in ACCIONA Energy or ACCIONA Construction projects, through to commercial management, meter readings or billing in Green Energy, or Services where aspects like availability or incident resolution are assessed. In Bodegas, customers assess the product characteristics, customer service, logistics management and brand.



MORE INFORMATION

on communications channels
in the chapters “ACCIONA
Energy's commitment” ACCIONA
Infrastructure's commitment” and
“Other business' commitment”

Customer participation in satisfaction surveys:

Using these tools, each year the ACCIONA divisions measure the satisfaction of their customers. In 2017, a total of 59,164 surveys were received and the result was 99.8 % satisfied customers. The increase is mainly due to the improvement in the results obtained by Energy and Services.

Table 8.

Evolution of satisfied customers

	2015	2016	2017
Satisfied customers	98 %	97 %	99.8 %

Customer complaints and claims service

ACCIONA acts with due diligence when it receives complaints or claims from its customers:

1. It has specific procedures in all divisions for managing complaints, claims and suggestions received from customers and users.
2. It enables a wide variety of accessible channels, such as: ACCIONA Agua or Green Energy customer website sections, computer software applications or specific channels in Trasmediterranea (customer voice service, teller, through the DG of Merchant Shipping or Consumption Delegations).
3. It assigns parties responsible for solving issues, who evaluate the causes. The areas or figures responsible for managing claims, complaints and suggestions vary from business to business. The Quality areas coordinate the opening of non-conformities ensuing and their monitoring, although each claim is managed by the relevant area responsible. Trasmediterranea associates complaints with the account of each passenger in the CRM and the Quality and Customer Experience areas handle them.
4. Feedback to customers and users on the handling and resolution of complaints and their closure when conformity has been obtained in respect of the claim.
5. Registers and measures, each year, the number of claims received.
6. Obtains the degree of resolution of claims closed/pending to define action plans where necessary.

With respect to the total number of business to business claims, a drop of 14 % is noted compared to the previous year, which shows the success of the efforts made by ACCIONA as regards customer satisfaction.

Table 9.

Evolution of business to business claims

	2015	2016	2017
No. of claims	349	1,219	1,043

The average of B2B claims closed in a satisfactory manner came to 95 %, 8 % more than in 2016. The time taken to solve them is not comparable for the different ACCIONA businesses. This is due to the fact that the claims differ in terms of the nature of each business, technical complexity, the type of cause and influence of external factors, amongst others.

Table 10.

Evolution of business to customer claims

	2015	2016	2017
No. of claims per 1,000 customers	6	17.3	13.7

B2C claims dropped by 21 % with regard to 2016.

The company has no history of fines or sanctions for breach of laws or regulations on social and economic matters. Nor are the products, projects and services provided by ACCIONA prohibited on any of the markets on which it operates.

Loyalty, recommendation and comparison with competitors

The majority of ACCIONA's businesses also measure customer satisfaction through three additional evaluations:

1. The degree of recommendation or specifications obtained from the assessment that customers make when asked "Would you recommend ACCIONA to other companies?" based on the NPS (Net Promoter Score²⁷) indicator, which measures the difference between the percentage of detractor customers and the percentage of promoters.
2. The degree of loyalty in establishing lasting relations over time, by asking customers a direct question: "Likelihood of working with ACCIONA again".
3. The comparison of the company with respect to its competitors, measured through a comparative scale based on type: better, same, worse.



MORE INFORMATION
in the chapters "ACCIONA Energy's commitment" "ACCIONA Infrastructure's commitment" and "Other business' commitment"

CUSTOMER HEALTH AND SAFETY

One of the principles of the ACCIONA Quality Policy is to monitor the health and safety of its customers and users. Additionally, each of the safety management systems implemented in the company has a policy setting out the principles and commitments applicable, having been approved by the senior management and made available to the parties concerned.

100 % of the products and significant activities of ACCIONA undergo assessments of their impact on the health and safety of customers and users, identifying, where necessary, any need for improvements.

(27) The NPS index can range between -100 (all customers are detractors) and 100 (all promoters). An NPS higher than 0 is perceived as good and an NPS of 50 is excellent.

ACCIONA carries out various actions to guarantee the safety of its products and services:

- Information to customers for safe use of its products and services.
- Product quality controls and analysis of critical points.
- Continuous monitoring of facilities.
- Regulatory inspections and compliance with applicable law.
- Safety Management Systems: the development of the activities according to international benchmark standards established for each sector. 14 % of ACCIONA's turnover comes under the umbrella of one of these certified systems:
 - Road safety: implemented and certified in accordance with ISO 39001 on two motorways managed by ACCIONA Concessions.
 - Railroad transport safety: of ACCIONA Rail Services, audited by the Spanish Railway Safety Agency. Adjustments have been made to the new railway traffic regulation, including improvements to the communication and transfer processes.
 - Airport security: At its Palma de Mallorca and Frankfurt branch, ACCIONA Airport Services has the ISAGO (Safety Audit of Ground Operations) certificate, in accordance with the International Air Transport Association regulations.
 - Food safety: ACCIONA Facility Services and Bodegas are ISO 22000 certified for food safety management. Bodegas also has FSCC 22000 for the management of food safety risks in the supply chain. In 2017, ACCIONA Logistics obtained IFS Logística certification in two centres.
 - Safety in the trade and carriage of dangerous goods: ACCIONA Forwarding is certified by the Spanish National Safety Plan as a Known Dispatcher for air cargo, issued by the Spanish National Aviation Safety Agency (Agencia Estatal de Seguridad Aérea).
 - Safety in maritime transport: Trasmediterranea Safety Management System whose procedures are approved by the Directorate General of Merchant Shipping.
 - Information security: new certification of the ISO 27001 information security system, obtained by the concession company Hospital Can Misses.

Additionally, some ACCIONA products have specific product certificates, giving a further guarantee of safety. Such as, for example, the certificate CSA W47.1 (Canadian Welding Bureau) for metal structures, obtained in 2017 for Constructions in Chile, Peru and Ecuador.

In 2017, the company received penalties in 0.2 % of the menus served by the catering service of Hospital Can Misses (ACCIONA Concessions), for breach of voluntary codes and standards relating to safety in products and services. These breaches were caused by a change in the supplier providing this service, and the established corrective measures were the assessment of the supplier and the weekly monitoring of the service provided.

This year, the company formulated its Personal Data Protection Policy, recognising privacy as a right of customers. Through this, it assumes responsibility for making every effort to safeguard the integrity of the customer data obtained during their commercial relations with the company.

In 2017, the company had no evidence that there had been claims for breach of legal regulations or voluntary codes regarding privacy and loss of customer data.

Labelling of products and services

The company carries out the appropriate communication actions aimed at informing its customers for the safe use of its products and services by means of labelling products, providing user manuals, equipment and project documents, contractual requirements, etc.

The only product supplied by ACCIONA that requires specific information on the label, according to current applicable legislation, is the wines of Grupo Bodegas Palacio 1894. To this end, 100 % of bottles include information on the origin of the components (varieties, harvests, origin), safe use (allergens, sulphites) and form of disposal (information is given on the bottles about the possibility of recycling the packaging). Moreover, the data sheets for each product, providing detailed information, are available for download from the company website.

Although electricity and water are products that cannot be labelled, all energy marketed by ACCIONA Green Energy has a certificate issued by the National Markets and Competition Commission (CNMC, as per its Spanish acronym), which certifies the 100 % renewable source of said energy. For its part, the water treated by ACCIONA Agua complies with the standards laid down by applicable legislation: quality of drinking, desalinated water, parameters for purified water, etc.

All projects developed by ACCIONA have all the information necessary in the as-built report delivered to customers. These projects are fulfilled in accordance with current legislation in each country and internationally-recognised standards for the sector in question (ASTME, British Standards, etc.).

During 2017, ACCIONA did not supply banned products or services, and is not aware, through information collection systems set up by the company, that there have been incidents, nor has it received fines or penalties related to the information and labelling of products or services, nor indeed to any technical market communications (advertising, promotion and sponsorship). ACCIONA Energy North America, which produces electricity for the wholesale electrical system in the USA and Canada, has realised that some communities are opposed to the generation of energy from renewable sources. When opposition is significant, the company will consider choosing an alternative site.

THE COMPANY HAS FORMULATED ITS PERSONAL DATA PROTECTION POLICY

INNOVATION

A TOOL FOR VALUE CREATION

Innovation as a key element for gaining competitive advantages, focused on guaranteeing sustainability and creating added value for current and future business.



HIGHLIGHTS IN 2017

- Innovation figure of EUR 209.4 million, maximum record for the company, translated into an innovation intensity ratio (2.9 %) higher than the European average (1.4 %).
- Implementation of innovative technologies that have helped enhance the efficiency of construction and water treatment processes, energy efficiency and the development of a circular economy.
- Launch of I'MNOVATION #Startups, the first corporate start-up accelerator for infrastructure and renewable energies to foster the technical capacity of the company and its R&D centres through collaboration programmes with start-ups and partners.
- Presentation of the results of the Augmented Facility Management project for the use of augmented reality and virtual reality technologies at the La Almunia WWTP (Spain).
- Successful completion of the justification for the financing provided by the European Investment Bank for the 2013-2016 annual payments.
- Savings of EUR 32 million for improvements in operational innovation processes.

MAIN CHALLENGES FOR 2018

- ▶ Maintain an innovation over sales figure that exceeds the European average, to preserve ACCIONA's innovative leadership.
- ▶ Improve ACCIONA's processes, generating savings of at least EUR 15 million.
- ▶ Receive the financing requested from the European Investment Bank to implement projects in R&D&I and Digital and Economy Transformation during the 2017-2020 period.
- ▶ Launch the intrapreneurship programme aimed at increasing participation by ACCIONA's employees in the development of innovative pilot programmes that could generate business in the short term.
- ▶ Develop and implement instant messaging virtual assistants (known as BOTs) for the Procurement department and for ACCIONA Service.
- ▶ Develop initiatives that apply blockchain technology at ACCIONA.

INNOVATION AS A TOOL FOR VALUE CREATION

As stated in its Innovation Policy, ACCIONA integrates innovation into its businesses as an essential tool for gaining competitive advantage, focused on guaranteeing sustainability and creating added value for current and future business.

The trend towards interconnection and communication between everyday objects and the Internet already exists at the company. It provides the basis for new digital designs that enable supercomputing, digitalisation of processes, big data and smart cities. This new paradigm has had a significant impact on ACCIONA, a company that designs, builds and operates infrastructures. ACCIONA has developed and applied new technologies to create value for its clients in this area.

Moreover, thanks to collaborative innovation some projects have been carried out providing clear competitive advantages for the company and demonstrating ACCIONA's commitment to advanced technologies.

ACCIONA accredited an innovation figure of EUR 209.4 million in 2017, once again achieving its highest record. This figure demonstrates the company's commitment to remaining at the forefront of technological innovation.

INNOVATION AT ACCIONA, CLASSIFIED IN WORLD RANKINGS

The efforts made in innovation have enabled ACCIONA to maintain a leading position in the main rankings. The *2017 EU Industrial R&D Investment Scoreboard*, developed by the European Commission's Economics of Industrial Research and Innovation (IRI), ranks ACCIONA as the sixth leading Spanish company and 147th in Europe in R&D&I investment efforts.

Furthermore, the *2017 Global Innovation 1000 Report*, prepared by Strategy&, PwC's strategic consultants, which lists the 1,000 companies that invest the most in R&D worldwide, ranks ACCIONA fifth among the eight Spanish companies in the ranking.

TABLE 1.

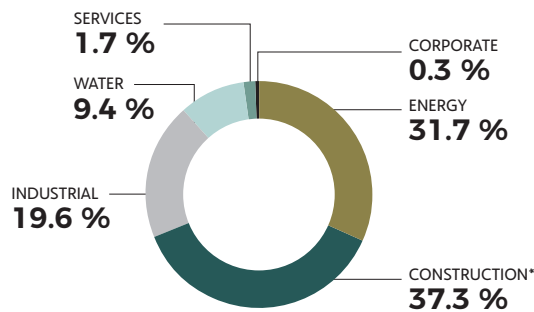
Evolution of ACCIONA's R&D&I figure

€ million

		2014	2015	2016	2017
R&D&I figure		174.9	180.4	193.9	209.4
Ranking	EU	139	144	152	147
	SPAIN	5	5	6	6
	Strategy&	447	468	*	530

* Not reported in the 2016 *Global Innovation 1000 Report*.

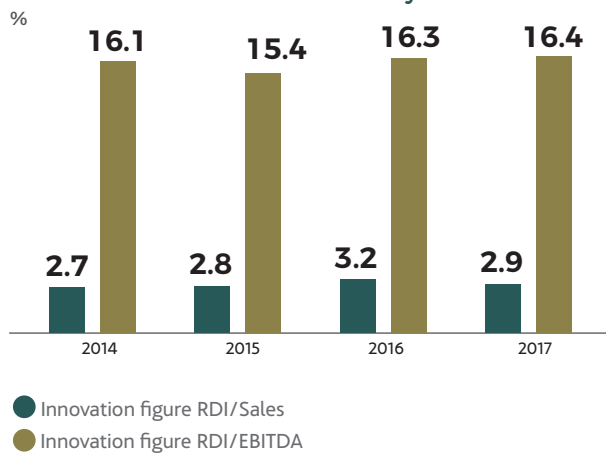
FIGURE 1.

Distribution of innovation figure by business line

* Includes Engineering

The innovation intensity ratio, defined as the innovation figure divided by the sales figure, is 2.9 % in 2017, higher than the European average of 1.4 %.

FIGURE 2.

Evolution of innovation intensity

● Innovation figure RDI/Sales
● Innovation figure RDI/EBITDA

R&D&I MANAGEMENT

ACCIONA works with documented methodologies that make it possible to structure, quantify and qualify its processes. Since 2013, when the 'Management of Innovation' Corporate Standard was approved, new procedures and instructions have been adapted and developed with the aim of aligning them with the company's strategy.

In 2017, the R&D&I Management System (SGIDi) continued to move forward under the guidelines established in UNE 166002:2014, constantly monitoring the company's activities through regular review meetings and management indicators defined on the basis of strategic, operating, follow-up and improvement processes. Through internal and external audits, the system has been optimised and improved, thus helping to adequately accomplish the goals set out in innovation by the ACCIONA Group.

ACCIONA ACCREDITED
AN INNOVATION
FIGURE OF 209 M€
IN 2017, ONCE AGAIN
ACHIEVING ITS
HIGHEST RECORD

The SGIDi activities in 2017 included drawing up new Multi-year Strategic Plans, aided by the Technological and Competitive Observatory, which created the states of arts and coherence tests of the different research lines in R&D for several divisions.

The Plans were approved by the Committee for the Analysis and Evaluation of the Contribution of R&D&I to the Business, as specified in the 'Management of Innovation' Corporate Standard.

These ongoing efforts have been rewarded in the external follow-up audit of the group performed by AENOR in 2017, overcoming the audit with zero non-conformities for the second year in a row.

TECHNOLOGICAL AND COMPETITIVE OBSERVATORY

The following lines of action taken by the Technological and Competitive Observatory in 2017 can be highlighted:

- Monitoring of ACCIONA's competitive environment, placing special emphasis on the company's strategic lines of innovation.
- Implementation of the support methods and tools for detecting trends and new business and for analysing new players and markets.
- Support in decision-making for the main business lines in terms of both business development and R&D.

Furthermore, in 2017 the Observatory launched a new tool for detecting and analysing technological trends, and the first reports have been generated. Thus, it continues to bolster its position as an internal tool for support in strategic decision-making at the company, generating strategic documents for the organisation.

ACCIONA has three technology centres in Spain with different lines of research, among which, infrastructure, renewable energies and water can be highlighted.

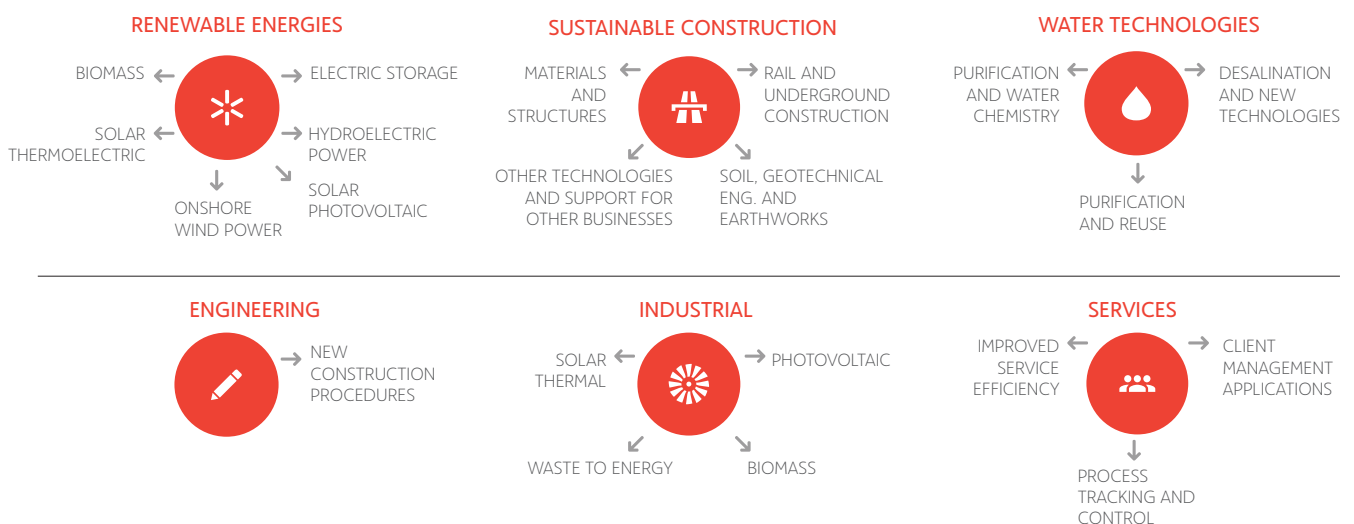


MORE INFORMATION

can be found in the "Innovation, a Factor in Development and Progress" section of the chapter entitled "ACCIONA Energy's Commitment" and in "Innovation for the Benefit of Sustainability" within the chapter on "ACCIONA Infrastructure's Commitment"

FIGURE 3.

Strategic R&D&I lines in ACCIONA's core businesses



INNOVATION IN BUSINESS AND INTERNATIONALISATION

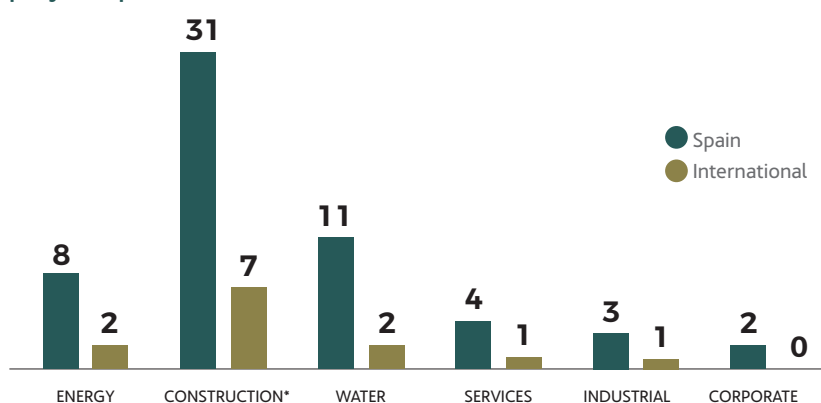
The entire ACCIONA group is involved in the creation of value through innovation to satisfy its objective of maintaining a leading position in the development of sustainable solutions for major global challenges.

With this premise, the group carries out its activities by providing innovative solutions in the development of its businesses, anticipating the needs of the clients and differentiating itself from the competition.

In 2017, 57 research projects and 72 innovation projects were carried out. Of the latter, 13 were conducted internationally, with an associated figure of EUR 165.8 million (higher than the figure from the previous year). This shows that the efforts to internationalise innovation at ACCIONA have been successful, since international innovation represents 79.2 % of the group's innovation figure.

FIGURE 4.

Geographical breakdown of innovation projects per business in 2017



* Includes Engineering (6 projects in Spain and 1 abroad).

TABLE 2.

Innovation figure evolution per country

€ million

	2015	2016	2017
Spain	97.8	55.2	43.6
Australia	0.8	3.5	11.1
Brazil	9.1	1	2.1
South Africa	10.4	25.8	-
Mexico	37.7	-	39.5
Poland	5.6	7.4	18.2
United Arab Emirates	0.3	27.1	-
Norway	9.9	28.5	13.2
Chile	-	33.3	47.3
North America	-	1.5	6.4
Canada	-	10.6	11.1
Kazakhstan	-	-	2.7
Peru	-	-	0.2
Qatar	-	-	9.4
Philippines	-	-	4.6
TOTAL	180.4	193.9	209.4

CONTINUOUS IMPROVEMENT OF PROCESSES, GREATER EFFICIENCY IN OPERATIONS

In 2017, the company managed to generate savings worth EUR 32 million, 16 % more than in 2016, by introducing enhancements in its processes, thus achieving its goal by 154 %.

2017 was the year in which the greatest amount of savings was achieved since the Sustainability Master Plan 2020 (SMP 2020) was implemented at ACCIONA in 2016.

TABLE 3.

Savings figure evolution

€ million

	2015	2016	2017
Verified Savings (€ million)	26.2	27.7	32.0
Goals reached (%)	218	138	154

SHARING INNOVATION

Through ACCIONA's new innovation platform - I'MNOVATION - the company fosters its technical capacity and that of its R&D centres through collaboration programmes with start-ups and partners, as well as through intrapreneurship initiatives.

In addition to the usual publication of ACCIONA's projects in the press and audio-visual media, innovative content continues to be published on the website known as the I'MNOVATION-HUB. This site was created in 2016 as a joint initiative by the Technology and Innovation Department and the Institutional Relations, Sustainability and Brand Department.

I'MNOVATION #STARTUPS: COLLABORATION PROGRAMME WITH START-UPS AND PARTNERS

In 2017, the first corporate start-up accelerator for infrastructure and renewable energies in Spain was launched. This is the first initiative under the I'MNOVATION programme and it aims to open the company up to external talent, thus keeping one step ahead of its direct competitors in terms of access to technology and interesting projects, and to develop intrapreneurship initiatives.

The combination of internal and external capabilities, along with the development of projects in some of the most promising areas, are an excellent starting point for generating opportunities in ACCIONA's business.

During this first year, more than 100 start-ups were assessed, leading 8 of them to be selected to work on 9 pilot projects over 3 months. Over this time, they received collaboration, mentoring and funding from ACCIONA, as well as fast-track purchasing, which hastened the launch of the pilot programme and the commercial relationship with ACCIONA.

THE SIX SKILL CENTRES
DEVELOP PROJECTS
FOCUSING ON DIGITAL
INNOVATION AND
ITS APPLICATION IN
ACCIONA'S BUSINESS

Moreover, a series of internal and external informative events were held in 2017 to show how innovation can be applied in business:

- Trade Fair for Innovative Water Management Solutions (SIGA), the final meeting of the SmartWater4Europe project, and the kick-off meeting of the LIFE-DREAMER project.
- In(3D)ustry From Needs to Solutions Trade Fair, the presentation of the I'MNOVATION platform at South Summit 2017, and the AUTODESK UNIVERSITY 2017 conference.

ADVANCED AND DIGITAL INNOVATION HUB (AADIH)

In recent years, technologies such as the Internet of Things, data science, 3D printing, artificial intelligence, virtual reality and augmented reality have become increasingly relevant at ACCIONA. As a result, through the Technology Transfer Department, the Advanced and Digital Innovation Hub (AADIH) was set up in 2017, which is structured around six skill centres and develops projects focusing on digital technologies and their application in ACCIONA's businesses.

The main functions of the AADIH are to explore and demonstrate new digital technologies, to transfer digital technologies to the businesses and to exchange knowledge and digital skills. These six skill centres are: Large-scale 3D Printing, Mixed Reality, Connected Things, Data Science, Robotics and Artificial Intelligence, Blockchain and new technologies.

The new Hub seeks to develop digital innovation capabilities and transfer them to the company's business, helping spread knowledge about these technologies and fostering the everyday use of these innovative tools throughout the company. Its aim is to become a benchmark for technology both within the company and beyond.

PROGRAM OFFICE

In addition to the creation of the AADIH, the Program Office was created with the intention of developing projects in conjunction with ACCIONA businesses. One such project is the Water and Energy Programme: based on the business needs, it helps include the circular and carbon economy through the reuse, minimisation and recovery of waste, and the minimisation of energy consumption and integration of renewable energies and storage into the infrastructure of ACCIONA's businesses.

Some of the most important achievements of the Program Office in 2017 are:

- Collaboration between Water and Energy and Industrial: launch of the Desalenergy Programme, Southeast SWRO.
- Completion of LIFE Renewatt Project: 20 % reduction in water treatment, WWTP with Renewables.
- CSR ACCIONA Colombia: Portable water purification plant with renewables in La Guajira.

One of the accomplishments of the Mixed Reality skill centre was the incorporation of virtual reality and augmented reality at the La Almunia (Spain) treatment plant as part of the Augmented Facility Management project. The goal of the project is to transform the current conditions of the WWTP, equipping the plant with the latest technology in order to improve its management, operation and maintenance processes and employee training. The tools developed in the project are considered to be highly useful for minimising errors and the time needed for performing checks, maintenance and activities at the plant, thus leading to quantifiable savings and a reduction in labour risks.

STRATEGIC PARTNERSHIPS AND ACKNOWLEDGEMENTS

ACCIONA has renewed and extended certain strategic agreements with world-renowned universities and technology centres, in particular: Consejo Superior de Investigaciones Científicas (CSIC), Centro de Investigaciones Energéticas, Medioambientales y Tecnológicas (CIEMAT), Centro Nacional de Energías Renovables (CENER), Centro de Nanociencia y Nanotecnología (CIN2), Consejo Asesor del Foro de Empresas de la Universidad Carlos III de Madrid, TECNALIA, Centro Tecnológico de Navarra de la Fundación Cetena (CEMITEC), Massachusetts Institute of Technology (MIT), Universidad Politécnica de Cantabria and Universidad Politécnica de Catalunya, among others.

It should be noted that ACCIONA is a member of the Board of Directors of the Water supply and sanitation Technology Platform (WssTP) and of the European Desalination Society (EDS).

Acknowledgements

- VOCENTO Business Award for Innovation, acknowledging the entrepreneurship initiatives under the I'MNOVATION programme.
- The SmartWater4Europe project received second prize for the best R&D&I activity within the competition for the Best Management Prize in the ACCIONA Infrastructure division.
- Sustainable Construction Awards, Castilla y León 2017, special category. A study on the treatment of acidic soil through waste recovery.
- ACCIONA Construction, finalist in the IABSE AWARDS 2017 as OUTSTANDING STRUCTURE with the Port of Valencia Lighthouse project.

ACCIONA ENERGY'S COMMITMENT

ACCIONA Energy is the largest global operator dedicated to the production of electricity exclusively from renewable sources.



ACCIONA ENERGY IN 2017

1,631
EMPLOYEES

9,022 MW
RENEWABLE INSTALLED
POWER

20,431 GWh
PRODUCED

WITH ASSETS IN **15** COUNTRIES
ON FIVE CONTINENTS

EUR 1,737 million
REVENUE

EUR 726 million
EBITDA

ACCIONA ENERGY'S SUSTAINABILITY PERFORMANCE

Below are the main aspects identified in 2017 as the most relevant to ACCIONA Energy's stakeholders. Each aspect describes the sustainability performance of the division during the year.



(1). Performance in Human Labour Rights and Ethics and Anti-corruption are described in the chapter 'Corporate governance'.

HIGHLIGHTS OF 2017 IN THE THREE DIMENSIONS

ECONOMIC

- The customer satisfaction rate is 100 %.

- 94 % of local suppliers.

- A total innovation figure of EUR 66.3 million.

SOCIAL

- Implementation of Social Impact Management in 13 projects.

- Employee severity and accident frequency rates have been reduced.

- More than 265,000 beneficiaries of the social initiatives carried out in projects.

ENVIRONMENTAL

- Production of renewable energy for the equivalent of 6 million homes.

- Avoided 14.4 million tonnes of CO₂ emissions into the atmosphere.

- 8 projects registered for Clean Development Mechanisms (CDM).

INVESTING EXCLUSIVELY IN RENEWABLE ENERGIES

FIGHT CLIMATE CHANGE WITH RENEWABLE ENERGIES

The most remarkable characteristic of ACCIONA Energy is its firm and, convinced choice to produce energy only from renewable sources. This is the basis of the business model, a fact that produces a positive impact and provides an intrinsic value in the fight against climate change.

Investment in renewable energies, thanks to its technical and economic competitiveness, contributes to reducing CO₂ emissions that cause climate change, and is presented as the best sustainable energy solution in the long term. It should be noted that ACCIONA Energy, which due to the nature of its activity is not a relevant emitter, participates in achieving the carbon neutrality objective for the whole group, offsetting 100 % of its generated emissions (48,508 t CO₂e in 2017) .

TABLE 1

Emissions avoided by country through the generation of renewable electricity in 2017

COUNTRIES WITH PROPRIETARY ASSETS	INSTALLED CAPACITY (MW)	PRODUCTION (GWh)	EMISSIONS AVOIDED (t CO ₂)
United States	785	2,236	1,506,582
Australia	303	889	777,022
Canada	181	467	334,921
Croatia	30	78	54,720
Italy	156	252	138,802
Hungary	24	53	38,723
India	164	304	285,975
Costa Rica	50	225	149,243
Chile	291	390	303,083
South Africa	232	577	615,865
Portugal	166	386	252,253
Mexico	641	1,835	1,042,420
Poland	101	210	178,017
Spain	5,901	12,529	8,682,101
TOTAL	9,022	20,431	14,359,725

ACCIONA Energy produces and sells renewable energy only, helping to displace fossil fuels in national electricity mixes. Within the framework of the 2020 Sustainability Master Plan, ACCIONA Energy committed to investing \$2,500 million in the 2016-2020 period in renewable generation to reach a total capacity of 10,500 MW in order to avoid the emission of more than 20 million tonnes of CO₂ per year. In 2017, ACCIONA reached 9,022 MW of installed capacity and avoided the emission to the atmosphere of a total of 14.4 million tonnes of CO₂.

The production of clean and emission-free energy that supplies the equivalent of some six million homes across the planet is achieved in an increasingly competitive manner, thanks to a permanent commitment to continuous improvement and innovation focused on enhancing the efficiency of its processes and the excellence of its technological solutions.

With more than 20 years of experience in the sector, it is present in the main renewable technologies, covering activities that comprise the entire value chain: development, engineering and construction; exploitation, operation and maintenance, and energy commercialisation.

REGULATORY MECHANISMS: TRADING OF CO₂ EMISSION RIGHTS

During 2017, ACCIONA Energy had five solar thermal facilities²⁸ subject to the EU emission trading scheme, the only ACCIONA centres subject to such regulations. These facilities, which, although renewable, can use natural gas to support some of their processes, such as rapid preheating, have the best techniques available to minimise their CO₂ emissions into the atmosphere.

TABLE 2

Facilities subject to European Emissions Trading System (EU ETS) in 2017

FACILITY	EMISSIONS VERIFIED IN 2017 (t CO ₂)
Termosolar Alvarado	2,243
Termosolar Palma del Rio I	333
Termosolar Palma del Rio II	383
Termosolar Majadas	2,529
Termosolar Orellana	1,028

Note: in 2017, it has not been necessary to acquire emission credits.

Moreover, ACCIONA actively participates in the development of projects associated with the fight against climate change, and supports the transfer of clean technologies through the use of flexible mechanisms, such as the Clean Development Mechanism (CDM). In 2017, ACCIONA undertook 8 CDM projects in Mexico, India, Chile and Costa Rica, for a total of almost 750 MW of renewable power installed. The company also plays a role in the voluntary carbon market through the Verified Carbon Standard (VCS) programme, with 2 wind power projects in the US with a joint capacity of 255 MW.

SAFETY AND QUALITY OF SUPPLY AS A MATTER OF CONFIDENCE WITH CUSTOMERS

Safety and quality of supply is a priority for ACCIONA Energy. Through its control, supervision and permanent operation (24 hours a day, 365 days a year), the Energy Renewable Energy Control Centre (CECOER) guarantees the maximum availability and quality of energy, in a predictable form and in compliance with the current legislation in each of the countries in which it operates.

(28) At the end of February 2018, ACCIONA reached an agreement for the sale of its five thermosolar plants in Spain to CotourGlobal plc.



Punta Palmeras wind farm. ACCIONA Energy Chile

Two plans have been implemented to manage the demand of this contract, consisting of the supply of wind power to a client:

- Internally: implementation in the wind turbines that have the 'pitch controlled' system (change of pitch angle), which generates a greater degree of control of power injections to the network, as well as better managing the reductions requested by the system coordinator.
- Externally: the park has been incorporated into the Generation Reduction/Disconnection Scheme, which has protected it from any unforeseen disconnections but it has received reduction orders.

ACCIONA ENERGY CERTIFICATES

- 100 % MW installed certified in ISO 9001 and ISO 14001^{1,2}.
- 100 % commercialisation and sale of renewable energy with guarantee of origin accredited by the National Markets and Competition Commission (CNMC, as per its Spanish acronym).

NEW DEVELOPMENTS IN 2017

- Adaptation and certification of Quality and Environment management systems in ISO 9001: 2015 and ISO 14001: 2015 in all countries, with the exception of Australia (scheduled for 2018).

Note 1: Certifiable MW is understood to be any installation in the O&M phase one year after its start-up and owned by ACCIONA Energy.

Note 2: kW Tarifa wind farm is in the repowering phase, so its MW are not counted as 'certifiable MW'. In Mexico this year, the certifications of Ventika I and Ventika II wind farms (third-party facilities) have been dispensed with.

LONG-TERM AGREEMENTS

The competitiveness of renewable technologies, the interest of companies to ensure an energy supply at a stable price over time and corporate policies against climate change have come together in a virtuous circle that makes the corporate purchase of green energy a powerful lever in the transition to the decarbonised economy.

In this sense, the company has continued to reinforce its strategy of selling renewable energy to large corporate clients that want to reduce their carbon footprint. In 2017, through the PPA (power purchase agreement) modality, ACCIONA Energy reached agreements with Google and Falabella, among others, to which it will sell long-term renewable energy, in a business segment in which it expects to register significant growth in the coming years.

ACCIONA SETS
QUANTIFIABLE
OBJECTIVES AS
PART OF ITS
COMMITMENT
TO ONGOING
IMPROVEMENT
AND CUSTOMER
SATISFACTION

RELATIONSHIP WITH THE CUSTOMER AND SERVICES AT THEIR DISPOSAL

ACCIONA Energy, through its subsidiary ACCIONA Green Energy Developments, manages the sale of energy, of 100 % renewable origin, produced by the group's facilities, as well as that of other producers of the Special Regime, who benefit from the technical capacity and group experience, adapted to the customer's needs.

ACCIONA's marketing activity also provides its customers with support and assistance that goes beyond the mere sale of electricity, in a bid to offer them the most appropriate contracting method and optimise their electricity bill. The main associated services include the consultation of the consumption history or the price forecast; downloading of invoices and information related to avoided CO₂ emissions or 24/7 telephone service. These online services are available to all customers, of whom 90 % make active use of them.

In this regard, the company has developed several initiatives focused on helping its customers improve their load factor, which are included in the offers:

- For all the contracts of the commercialisation activity, ACCIONA uses the same tariff structure, with periods of six hours, which encourage the management of the demand.
- There are agreements with large customers to grant discounts when they modify their regular demand habits within a tariff period.

Customer satisfaction and loyalty

The overall customer satisfaction rate of the division is 100 %. Some indicators to be mentioned in respect to customer satisfaction include:

- ACCIONA Green Energy: annually selects the most representative customers and holds an individual meeting with them to address the perceived quality. In 2017 it set the objective of obtaining a 7.5 (out of 10) in the average rating of its customers and it achieved a 7.75; thanks to measures such as: proactive offers to current customers, superior flexibility to the competition in offering new products, personalised advice to close variable-price products and conversion to a fixed price.
- 86 % of ACCIONA Green Energy 2016 customers renewed their contract for 2017, representing an increase compared to the previous year.
- Objectives regarding satisfaction in the countries: in Mexico, 100 % customer satisfaction was achieved, higher than the proposed target of 85 %. And in Costa Rica worked was carried out to improve customer feedback in the satisfaction survey, having achieved 100 %.

CONTINUOUS IMPROVEMENT

In 2017, ACCIONA Energy created the Business Excellence unit with the aim of improving quality and customer orientation. It also launched 20 improvement groups with the aim of identifying and implementing innovative solutions that also work on managing risks.

For all projects under construction, a system for capturing events has been implemented; these are analysed individually and can lead to lessons learned, if approved by the Improvement Committee. In 2017, more than 300 events were identified.

PROJECT FOR THE IMPROVEMENT OF WIND OPERATIONS

Developed with the objective of making a diagnosis of the business operating model and the organisational structure of the wind production area and, based on the results, producing a model proposal that allows an improvement from an organisational point of view, as well as that of processes and tools.

As a result, 10 lessons have been identified that will be implemented as good practices in 2018, in the following areas: planning, standardisation of work, material kits, stock improvement.

HEALTH AND SAFETY

At ACCIONA Energy, the main risks for health and safety derive from its two main activities, construction, and the operation of renewable energy facilities.

The business has an Integrated Management System for the entire division, with guidelines that set out the minimum health and safety requirements to be met by all its companies and countries. This system is certified in compliance with the OHSAS 18001 standard.

Within Energy there is a Health and Safety Commission, which offers support to all employees in Spain, with the equal participation of company management and employee representatives. The commitment of the division to health and safety applies to all levels and has a direct impact on the performance of employees.

Since 2015, the strategy has been strengthened in terms of the commitment and leadership of the company's management in matters of health and safety, consolidating the QESIP (Quality, Environment and Safety Improvement Plan) programme in the area of Engineering and Construction. Some of the actions highlighted within the QESIP programme are:

- 5 minutes of Safety: a daily practice at the beginning of the day in which the head of the work centre conveys a series of guidelines to be taken into account.
- Preventive observations: practice of inspection and control of safety conditions in a work centre, carried out by the command line, beyond the personnel dedicated exclusively to the OHS.
- Pre-Job Briefing: practice of planning and prior control to perform a job by the people who are going to execute it.

THE PERMANENT
CONCERN
FOR HEALTH
AND SAFETY
IS A KEY
DIFFERENTIATOR
AND AN
ESSENTIAL
REQUIREMENT
FOR EVERYDAY
ACTIVITY

THINK SAFE: INCREASING HEALTH AND SAFETY AWARENESS

The THINK SAFE programme, launched in 2017, aims to improve the preventive culture and health and safety awareness of all workers operating in an ACCIONA Energy facility.

The programme is based on the following pillars: safety is the first priority, all accidents are avoidable and safety is everyone's responsibility.

For each of these pillars, an action plan is established that includes:

- The attendance of the entire staff to awareness sessions in groups of 10 people. Videos are shown recreating a simulated accident and analyse the following concepts: presentation of the accident, initial consequences, family drama, causes and conclusion.

After the initial session, the employee receives a reminder after three months and after six months.

- The promotion of the report of near-miss accidents that contribute to the greatest number of unsafe conditions and allow the proper corrective actions to be established.
- Access by all stakeholders to 'safe practices', based on knowledge and experience. Includes the publication on the ACCIONA Energy website of short videos with good practices or Safety Alerts after an incident.

All initiatives carried out ultimately aim to reduce the division accident rates. ACCIONA Energy's own employee frequency rate has been reduced slightly compared to the previous year. It should also be noted that the severity rate has been reduced considerably. However, absenteeism has increased, from 0.07 to 0.84. Also, in 2017, regrettably there was a fatal accident at ACCIONA Energy Mexico.

TABLE 3

Evolution of accident rate indicators for ACCIONA Energy employees

	SEVERITY RATE ¹				FREQUENCY RATE ²			
	2014	2015	2016	2017	2014	2015	2016	2017
Energy	17.6	39.8	17.1	7.9	1.3	1.6	0.5	0.4

(1) OHS - SR: (No. days lost due to work accidents/hours worked) x 200,000.

(2) OHS - FR: (No. accidents with loss of work/hours worked) x 200,000.

TABLE 4

Evolution of the rate of employee absenteeism at ACCIONA Energy

	2014	2015	2016	2017
Energy	0.10	0.16	0.07	0.84

Absenteeism rate: (number of days lost due to absenteeism/number of days worked) x 100

In ACCIONA Energy, the following challenges have been defined for 2018:

- Decrease the accident frequency rate with the loss of company and subcontracted employees by 5 %, and increase the report of near-misses in the application of QSE by 5 %.
- THINK SAFE: improve the preventive culture of all employees of the company, through participation in an awareness session, reaching 100 % of the workforce in 2018 in Spain and 30 % in the international staff working in wind and photovoltaic production.
- THINK SAFE: develop actions in Operational Control. Close all Priority actions in the task forces of India and Mexico, implement the Pre-Job Briefing programme, and develop a Health and Safety Excellence Audit model.

As of the date of this report, ACCIONA Energy holds the chairmanship of the Management Committee of the Global Wind Organisation (GWO), which has developed a standard for basic security training that covers the following modules: First Aid, Load Handling, Fire Extinction, Working at Heights and Survival on the Sea. ACCIONA Energy is a member of the Safety Committee of the European Wind Association and the American Wind Energy Association.

The Energy division prepares and publishes security alerts on its website regarding incidents from which lessons have been learned that may be of interest to the sector (<http://www.accion-energy.com/sustainability-innovation/health-and-safety/>).

HEALTH AND SAFETY IN ACCIONA'S ENERGY SUPPLY CHAIN

Due to the nature of the division's activities, the commitment to health and safety extends to its supply chain.

Every supplier of ACCIONA Energy is subject to a health and safety performance assessment before being hired. If the result is poor, it is urged to carry out an audit to analyse any shortcomings and it must present an action plan that corrects them. Depending on the commitment of this action plan, the OHS department can refuse to hire this new provider.

The business requires all employees to have a minimum level of training. In addition, a company computer tool has been developed for the management and control of health and safety training needs, as well as for its implementation.

ACCIONA Energy's work safety policy establishes that the requirements to prevent risks are the same for employees who work for subcontractors. For this purpose, the business managers carry out regular and close monitoring of the accident rate of the contractors, requiring immediate measures to be taken if the performance worsens.

The accident rate indicators for Energy contractors have decreased showing the efforts made by the business in terms of prevention.

CULTURE GEARED
TOWARDS THE
EFFECTIVE
IMPLEMENTATION
OF THE
MORE STRINGENT
AND RIGOROUS
PREVENTION
MEASURES
ALWAYS UNDER
THE PERSPECTIVE
OF A 'ZERO
INCIDENTS'
TARGET

TABLE 5

Evolution of accident indicators for ACCIONA Energy contractors

	SEVERITY RATE ¹				FREQUENCY RATE ²			
	2014	2015	2016	2017	2014	2015	2016	2017
Energy	30.5	55	46.7	3.6	1.8	1.6	1.9	1.1

(1) OHS - SR: (No. days lost due to work accidents/hours worked) x 200,000.

(2) OHS - FR: (No. accidents with loss of work/hours worked) x 200,000.

**MORE INFORMATION**

on the methodology and implementation of SIM in the section "ACCIONA Social Impact Management" in the chapter 'Society'

CONTRIBUTION TO SOCIETY

ACCIONA Energy contributes to the improvement of society with its projects. The impacts generated include different dimensions: effects on people, in community life or in the generation of wealth and employment in the region.

In 2017, there are three types of actions that manage and measure these impacts through Social Impact Management, the measurement of the socioeconomic and environmental impact and the social investment associated with the projects.

SOCIAL IMPACT MANAGEMENT

ACCIONA applies its own methodology of Social Impact Management (SIM) by which it knows, from the bidding or design phase, the social risks of its projects, operations or service provision could cause in the areas of influence of its projects, with the objective of generating positive impacts and minimising the negative impacts on local communities and the environments in which it operates. In 2017, ACCIONA Energy developed social impact management in 13 wind farm projects and photovoltaic plants in 9 countries.

TABLE 6

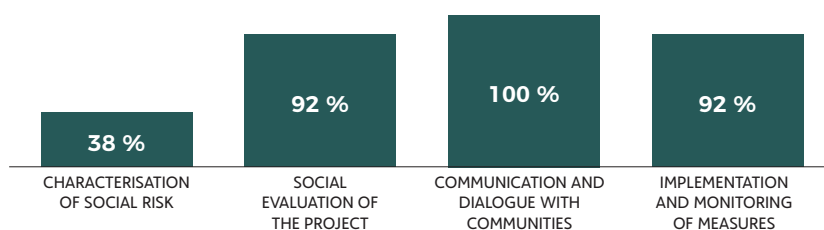
Evolution of the implementation of the SIM methodology in ACCIONA Energy

	2014	2015	2016	2017
No. of projects	2	2	18	13
No. of countries	1	2	8	9

FIGURE 1.

Status of the implementation of the phases of the Social Impact Management methodology in ACCIONA Energy

(% of total Energy projects with SIM in 2017)



In order to evaluate the degree of implementation of the SIM methodology, external audits have been carried out on two Energy projects.

MORE THAN
265,000
PEOPLE HAVE
BEEN THE
BENEFICIARY
OF SOCIAL
INITIATIVES
CARRIED
OUT IN ACCIONA
ENERGY
PROJECTS
IN 2017

In addition, as a tool for dialogue with stakeholders, ACCIONA Energy assumes the Equator Principles, where the sixth principle establishes the need to establish a Complaint Mechanism so that different stakeholders express their concerns about a specific project. ACCIONA Energy, in response to this commitment, makes a public form available to the people or groups that are considered affected, through which they can send queries and/or suggestions regarding any project promoted by the company (<http://www.accion-energy.com/sustainability-innovation/queries-or-suggestions/>).

SOCIOECONOMIC IMPACT OF THE PROJECTS

Since 2015, ACCIONA has been working to measure the socioeconomic and environmental impact that its projects produce in a given country, obtaining quantitative results of the impact of the company's activity in terms of job creation (direct, indirect and induced) and contribution to the country's GDP, in addition to other positive effects on the environment and communities.

In previous years, the socioeconomic impact of different Energy projects in Mexico has been measured (Oaxaca II, III and IV, EURUS, Ventika I, II, Ingenio wind farms), South Africa (Gouda wind farm and photovoltaic plant in Sishen) and Chile (El Romero Solar photovoltaic plant). In 2017, the main advances have been:

- New socio-economic footprint calculations for the entire life cycle of the wind farms of San Roman in the United States and Mount Gellibrand in Australia.
- Joint measurement of all Australian assets.
- Continuation of comparisons with non-renewable technologies.



MORE INFORMATION

about the methodology in the chapter on 'Society'



Mount Gellibrand wind farm (Australia)

After its entry into operation, scheduled for 2018, the Mt. Gellibrand wind farm will produce energy equivalent to the electricity consumption of some 60,000 Australian households. This project is a good example to show the implementation of two actions described in this section: Social Impact Management methodology and the calculation of the socio-economic impact of the activity.

SOCIAL IMPACT MANAGEMENT (SIM)

The wind farm develops and maintains a positive relationship with stakeholders from the earliest phases of the project. Some of the measures implemented during the construction phase are:

- Creation of the community reference group formed by neighbours, land owners and local businesses, the town hall and local contractors.
- Visits to the wind farm carried out with local school groups, land owners and media.
- Establishment of a Community Benefit Fund during the operational life of the wind farm for dissemination activities and knowledge of renewable energy in the area.

SOCIOECONOMIC IMPACT

The socioeconomic impacts of Mount Gellibrand are focused on the contribution to GDP and the generation of employment in Australia, as well as the impact on other environmental externalities, highlighting:

- Contribution to the GDP throughout its useful life (35 years): EUR 153 million.
- Creation of employment throughout its useful life (35 years): 1,352 job-years*.
- Emissions avoided: 388,625 t of CO₂ per year.
- Water saved: 729,117 m³ water per year.
- Improvement of air quality: 3,230 t of SO₂ and NO_x avoided per year.

*Job-years: full-time equivalent jobs for one year.



San Roman wind farm (USA)

The San Roman wind farm is located in Cameron County, Texas, and is the eighth ACCIONA wind farm in the United States. Its 31 wind turbines with 3 MW turbines allow it to reach a power of 93 MW. The estimated electricity production guarantees electricity supply to about 28,000 North American homes.

SOCIOECONOMIC IMPACT

- Contribution to the GDP throughout its useful life (35 years): EUR 179 million.
- Creation of employment throughout its useful life (35 years): 1,634 job-years*.
- Emissions avoided: 237,103 t of CO₂ per year.
- Water saved: 465,500 m³ water per year.
- Air quality: 1,762 t of SO₂ and NO_x avoided per year.

*Job-years: full-time equivalent jobs for one year.

SOCIAL INVESTMENT ASSOCIATED WITH THE PROJECTS

ACCIONA Energy maintains a firm commitment to the socioeconomic development of the communities in which it operates. To this end, it performs specific social initiatives in each country where it operates. Among others, in 2017 it is worth highlighting:



Bannur wind farm (India)

The facility, located in the state of Karnataka, generates an estimated annual average of 242 GWh, equivalent to the consumption of more than 224,000 Indian households. This project shows the implementation of both the SIM methodology and social initiatives.

SOCIAL IMPACT MANAGEMENT (SIM)

Based on the delimitation of the geographical area of influence of the project and the main impacts, a series of consultations were carried out to identify the stakeholders and needs of the area. These focused on the satisfaction of basic needs (water and sanitation, health and education) and infrastructure (paving of roads, markets and bus shelters).

In collaboration with the NGO Patham and its Read India project, social measures were implemented with the aim of improving the learning capacities of boys and girls. The scope of the project was 30 schools in the area of influence and approximately 1,500 boys and girls.

SOCIAL ACTION INITIATIVES

In 2017, the following initiatives were carried out, directly or indirectly benefiting more than 43,400 people:

- Sessions on social security.
- Improvements in the infrastructure of a temple in Kakamari with the construction of an arch.
- Distribution of emergency kits to schools near the park.
- Blood donation campaigns.
- Improvements in rural roads and roads adjacent to the wind farm.
- Promotion of local employment.



Las Oaxacas Complex (Mexico)

ACCIONA Energy has continued to develop social initiatives derived from the needs of the wind farm environment of Eurús, Oaxacas II, III and IV. In 2017, approximately 21,340 people benefited from different initiatives, some of which were:

- The launch of educational projects in schools (ÚNETE and Aula de Sostenibilidad [Sustainability Classroom]) and the delivery of 27 study grants.
- Improvement of the infrastructures of a school (Accionando mi Escuela [Activating my School]) and renovation of a water well for drinking water.



MORE INFORMATION

in the section 'Humanitarian aid' of the chapter 'Society'



MORE INFORMATION

in the 'Humanitarian aid' section of the 'Society' chapter

- Self-employment training with styling, embroidery and weaving workshops.
- Food aid and provision of equipment for the victims of the September 2017 earthquake, as well as other donation campaigns for the vulnerable population.



Punta Palmeras wind farm (Chile)

Located in the district of Canela, Coquimbo region, the electricity produced by the park is equivalent to the consumption of more than 60,000 Chilean homes. In 2017, more than 20,000 people benefited from different initiatives, some of which were:

- Talks about sustainability to children as well as support for cultural events in the community.
- Training course for Canela firefighters.
- Donation to the Asunción de Canela radio station of 45 photovoltaic panels with a 100 % renewable energy supply and backup system.



Sishen photovoltaic plant (South Africa)

The social initiatives carried out in the Sishen photovoltaic power plant, located in the municipality of Dibeng, have benefited more than 8,000 people, some of which were:

- Scholarships at the University of North West and scholarships for future technicians of wind farms and mining companies.
- Rehabilitation activities for students with developmental problems (Kinderkinetics Programme), special spelling and reading programme for students (Spell It Tutoring).
- 10 small businesses have been selected for a *mentoring and coaching programme*, as well as given access to financing for their start-up or improvement.



Wind farms in Poland

ACCIONA Energy is developing a series of social actions aimed at communities located in the vicinity of the Poniec, Golice, Krobia and Gostyn wind farms. Through the agreement with the municipalities, ACCIONA Energy Poland supports communities in various areas with the aim of providing updated project information, relevant documentation and establishing a communication channel between the company and the players involved. More than 19,000 people have benefited from different initiatives, some of which were:

- Scholarships for students.
- Provision of material for a local community college.
- Support for sporting events.
- Educational talks on sustainability issues such as energy, or on the operation of wind farms.

ENVIRONMENTAL IMPACT MANAGEMENT

ACCIONA Energy's environmental management is hinged on the principle of improving environmental performance. Having strong management systems and a structure of responsibilities adapted to the reality of each country in which it operates is essential in order to perform with the highest environmental management quality standards.

With this purpose, specific targets are set by the various areas to reduce the environmental impact.

PROTECTION AND CONSERVATION OF BIODIVERSITY

The Energy division has its own wildlife and flora conservation initiatives, including some examples being carried out in 2017:

- Radio tracking by satellite of the Golden Eagle in Navarra, a species classified as vulnerable. The main objective of this action was to know the species' home range and use its space to analyse its habits and thus improve its management in the region. The results have allowed the most frequented areas to be determined, as well as the birds' habitual perching and roosting areas, and to check the scope of their movement, including seasonal variations in the use of the territory.
- Biological Management Plan for Flora and Vegetation in Chile, in the construction of the interconnection line between two photovoltaic projects. The objective is the propagation of protected species in the area of influence of the project. Initially, the density of shrubs, herbaceous and cacti present in the study area was determined, establishing the specimens to be rescued and relocated, and the collection of seeds and propagation in the nursery. Both the rescued species and the plants produced in the nursery will be planted in a previously determined area.

WATER USE

At ACCIONA Energy, water needs to be collected for the production of renewable electricity via its hydraulic plants. The water collected then flows through the plant before being returned to the source without any change to its composition. To minimise possible impacts, work is carried out by applying the system of environmental flows established by the company or water administration. It is also important to mention the example below of one of the biomass plants:



Water saving in the biomass plant of Briviesca (Spain)

In 2017, ACCIONA Energy, in order to contribute to the goal of saving water in large facilities collected in the SMP 2020, successfully implemented an optimised cooling system in the Briviesca biomass plant. By installing frequency inverters in the cooling tower fans, the system allows the speed of the fans to be adjusted to the temperature and humidity requirements, which translates into a reduction in the volume of evaporated water. This improvement has allowed a saving of around 12,700 m³ of water this year.

MANAGING RISKS RELATED TO SUSTAINABILITY

ACCIONA Energy ensures the adequate management of risks in terms of sustainability through a series of activities that are part of the continuous process of risk control and management. These activities include:

General project risk management procedure

It begins at the time of evaluation of new opportunities for project development. This procedure considers the main risk scenarios in environmental, social and good governance (ESG) in more than 30 subcategories. In 2017, an initiative has been introduced to extend this process throughout the life of the asset.

Specific rating of the project's social risk

In parallel, a specific evaluation of social risks is carried out, which leads to qualification of the project based on different parameters, as a preliminary step to the design of a social action plan.

Specific analysis of environmental risks

In 2017, a thorough analysis of the environmental risks of the assets that are in operation has been carried out, which allows for validation of the adequacy of the risk management carried out, and the identification of mitigation actions. For example, the wind farm protocols aimed at reducing the impact on the flying fauna have been improved, and the determination of internal criteria for the prevention of forest fires in operating facilities has begun.

Annual risk assessment ESG

More generally, an annual assessment of ESG risks is carried out. This evaluation allows us to assess the level of exposure to the different risk scenarios (considering approximately 30 types), distinguishing the particularities of the different regions in which it operates. The methodology to carry out this process was developed in 2017 and executed for the first time in 2018.

Consolidated risk map

In 2017, the development of this new map was launched, which includes the main risks of the division, regardless of the nature and origin. This map will also cover, at a high level, those risks that affect the sustainability of our activity.

INNOVATION, A FACTOR OF DEVELOPMENT AND PROGRESS

At ACCIONA Energy, innovation is an essential cornerstone through which to maintain a leading position in an increasingly competitive sector. In this regard, the business' innovation figure in 2017 reached EUR 66.4 million. Likewise, the savings verified by operational improvements in the processes have totalled EUR 12.6 million.

TABLE 7

Evolution of the R&D&I figure by business in ACCIONA Energy (EUR millions)

	2015	2016	2017
Figure in Energy R&D&I (€M)	63	73.3	66.4

TECHNOLOGICAL CENTRE OF PAMPLONA (SPAIN): INNOVATION IN RENEWABLE ENERGIES

ACCIONA has a Technological Centre for Renewable Energies in Pamplona (Spain), where most of the research lines are developed: wind, solar, biomass, hydropower, and electrical storage. The company tests, characterises and integrates the best technologies available on the market and collaborates with different manufacturers in new products to improve the cost and reliability of the energy generated.

Of the various lines of innovation by technology, several projects of strategic relevance during 2017 stand out:

ELECTRICAL STORAGE AREA

With the aim of maximising the integration capacity of renewable energies in the electricity system, guaranteeing their quality and optimising their management, ACCIONA Energy works in two lines: storage in photovoltaic plants and storage in wind farms. In 2017, the first hybrid battery storage facility integrated into a wind farm connected to the grid in Spain was launched in Barásain.

In 2017, it is also worth mentioning the Energy Storage Project, in which two pieces of software were developed:

- ADOSA: a simulation tool that allows the storage systems to be dimensioned and optimised in integration with variable generation renewable plants, analysing the needs and requirements of each of the projects and offering customised, optimised and contrasted solutions.
- Global Energy Management Systems (GEMS): control software developed by ACCIONA Energy and integrated in CECOER (Renewable Energy Control Centre), which incorporates advanced control strategies for the management of the storage system and various operating strategies.

HYBRID WIND ENERGY STORAGE PLANT WITH BATTERIES

In Barásoain in Navarra (Spain), ACCIONA Energy has launched the first hybrid battery storage facility integrated into a wind farm connected to the grid in Spain. The company has developed and integrated into its control centre (CECOER) the control and management to be used in the plant. In this plant, the storage systems design and optimisation tool has been applied, winning the 2017 Eolo Innovation Prize, awarded by the Asociación Empresarial Eólica (Wind Business Association).

- The plant is equipped with a hybrid storage system consisting of two batteries: a fast response battery capable of maintaining 1 MW of power for 20 minutes, and another battery of slower response power and greater autonomy, capable of maintaining 0.7 MW for 1 hour.

This project has received funding from the European Regional Development Fund (ERDF), which manages the Centre for Industrial Technological Development (CDTI) in Spain within the framework of the EUREKA/EUROGIA 2020 Programme.



ON-SHORE WIND AREA

- **Focus Life Extension Project:** change of the maintenance model to a smart model based on the knowledge of the state of the wind turbines and the anticipation of the occurrence of failure. This allows the life of the wind turbines to be extended, as well as a reduction in maintenance costs.
- **Craneless Project:** optimisation of wind farm construction processes and maintenance of wind turbines. Technical-Economic solutions of Wind Turbine Construction and Maintenance systems are evaluated to be faster/more economical while allowing operation in higher wind conditions than conventional main cranes.

REMOTE CONTROL PROJECT FOR THE WIND FARMS

In the wind farms operated by ACCIONA Energy, 37 % of the incidents detected in the wind turbines required local intervention, and in the case of the Nordex-ACCIONA Windpower wind turbines, 11 % of the alarms also required local intervention for their resolution.

Through remote control of the wind farms, the following benefits, among others, have been achieved:

- Reduction of the costs of operation and maintenance of wind turbines due to a reduced need for local operational staff compared with a remote operation.
- Increase in the availability of the wind fleet due to a shorter downtime of the wind assets when remotely rearming local alarms in the absence of local personnel in the wind farm.
- Increase in power generation due to greater availability of wind turbines.
- Reduction of CO₂ emissions due to a reduced need for personnel displacement as well as reduction of personnel risk due to a reduced need for on-site presence.



SOLAR PHOTOVOLTAIC AREA

In 2017, it is important to mention the Lean Project carried out through the Engineering and Construction area in the Puerto Libertad photovoltaic plant (Mexico), with the aim of reducing costs and deadlines in the construction of new photovoltaic plants, as well as the reduction of risks and variability of processes and designs without compromising quality or safety.

In the Solar Photovoltaic area, ACCIONA Energy has continued the development of new automatic systems of operation, management and maintenance of large photovoltaic plants that allow the advanced management of these assets through advanced analysis tools and big data, automated thermography analysis systems and module cleaning methods using robots.



SOLAR THERMOELECTRIC AREA

Through the CSP-IMP project, the efficiency of the turbines of the operative solar thermoelectric plants has been improved. By optimising the design, the control system, the start-up procedures and the maintenance protocols, the steam turbine performance increases, improving the overall efficiency of the plants.

In 2017, it is worth highlighting the Risk Control and New Heat Transfer Fluids project, which aims to optimise control and eliminate environmental risk. With this initiative, ACCIONA Energy seeks to improve energy efficiency and sustainability in all its projects.



BIOMASS AREA

ACCIONA Energy continues to focus on improving the efficiency of electricity production plants that operate from the combustion of biomass waste. To this end, it focuses on the lines for improving the efficiency of combustion in boilers, optimising the useful life of equipment against corrosion, and the recovery of slag and ash produced through the combustion of different biomasses.

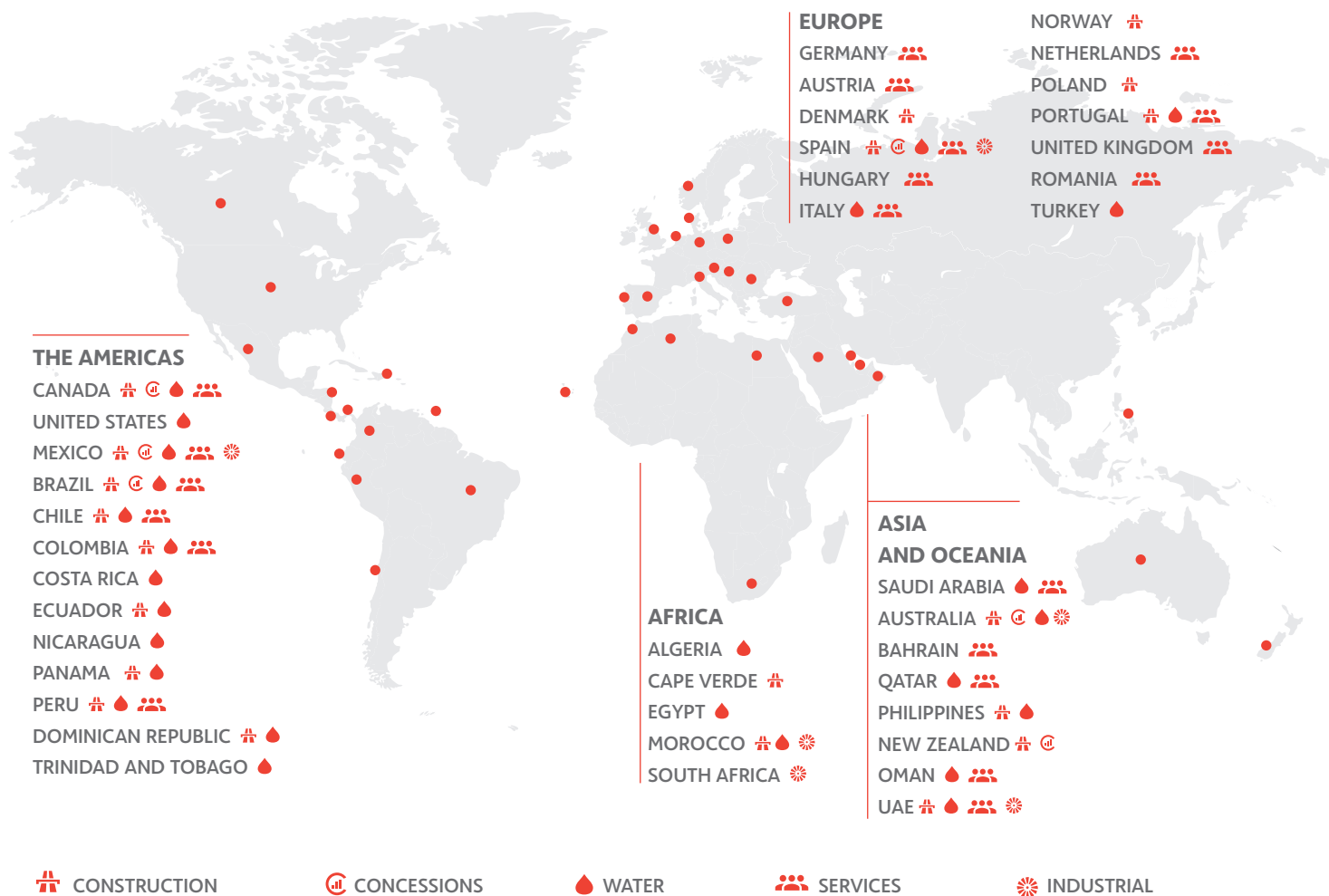


HYDROPOWER AREA

In 2017, the CANALES project continued with the development of a control system to monitor the behaviour of hydraulic elements (channels, forced tubes and pressurised tunnels) in real time in hydropower plants.

ACCIONA INFRASTRUCTURE'S COMMITMENT

ACCIONA Infrastructure has extensive experience in the development and execution of large-scale projects throughout the world. Its activities are broken down into five main business lines: Construction, Concessions, Water, Industrial and Services.



ACCIONA INFRASTRUCTURES IN 2017

33,709
EMPLOYEES

EUR 120 million
PROFIT BEFORE
TAX

EUR 5,200 million
IN NEW CONTRACTS
AWARDED

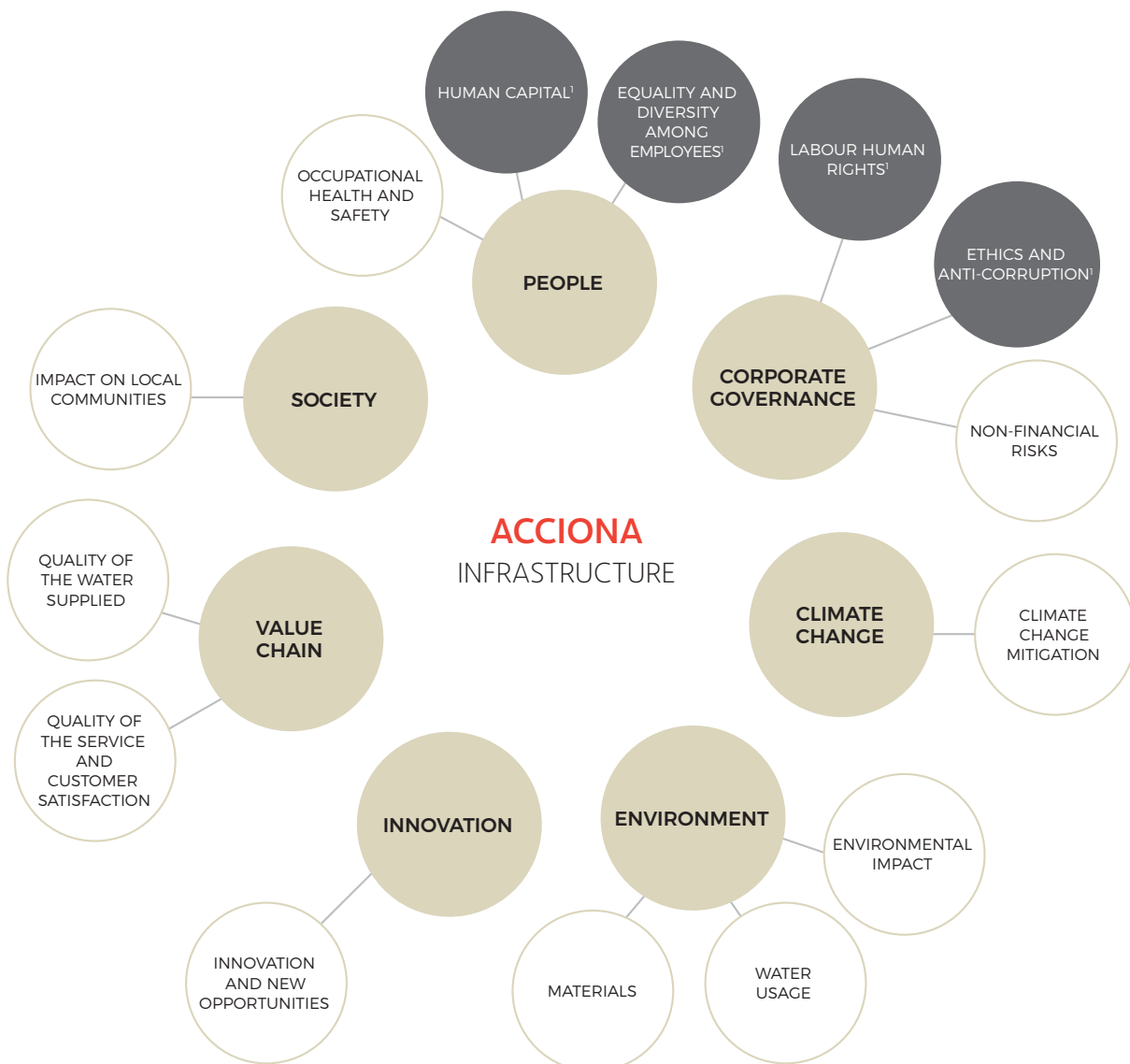
39 COUNTRIES ON FIVE
CONTINENTS

EUR 4,940 million
REVENUE

EUR 426 million
EBITDA

ACCIONA INFRASTRUCTURE SUSTAINABILITY PERFORMANCE

This chapter presents some of the main issues that were identified in 2017 as being highly relevant to ACCIONA Infrastructure's key stakeholders. In each aspect below we will describe the sustainability performance of the division in 2017.



Note 1. The performance of these aspects is described in the "People" and "Corporate Governance" chapters.

HIGHLIGHTS IN 2017 IN THE THREE DIMENSIONS

ECONOMIC

- The index of satisfied customers was 100 % for all of Infrastructure²⁹.
- 94.34 % of suppliers are locals.
- A total innovation figure of EUR 142.39 million.

SOCIAL

- Implementation of the Social Impact Management methodology in 87 projects and 30 countries
- 11 % reduction in on route or on mission accidents (road safety).
- Socioeconomic impact measured in the Metro of Quito and Kathu solar thermal plant.

ENVIRONMENTAL

- 775 hm³ of desalinated, treated and purified water.
- Over 98 % of the water treated was in 8 countries with regions under water stress.
- 100 % of emissions generated were offset (647,307 t CO₂e in 2017).

HEALTH AND SAFETY AT INFRASTRUCTURE

ACCIONA Infrastructure's health and safety management vision is grounded in the development of a Smart Prevention strategy that uses programmes, tools, technological resources and procedures available to the businesses to develop and carry out health and safety and the effective and efficient promotion of employee well-being.

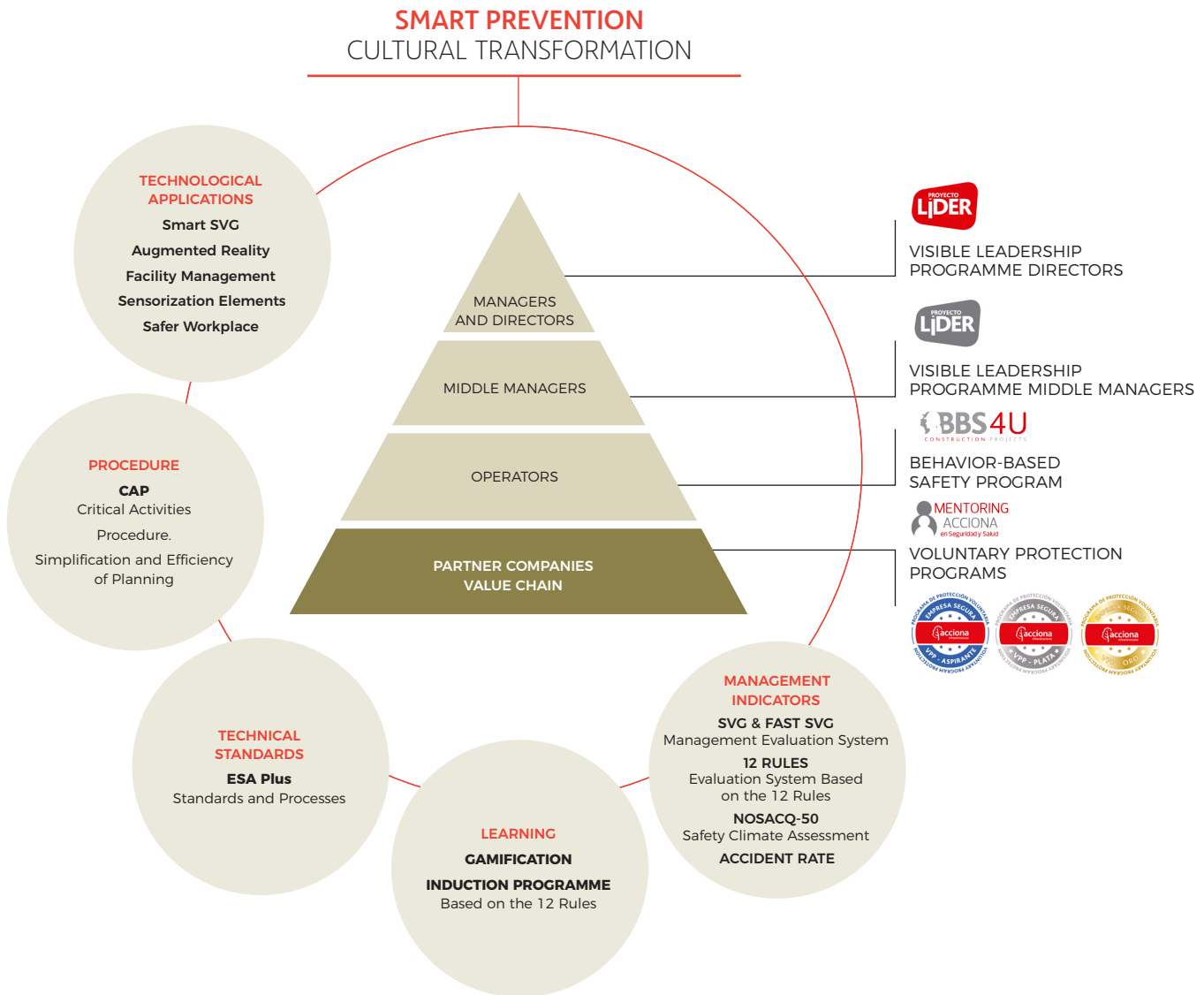
The health and safety culture is in the process of transformation through the use of programmes that reinforce employees' commitment to the current vision of the company and its stakeholders, having become one of the core values of the Cultural Transformation strategy relating to the OHS of the Infrastructure division.

ACCIONA Infrastructure's management system is global. This strategy maintains a flexible balance between the local demands and those of the customers, and generates costs savings in certifications, as the basic methodologies are standardised based on OHSAS 18001 standard processes. In 2017, and pursuant to the objectives of the Sustainability Master Plan (SMP 2020), 98.89 % of Infrastructure is certified under this standard.

Within the risk management model, reporting and response to incidents is key. The established communications channel (pri.infraestructuras@acciona.com) allows a quicker response when managing incidents.

(29) Construction only encompasses data from Spain.

FIGURE 1.

Smart prevention. Cultural transformation

With regard to training, 479,800 hours were provided in 2017, including both internal and subcontracted workers. For 2018, it is expected that the training courses will continue to be digitalised both in the area of OHS and the technical area, creating formative itineraries for each job.



Heat Shield Project: thermal stress control. ACCIONA Construction

Heat Shield is a project funded by the European Horizon 2020 programme in which ACCIONA Construction works alongside 19 institutions. This project tackles the negative effects of thermal stress on health and productivity in the workplace. Analysing the impact of the increase in temperature in certain work scenarios due to the effects of climate change on occupational health and productivity, adaptation strategies may be provided for the main industries of the EU such as construction and transport, among others.



LIDER Program. ACCIONA Infrastructure

In 2017, it continued to be rolled out with the goal of reaching 20 % of staff. The programme rests on the improvement of the conducts by modifying them, ensuring that the leaders are directly involved in the safety of employees. In 2017, the programme trained 622 executives and 199 middle managers through seminars that encourage the proper use of tools.

All initiatives carried out ultimately aim to reduce the division accident rates. The accident rate indicators for internal Infrastructure employees have increased as well as the rate of absenteeism. Sadly, in 2017 there were three fatal accidents at ACCIONA Mantenimiento de Infraestructuras S.A. (Infrastructure Maintenance), Rail Services S.A. and ACCIONA Servicios Urbanos S.L. (Urban Services), of which only one case was directly work-related.

TABLE 1.

The evolution of the accident rate indicators for ACCIONA Infrastructure employees

	SEVERITY RATE ¹				FREQUENCY RATE ²			
	2014	2015	2016	2017	2014	2015	2016	2017
Infrastructure	84.6	120.7	111.3	142.4	3.6	4.3	4.0	4.8
Construction*	61.5	38.6	64.5	53.9	2.9	1.5	1.9	1.6
Concessions**	118.7	27.9	64.2	111.9	4.2	1.7	2.3	2.7
Water	75.4	92.3	108.8	119.0	2.6	4.1	4.1	4.4
Services	91.6	156.4	126.5	194.4	4.1	5.2	4.5	6.8
Industrial	61.2	73.8	0	5	2.8	0	0	0.5

(1) OHS - SR: (no. of days lost due to work accident/hours worked) x 200,000.

(2) OHS - FR: (no. of accidents with work loss/hours worked) x 200,000

* Construction includes: AMISA and ACCIONA Engineering.

** Until 2015, Concessions was included under Construction.

TABLE 2

Evolution of the rate of absenteeism of ACCIONA Infrastructure employees

	2014	2015	2016	2017
Infrastructure	3.63	3.21	4.71	4.90
Construction	1.46	3.06	1.84	1.20
Concessions*	2.71	2.27	2.52	2.41
Water	3.19	2.80	2.22	2.51
Services	4.66	3.44	5.84	6.85
Industrial	1.01	2.31	0.24	0.32

* Until 2015, Concessions was included under Construction.

In terms of on route or on mission accidents related to road safety, there was an 11 % representative decrease during the year. Most on route accidents occurred in the Services division and in Spain.

TABLE 3.

Evolution of on route accidents for ACCIONA Infrastructure own employees

(with and without work leave)

	2014	2015	2016	2017
Infrastructure	113	79	178	158
Construction	29	28	13	9
Concessions*	7	8	4	9
Water	7	11	14	0
Services	68	29	146	140
Industrial	1	1	1	0

* Until 2015, Concessions was included under Construction.

TABLE 4.

Evolution of on mission accidents at ACCIONA Infrastructure

	2014	2015	2016	2017
Infrastructure	18	31	100	15
Construction	9	6	0	4
Concessions*	1	1	0	3
Water	8	24	62	2
Services	0	0	38	5
Industrial	0	0	0	1

* Until 2015, Concessions was included under Construction.

Reducing the number of accidents during travel is one of Infrastructure's lines of action. In road safety, various initiatives have been carried out, for example in the Water division, where training has been provided adapted to the type of job, the nature of the trips, and the intensity of use of each employee's vehicles.

HEALTH AND SAFETY IN THE INFRASTRUCTURE SUPPLY CHAIN

There is full collaboration from contractors or subcontractors and suppliers in almost all prevention activities, given that they participate in the company's normal management system procedures. The accident rate indicators for Infrastructure subcontractors have substantially improved compared to 2016.

TABLE 5.

Evolution of the accident rate indicators for ACCIONA Infrastructure contractors

	SEVERITY RATE ¹				FREQUENCY RATE ²			
	2014	2015	2016	2017	2014	2015	2016	2017
Infrastructure	54.9	19.7	29.5	19.1	2.7	1.7	1.9	0.9
Construction*	65.5	30.1	30.4	15.8	3.0	2.8	2.0	0.8
Concessions	136.3	43.2	71.4	16.9	4.7	2.8	2.8	0.7
Water	11.8	2.5	12.3	43.9	1.0	0.3	1.6	2.0
Services	65.7	53.2	0.0	1.6	4.2	2.1	0.0	0.8
Industrial	22.7	1.5	6.8	19.8	3.7	1.5	1.0	0.8

(1) OHS - SR: (no. of days lost due to work accident/hours worked) x 200,000.

(2) OHS - FR: (no. of accidents with loss of work/hours worked) x 200,000.

* Construction includes: ACCIONA Infrastructure, AMISA and ACCIONA Engineering

THE VOLUNTARY PROTECTION PROGRAMME (VPP) WAS CARRIED OUT, AIMED TO ENSURING ITS SUPPLIERS TO IMPROVE THEIR OHS STANDARDS



Voluntary Protection Programme. ACCIONA Infrastructure

In 2017, the Voluntary Protection Programme was carried out for its partner's companies, an initiative aimed at improving the quality of its occupational health and safety standards, certifying them with a seal that qualifies them as "safe companies". These seals acknowledge the correct implementation and compliance with different safety indicators, such as having an OHS policy, an emergency policy and personal protective equipment, among other elements.

The companies that are members of the programme became part of the qualified supplier database and will have access to advice, training and specialised technical support on occupational health and safety.

Throughout 2017, 39 companies became members of these programmes, 29 of which did so to reduce the risk detected in the qualification process. Prior experience with this type of programme has proven to reduce the average accident rate by 52 %. The aim is to reduce the work accident rate, improve working conditions, increase productivity and fully integrate health and safety into the company's management system.

RISK MANAGEMENT IN SUSTAINABILITY

ACCIONA Infrastructure takes into account sustainability criteria in all of its business units. Its risk management model has defined six distinct phases: 1) Identification, 2) Analysis and assessment, 3) Planning, 4) Treatment and management, 5) Follow-up and control and 6) Improvement.

In the identification phase, possible aspects generating risks and opportunities within the construction process (design and execution) are characterised taking into account economic, social, environmental, ethical and cultural aspects, among others, related to the effect of the project on the community.

The risk events, evaluated based on the likelihood of them occurring and their consequences, are reflected in a risk matrix divided into four categories: low, moderate, significant and high. As well as this framework for assessment, there are also six categories of consequences to estimate impact:

- Economic: on the cost and result of the project.
- Timing: on programming, milestones and deadlines.
- Environmental and community: on the natural environment and third parties.
- Reputation: on the image of the company or customer.
- Health and Safety: on people.
- Compliance and development of the infrastructure: on the functionality of the infrastructure, its design, execution, location, internal organisation, performance, etc.

In 2017, ACCIONA Infrastructure made the following progress in risk management:

- Consolidation of the risk management process in Construction, carrying out the analysis of risks and opportunities in their projects and business processes, thereby acting pursuant to the latest revision of the ISO 9001 and ISO 14001 standards.
- Significant progress in widening the scope of analysis for Water and Industrial, and collaboration in implementing the risks and opportunities management system in Engineering.
- Update of the IT tools used for risk analysis with proprietary internal development.
- Significant compliance in the percentage of the volume of projects, in both the execution phase and the bidding phase, in which risks are analysed.
- Improvement and expansion of the country risk analyses performed.
- Consolidation of ACCIONA's rating for perceived risk for the businesses in a total of 83 countries.

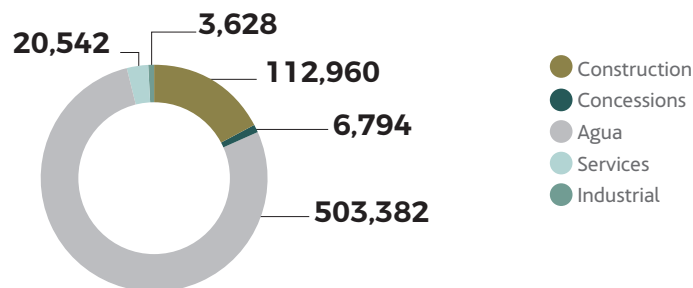
FIGHTING CLIMATE CHANGE WITH ENERGY EFFICIENCY

ACCIONA Infrastructure's priority is to respond to global demand for sustainable infrastructures. In this regard, the division implements solutions in the energy efficiency field at its own centres and for its customers, optimising consumption and reducing the related CO₂ emissions.

In relation to emissions generated by the division, there has been a 66 % increase in the volume of gases emitted in 2017 compared with 2016.

FIGURE 2.

ACCIONA Infrastructure emissions in 2017 (t CO₂e)



N.B.: scope 1 and scope 2 emissions are included (market-based).

ACCIONA Infrastructure works towards achieving the carbon neutrality objective for the whole group, offsetting 100 % of the emissions it generates (647,307 t CO₂e in 2017).

The Infrastructure business implements different energy efficiency solutions in the field of desalination, wastewater treatment, construction and organisation of events, among others. Below are some key examples:



Fujairah desalination plant (UAE). ACCIONA Agua

In order to be able to limit the global increase in temperatures to 2 °C ('450 Scenario'), by 2040 in the desalination sector, the International Energy Agency (IEA) proposes to use reverse osmosis to increase the contribution of renewable energies and achieve energy efficiency close to 3 kWh per m³ desalinated. The Fujairah emirate desalination plant, designed, built and operated by ACCIONA, already achieves efficiency values very close to these figures thanks to the incorporation of market technologies such as isobaric recuperators or low pressure drop membranes, as well as our own techniques such as high-flow pumps connected to a pressure ring, anti-fouling solutions and continuous control and permeate flow regulation.

Taking into account that the current consumption in desalination by reverse osmosis is in the range of 4-5 kWh/m³ according to the IEA's World Energy Outlook 2016, the plant manages to reduce CO₂e each year by between 20,710 and 47,424 t CO₂e.



Padornelo Tunnel (Spain). ACCIONA Construction

The excavation process that is under way is one of the biggest energy consumers during the execution of infrastructures, and the correct guidance of the excavation section is vital.

The Construction division has designed an innovative laser guidance system for building tunnels in which tunneling machines are not used, which increases the precision of the excavation by over 60 %. By using this technique, Construction avoid up to 3 % of cost overruns and over-consumption caused by the deviations between the actual excavation area and the theoretical design area.

This system has been used in the Padornelo tunnel works in Spain, facilitating savings of almost 30 MWh of energy consumption and almost 200 working hours.



OptiAnMBR Project. ACCIONA Agua

Using anaerobic systems for waste water treatment creates a high potential for energy saving, reduction of the sludge generation and generation of water that is fit for reuse in irrigation, but it poses certain technical problems, including recovering the methane dissolve in the effluent of the process and reducing the yields of membrane filtration due to their contamination. Through ACCIONA's participation in the OptiAnMBR project alongside ESAMUR and CETENMA, we are seeking to overcome those problems by using substances such as cationic polymers.

The solutions developed will be introduced in new offers for future WWTPs, where energy reductions in treatment may be achieved of up to 30 %, while reducing 80 % of sludge generation.



Olivenza solar thermal plant. ACCIONA Industrial

In the Industrial business, an energy diagnosis was carried out of the Olivenza solar thermal plant (Spain) that proposes the implementation of solutions such as the Monitoring and Energy Management System, the displacement of consumption not related to generation during periods of greater efficiency of the plant, the replacement of high-use engines by more efficient equipment, the installation of frequency variators in the cooling circuit pumps or the installation of lower consumption lighting systems, which would allow savings of up to 5 % of the energy consumption of the facility.



Energy efficiency for customers. ACCIONA Service

Energy efficiency is one of the basic pillars in the fight against climate change that the company has added to its offer to customers for over 10 years. With this in mind, in 2017, companies in the automotive sector, companies that sell capital goods and companies in the metallurgical industry in the UK, Poland and Spain trusted ACCIONA's experience in this field to reduce their energy costs and minimise the volume of carbon emissions released into the environment.

By entering into an energy services contract under which the investment is undertaken by ACCIONA, the company has implemented measures such as substituting lighting, extraction or compression systems with others that are more efficient, that will ensure savings of over 2,700 MWh of electricity and will avoid emitting over 1,100 t CO₂.

ENVIRONMENTAL IMPACT MANAGEMENT

The division's environmental management is based on the principles of improving the business's environmental performance. All the businesses have environmental objectives that are reviewed annually in line with the Sustainability Master Plan 2020 (SMP 2020).

PROTECTION AND CONSERVATION OF BIODIVERSITY

The division's activities may affect biodiversity as a result of the operations it performs. Therefore, all the businesses identify and assess the possible effects at each phase of the projects implemented, in order to put the necessary preventive and corrective measures in place.



Environmental Management Plan for the Mohammed bin Rashid Al Maktoum photovoltaic plant (UAE). ACCIONA Industrial

The Industrial business participates in the construction of the biggest photovoltaic plant in the world, Mohammed bin Rashid Al Maktoum Solar Park. In this context, a two-stage environmental plan has been developed:

- Identification and transfer of animal species present in the project environment: the Arabian gazelle, classed as vulnerable by the IUCN, the Arabian hare, the Cheeseman's gerbil, and the spiny-tailed lizard (also vulnerable), among others, to the Al Marmoum Conservation Reserve.
- Identification and transfer to the same reserve of the Ghaf trees, or the tree of the dunes, considered the national tree of the UAE, in order to protect this species that has such a limited natural presence.



Management of biodiversity in Historic Parks and Gardens in Madrid (Spain). ACCIONA Service

ACCIONA Service is carrying out various biodiversity management plans in large urban parks in the city of Madrid. In particular, it is carrying out a campaign to control the monk parakeet population in the parks and historic gardens of the capital, a species included in the Spanish Catalogue of Invasive Alien Species, which poses significant imbalances in the ecosystems of the parks. In addition, a study is under way to find out the population, location and conservation status of the Iberian painted frog in the Parque del Oeste, which includes the detection of appropriate areas for increasing their habitat, and the population monitoring and control of the group of peacocks in the Fuente del Berro Park.

CIRCULAR ECONOMY: SUSTAINABLE RESOURCE USE AND WASTE MANAGEMENT

The Infrastructure division's activities include key elements of the circular economy, such as the efficient use of materials and the minimisation and recovery of waste.

Its different business lines promote the creation and monitoring of procedures and processes aimed at minimising, segregating, reusing, recycling and recovering waste.



Energy recovery from waste in the Arroyo Culebro Cuenca Media-Alta WWTP (Spain). ACCIONA Agua

Anaerobic digestion is a process by which biogas is obtained from sludge produced in wastewater treatment. The biogas generated in digestion supplies the energy consumption of the plant and also reduces the amount of waste sent to landfill.

Through the PROMETHANE project, the company seeks to increase the efficiency of the process by first adding nitrous acid and using nanoparticles in the digester. This system has started to be implemented on an experimental scale in the Arroyo Culebro Cuenca Media-Alta WWTP (Spain), and it is expected to increase the energy performance of the process by around 20 %, reducing the volume of sludge produced by some 15 %.

MATERIALS

The decrease in the amount of resources consumed in 2017 is mainly due to a lower consumption in ACCIONA Construction works of aggregates, soils and concrete, which represent around 60 % of the total weight of the resources.

TABLE 6.

Evolution of the resource consumption of ACCIONA Construction, Concessions and Industrial.

ACCIONA CONSTRUCTION, CONCESSIONS AND INDUSTRIAL	UNIT	2014	2015	2016	2017
TOTAL resources*	t	13,751,528	7,602,924	11,954,024	8,548,722
Renewable/recycled resources	t	2,173,112	1,392,542	1,614,318	1,763,063
	%	16 %	18 %	14 %	21 %
Total aggregates and soils	t	9,142,919	4,509,885	7,275,858	4,624,858
Recycled aggregates and soils	t	2,111,680	1,041,544	1,257,765	1,394,762
	%	23 %	23 %	17 %	30 %
TOTAL Steel	t	249,755	678,755	283,213	1,047,309
Recycled steel	t	61,145	13,918	12,687	14,440
	%	26 %	2 %	4 %	1 %
TOTAL wood	t	17,251	2,151	1,922	1,609
Certified wood (FSC or similar)	t	288	491	654	307
	%	2 %	23 %	34 %	19 %

*Includes the most representative resources for each of the businesses



Best Practices Guide for Managing Surplus Soils. ACCIONA Industrial

ACCIONA Industrial has a series of best practice guides on circular economy concepts that apply to all of its works and projects. These include the Best Practices Guide for Managing Surplus Soils, aimed at minimising the generation of this waste and its reuse in alternative landfill destinations, such as the site itself. It describes measures such as:

- Stocktaking of necessary and surplus material, products or items in order to reduce waste.
- Collecting sand and gravel on a hard surface to avoid waste or contamination of the excavated soil so that they can be reused.



Padornelo Tunnel (Spain). ACCIONA Construction

Noteworthy in 2017 was the Pedralba-Padornelo tunnel (Spain) that, thanks to a laser-guided system for excavating tunnels in which tunneling machines are not used, saved almost 15,000 t of excavated material and the use of around 4,200 m³ of concrete for each kilometre of tunnel excavated.

WATER RESOURCES MANAGEMENT

ACCIONA Agua is the business line that contributes to the company's positive water footprint thanks to the wastewater treatment and purification activities. Throughout its history, it has served the needs of over 100 million people in more than 30 countries throughout the world by managing the full water cycle. In 2017, the treatment plants managed by ACCIONA Agua desalinated, made drinkable and purified 775 hm³ of water, a slight increase compared to 2016.

TABLE 7.

Evolution in the volume of water managed by ACCIONA Agua (hm³)

	2014	2015	2016	2017
Desalinated water	89	110	196	296
Treated drinking water	143	133	218	199
Treated sewage water	416	390	358	280
TOTAL	648	633	772	775

In 2017, water consumption at ACCIONA Infrastructure has increased by 47 % compared to 2016 and Construction was the business that consumed the most, with 66 % of the total amount for Infrastructure, followed by ACCIONA Agua, with 23 %.

In accordance with the principles of the company's Water Policy, in 2017 ACCIONA pursued its commitment to promote the saving of this resource among its customers.



Smart Water Innovation Network in the city of Burgos (Spain).

ACCIONA Agua.

ACCIONA Agua continued to optimise the water supply network of the city of Burgos in the context of the European innovation project SmartWater4Europe. The SWING network (Smart Water Innovation Network in the city of Burgos) has a pilot sensing and data analysis system that allows for the detection and early repair of breakdowns, improves the control of water quality and allows remote reading of meters, facilitating the detection of abnormal consumption and leaks in a total of 56 km of pipes. It also has a Business Intelligence platform that integrates the data and manages it in real time. Overall, more than 10,500 people and some one hundred businesses benefit from this smart distribution network. On top of the water-saving capacity of this more efficient network, it also has environmental and economic benefits.

WATER TREATMENT IN REGIONS WITH WATER STRESS

ACCIONA again this year contributed to guaranteeing access to drinking water in areas with high water stress and to the sustainability of the environment in areas with low levels of sanitation through the construction, operation or maintenance of treatment, desalination and purification plants. In 2017, 766 hm³ of water in eight countries with regions under water stress was purified, treated and desalinated.



Facility-D desalination plant and RAF A3 plant (Qatar). ACCIONA Agua.

In Qatar, one of the countries with the highest levels of water stress on the planet, ACCIONA commissioned the Facility-D desalination plant in Doha. The plant has a capacity of 284,000 m³/day to supply a population of 1.8 million inhabitants. This desalination plant is the second built by the company in the country after the RAF A3 plant, commissioned at the end of 2016. Both plants are a milestone in desalination in this area, since it is the first time that large-scale reverse osmosis technology has been used.

INNOVATION AT THE SERVICE OF SUSTAINABILITY

ACCIONA Infrastructure is at the cutting edge in R&D&I, applying specific technologically-advanced solutions to solve every issue that arises in its activities. In this regard, the business' innovation figure reached EUR 142.4 million, an increase of 19 % compared to 2016. In addition, ongoing process improvement thanks to innovation enabled verified savings of EUR 19.4 million in 77 initiatives.

TABLE 8.

Evolution of the R&D&I figure per business at ACCIONA Infrastructure (EUR million)

BUSINESSES	2015	2016	2017
Infrastructure	114.7	119.9	142.4
Construction*	54.4	63.8	78.2
Water	18.3	35.6	19.7
Services	16.5	2.6	3.5
Industrial	25.5	18	41.0

* Includes Engineering.

Each business has a defined innovation strategy that revolves mainly around the ACCIONA technology centres.

MADRID TECHNOLOGY CENTRE (SPAIN): INNOVATION IN CONSTRUCTION PROCESSES

ACCIONA has its Madrid Technology Centre (Spain), which is dedicated to improving construction processes, as well as incorporating new technologies and more efficient materials into works in order to reduce the environmental impact. Its main lines of research are: rail and underground works, soils, geotechnics and earth movements, materials and structures, other technologies and support for other businesses of the company.

The main initiatives in 2017 that facilitated cost savings or generated income for Infrastructures were:



Quito Metro Line 1 (Ecuador). ACCIONA Construction

The main innovation was carried out in the quality control process of backfill mortar injection for the voussoir lining. It is a pioneering global technique in its production phase, only identified in some references in China, on an academic level. The benefits of using this technique are:

- Avoiding outages in the basic supplies in the city of Quito (electricity, water, telecommunications, etc.).
- Guaranteeing an appropriate process of injecting mortar in the backfill of the voussoirs, reducing the number of traditional mechanical markers and increasing the sampling of measures.

- Generating EUR 1.8 million of savings by reducing the stoppage of the tunnelling machine by two months, thanks to the modification of the oil clean-up techniques at the site.



Follo Line railway tunnels (Norway). ACCIONA Construction

The project has provided for the development of a mixture of concrete with fibres to manufacture voussoirs for tunnels that improve their technical characteristics, optimising work procedures without compromising the technical and financial feasibility of the work. Specifically, special emphasis has been placed on improving the mechanical characteristics of the construction material, constituting a product and process innovation. The savings made amounted to EUR 1.7 million.

In addition, as part of the objective of including criteria that improve the environmental, economic and social aspects of the projects, during 2017, the environmental impact assessment of construction materials was carried out to achieve the Environmental Product Declaration (EPD) of the work.

ACCIONA
HAS OBTAINED
THE EPD
OF SOME
OF THE
CONSTRUCTION
MATERIALS
OF FOLLO LINE



Research in Waste to Energy (WtE). ACCIONA Industrial

In 2016, a line of market research was initiated in innovative technology in the Waste to Energy (WtE) sector, gasification by internal combustion being the most relevant for ACCIONA Industrial. The progress of the work carried out in this area meant that, in 2017, a new line of Waste to Chemical (WtC) research could be launched.

The objective of Industrial is to identify and evaluate the growth potential of the WtE and WtC businesses, in the event that it is attractive enough to position itself at the forefront of the technological advancement and become a future benchmark in the sector.

In 2017, a New Thermal Generation Plant Concept was also carried out with the aim of implementing an internal combustion engine for the reuse of residual petroleum-based fuels.



Kathu solar thermal plant (South Africa).

ACCIONA Industrial, Construction and Engineering

The project covers every stage from the design and calculation of the facilities, using a new and improved system of capturing solar energy, to the execution and commissioning stages. The use of new technologies and the development of new systems and methodologies to lay the foundations for the facilities means innovative activities for ACCIONA, differentiating it from its competitors in the sector.

The solutions obtained in optimising the installation of the solar thermal plant are unprecedented both for ACCIONA and for the rest of the entities involved in the Temporary Joint Ventures. Finally, in the construction of the solar thermal plant, the number of necessary steps has been reduced, which has generated savings of EUR 1.2 million.



Reality Capture. ACCIONA Service

In 2017, various innovations continued to be developed in relation to new technology and application development. Among them is the Reality Capture technology, which lets the user take virtual strolls through actual settings by taking panoramic 360 degree photos. Furthermore, by using virtual reality devices an immersive experience is achieved. During the capture process, a 3D digital model of the space is automatically generated with real dimensions, which can be used, among other things, to create a virtual tour with 360 degree photos and a 3D model of the captured shape, building plans, facilities or an industrial plant.

BARCELONA TECHNOLOGY CENTRE (SPAIN): INNOVATION IN THE TREATMENT AND DISTRIBUTION OF WATER

The Barcelona Technology Centre develops state-of-the-art solutions for water treatment, desalination, reuse and distribution. The facilities are a technological benchmark, boasting the most modern analytical and characterisation techniques for the study of new processes and the design of more efficient pilot plants. Its main strategic lines are: desalination and new technologies, purification and reuse, treatment and chemistry of water.

Below we will highlight one of the projects from 2017:



Advanced-control MBR for wastewater reclamation project. LIFE BRAINYMEM. ACCIONA Agua

This project, which ended in 2017, developed two control strategies for membrane bio-reactors (MBRs). One of them is based on controlling the aeration of the reactor itself and the second on controlling the aeration of the membrane of the MBR (a patented control strategy).

Both strategies have led to a noticeable energy reduction (25 %), which means operational cost and CO₂ emission reductions (22.5 %).

QUALITY AS A MATTER OF CONFIDENCE WITH CUSTOMERS

To ensure its technical capacity, guarantee competitiveness and improve its processes, ACCIONA Infrastructure's Quality Management Systems (ISO 9001) and its Environmental Management Systems (ISO 14001) are certified, in addition to holding certifications in various standards:

TABLE 9.

Certifications of ACCIONA Infrastructure in 2017

CONSTRUCTION	ISO 9001 and ISO 14001 Certifications 100 % construction activity in Spain, Chile, Brazil, Mexico, Colombia, Canada, Poland, Australia, Abu Dhabi, Ecuador, Peru and Panama.
	Other certifications: ISO 50001 Implementation and certification of the energy management system in the Technology Centre.
	Other certifications: UNE 171330 Indoor environmental quality management system for the activities carried out in the technology centre.
	Other certifications: Socially Responsible Company Seal ESR® in Construction Mexico.
CONCESSIONS	ISO 9001 and ISO 14001 Certifications 90 % of directly managed concessions.
	Other certifications: ISO 39001 The road safety management system was implemented and certified at two concessions in Spain: Sociedad Concesionaria A2, section 2, and Autovía de la Plata.
	Other certifications: ISO 50001 Implementation and certification of the energy management system of the Infanta Sofia Hospital in Madrid.
WATER	ISO 9001 and ISO 14001 Certifications 100 % of the water treatment activities in Spain, Italy and Australia (100 % in Chile under ISO 9001) and 100 % of integrated water management services in Spain.
	Other certifications: ISO 50001 ACCIONA Agua's energy management system is certified at three new centres: Villarrubia de los Ojos Water Services, Gartxeta DWTP and Falset WWTP.

ACCIONA
CONSTRUCTION
HAS CREATED
A SPECIFIC
AREA FOR
TECHNICAL
AUDITS TO
REINFORCE THE
GUARANTEED
QUALITY
OF THE
PROJECTS
THAT THE
COMPANY
EXECUTES

SERVICES	<p>ISO 9001 and ISO 14001 Certifications</p> <p>100 % of the ACCIONA Urban and Environmental Services activities.</p> <p>100 % of the Renewable Energy Operation and Maintenance (EROM) activities.</p> <p>100 % of the ACCIONA Rail Services train and station cleaning activities.</p> <p>100 % of international transit activities under ISO 9001 (ACCIONA Forwarding).</p> <p>100 % of passenger boarding bridge handling and driving activities at ACCIONA Airport Services in Spain (100 % in Germany under ISO 9001).</p> <p>100 % event organising and exhibition staging and museums (ACCIONA Producciones y Diseño).</p> <p>All activities by ACCIONA Facility Services for Spain and Portugal, except conventional cleaning.</p> <p>Other certifications: ISO 50001</p> <p>ACCIONA Facility Services' energy services provider activities and 100 % of the activities developed by ACCIONA Airport Services at Frankfurt airport.</p> <p>Other certifications: SA8000</p> <p>Implementation and certification of the social responsibility management system in technical cleaning and maintenance operations at its central offices and in six centres in Spain.</p> <p>Other certifications: EMAS</p> <p>European Union's Eco-Management and Audit Scheme in a service in León.</p> <p>Other certifications: EA 005</p> <p>In 2017, Facility Services obtained the certification for Energy Services Provider (ESP): in the three classifications that the standard offers: Classification 1: ESP for Consultancy and energy audits. Classification 2: ESP for Operations. Classification 3: ESP for Investment (Energy Services Company)</p>
INDUSTRIAL	<p>ISO 9001 and ISO 14001 Certifications</p> <p>100 % of the activities conducted by ACCIONA Industrial.</p>

CUSTOMER RELATIONS AND SERVICES AT THEIR DISPOSAL

Considering the diversity of ACCIONA Infrastructure's customers, communications and relations with them take place through a wide variety of channels, among which the following are worth noting:

- Physical points of customer service: water services concessions that have physical customer assistance offices and the commercial department of Airport Services that handles direct relations with customers, to name a few.
- Online channels: such as websites for each of the Infrastructure businesses, virtual offices in ACCIONA Agua Services concessions. Noteworthy is the creation of a new ACCIONA Concessions web page, focused on customers, partners and suppliers, and the development of applications in several of ACCIONA Service contracts, from which users can submit incidents directly to the head of the corresponding department.

One of the main actions carried out by the business to strengthen ties with customers in 2017, is the holding of periodic meetings with customers at ACCIONA Facility Services Mexico to review the quality indicators established in the corresponding contracts.

Finally, in relation to managing complaints, suggestions and solving incidents, ACCIONA Infrastructure has several channels for providing feedback to customers. For instance, the computer software application to collect complaints concerning ACCIONA Construction's works in Spain, or the "customers" area of the web pages of various ACCIONA Agua departments, explaining to customers the steps to take and where to resort to if they have a complaint.

ACCIONA Agua Services achieved the goal of resolving 100 % of complaints, and Facility Services Mexico implemented a training plan, reducing complaints at a customer's plant.



Quality of water supplied to the customer. ACCIONA Agua

Regarding communication and the relationship with the customer in water supply activities, different channels are enabled such as web pages for customers and virtual offices in the concessions of ACCIONA Agua Services, among others. These spaces also serve to manage complaints and suggestions received and to resolve problems.

Also in 2017, the following activities to strengthen links with customers stand out:

- Consultation with customers about the tariff revisions for the year 2017 and 2018 of ACCIONA Agua Services, as well as the adaptation of the pricing structure to European regulations. The participants were the various clients of the contracts, and the result was generally very satisfactory.

In 2017, no sanctions were received in relation to the quality of the water supplied to customers.



MORE INFORMATION
in the 'Value Chain' chapter

CUSTOMER SATISFACTION AND LOYALTY

ACCIONA Infrastructure sets quantifiable improvement targets to improve customer satisfaction: ACCIONA Agua Services achieved 90 % of its "zero complaints" target and Facility Services Mexico, at the San Luis de Potosí University, achieved its target to answer 100 % of customer requests in due time and proper form.

In addition to the tools mentioned in the "Value Chain" chapter, the following methods for measuring satisfaction used by the Infrastructure division should be mentioned:

- Online surveys: ACCIONA Service in 2017 used the e-survey platform.
- Interviews: ACCIONA Concessions carried out in-person interviews in the Vigo Novo Hospital with users (patients, companions and professionals) of its services, and monthly telephone interviews in Rodovia do Aço (Brazil) with a sample of 10 % of the users served during that period.
- In 2017, the index of satisfied customers was 100 % for Infrastructure's five businesses: Construction³⁰, Concessions, Water, Industrial and Services.

Highlight some indicators in respect to customer satisfaction:

- 71 % of the Construction customers in Spain believe that the company is much better than its competitors and 34 customers would recommend working with the company (of the 38 surveys received in total).
- 100 % of ACCIONA Industrial customers would award the company again. 76 % of Facility Services Spain and 100 % of ASUMA, would contract the company again.
- Praises were received from customers in relation to the products and services provided by ACCIONA: the customer of the Rodovia Do Aço concession (Brazil) praised the company on 70 occasions in 2017. ACCIONA Producciones y Diseño, a Services subsidiary, received two letters of recommendation from customers for its museum projects. The Infanta Sofia Hospital (Madrid) received 27 congratulations from patients.

IMPROVEMENT TOOLS

ACCIONA Infrastructure launched 33 improvement groups with the aim of identifying and implementing innovative solutions that also aid in managing risks. Some of the most significant of these are as follows:

- Improvement of ACCIONA Agua processes: the aim is to review the processes and adapt the integrated management system to the PMI standards in order to facilitate the subsequent process digitalisation. In 2017, the model for the execution of the life cycle of the projects and its subsidiary plans was approved. Seven new procedures and 502 documents reviewed.
- Satisfaction survey with interested parties of ACCIONA Service: development of a new tool for carrying out customised surveys by business line. The answers are received in real time and are sent automatically to the contract manager and the head of the operational unit, marking the questions with the worst score, so that the appropriate measures can be taken.

(30) Construction only encompasses data from Spain.

- Improvement of the design and development process in APD of ACCIONA Service: development of a new procedure that incorporates the following improvements: i) including concepts commonly used in design projects; ii) differentiating requirements and methodologies according to the nature and characteristics of the projects; iii) defining verification and validation activities adapted to the different project areas.
- Development of the ACCIONA Service Management Model project (MGAS): the company has a unique model for managing the life cycle of the contracts of all of the businesses within Services (prepared in 2016). In 2017, the processes started to be implemented that are part of this standardised model, including all of the related documentation in the company's document manager.
- Defining of the PMP (Project Management Plan) Processes Model of ACCIONA Construction: all of the operational and support processes that make up the full cycle of a construction project were raised, according to the PMI (Project Management Institute) international standard. The model is presented in four levels: general overview of the processes map, end-to-end overview, flow charts and the process detail file. In addition, 54 support processes were identified for the 12 departments that support the execution of the projects.

LESSONS LEARNED

During 2017, a total of 19 proposals of lessons learned were drafted in the Construction division, related to aspects of quality, the environment, tender proceedings, contract management, relations with stakeholders, and health and safety.

At ACCIONA Agua, there is a working group for the preparation of lessons learned and best practices that has published four technical case studies, nine project phase-end case studies and five security case studies.

Furthermore, at ACCIONA Industrial, a total of 135 lessons learned were identified. In 2017, a specific session was held to collect and analyse the lessons learned from the completed Baja California V project, which analysed: document management, engineering, construction, guarantees, purchasing, quality, project control and operations.

PROGRESSIVE IMPLEMENTATION OF THE LEAN PROJECT

In 2017, work continued on the Lean Service Project, which was launched in 2016 (in which training was given on the lean methodology) with the objective of progressively implementing lean to optimise the processes throughout the company.

This programme is being rolled out on a cascading basis, beginning with the training for directors of the entire Services division and operational staff of ACCIONA Facility Services. During the year, the work aimed at implementing the methodology was carried out.



MORE INFORMATION

on the methodology and implementation of SIM in the chapter "Society"

CONTRIBUTION TO SOCIETY

ACCIONA Infrastructure contributes to the improvement of society through its projects. The impacts generated include different dimensions: effects on people, in community life or in the generation of wealth and employment in the region.

Three types of actions that manage and measure these different impacts are: Social Impact Management, socioeconomic and environmental impact measurement, and social investment related to projects.

SOCIAL IMPACT MANAGEMENT

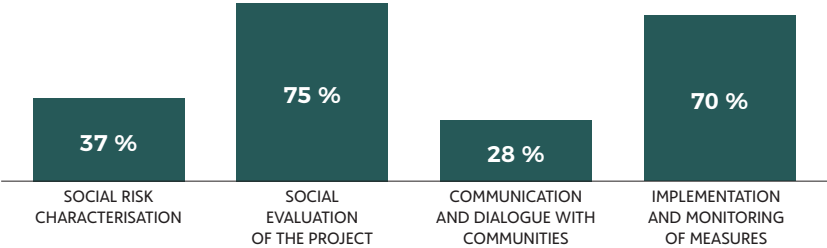
ACCIONA applies its own Social Impact Management (SIM) methodology, by which it knows, from the bidding and design phase, the social risks of its projects, operations or service provision could cause in the areas of influence of its projects, with the objective of generating positive impacts and minimizing the negative ones on the local communities and environments in which it operates.

In 2017, ACCIONA Infrastructure reached 87 projects with social impact management: Construction (50), Water (26), Services (6) and Industrial (5) in different types of projects in 30 countries: metros, hospitals, roads, tunnels, treatment plants, solar thermal plants, purification plants, facility cleaning services, among others.

TABLE 8.
Evolution of the implementation of the SIM methodology at ACCIONA Infrastructure

	2014	2015	2016	2017
No. of projects	18	45	64	87
No. of countries	11	17	18	30

FIGURE 3.
State of implementation of phases of the Social Impact Management methodology in ACCIONA Infrastructure
(% of the total Infrastructure projects with SIM in 2017)



External audits were carried out in seven Infrastructure projects, with the aim of assessing the degree of implementation of the SIM methodology.

The Infrastructures division currently establishes suggestions and complaints channels in those projects in which the customer requires or allows it. During 2018, the existing channels will flourish in the projects carried out in communities and other stakeholders.

During the review and approval of the Social Impact Management procedure in 2017, the scope of application for Infrastructure was adjusted. Finally, it should be noted that in addition to the implementation of the SIM methodology, social management has been carried out in 12 projects following specific legal or contractual requirements.

ACCIONA INFRASTRUCTURE'S GUIDELINE FOR MIGRANT WORKERS' WELFARE

In projects where the local labour context does not meet international human rights standards, ACCIONA Infrastructure has a guide aimed at ensuring that both the company and its suppliers and employment agencies meet certain minimum requirements in relation to recruitment, living conditions and housing of migrant workers. The purpose of this guide is to help avoid human rights violations such as child labour and forced labour.

SOCIOECONOMIC IMPACT OF PROJECTS

Since 2015, ACCIONA has been working on measuring the socioeconomic and environmental impact that its projects have on a given country, obtaining quantitative results of the impact of the company's activity in terms of employment generation (direct, indirect and induced) and contribution to the country's GDP, as well as taking into account other positive effects on the environment and communities.

In 2017, progress was made in measuring the socioeconomic and environmental impact of two projects in the Infrastructure business: the construction of line 1 of the Quito Metro in Ecuador and the Kathu solar thermal plant in South Africa. Both projects also stand out for their implementation of the Social Impact Management methodology and the social initiatives.



MORE INFORMATION

on the methodology in "Society"



Quito Metro (Ecuador). ACCIONA Construction

ACCIONA builds line 1 of the Quito Metro (Ecuador) via the Line 1 Consortium, with the aim of streamlining the city's passenger transport system. The works began in 2014 and will end in 2019.

SOCIAL IMPACT MANAGEMENT

During its construction, the SIM methodology is being implemented in order to manage the multiple impacts that are being caused.

The stakeholders are prioritised and managed from a proactive approach, holding meetings to inform them of the progress of the project and the carrying out different social measures linked to the impacts identified. As a result of this dialogue, additional social measures were agreed upon, such as:

- Implementing agreements with merchants to boost the local economy.
- Education plan on social and environmental responsibility through the use of a metro carriage to stage micro theatre performances.

SOCIAL ACTION INITIATIVES

Furthermore, 15,000 people benefited from the following initiatives:

- Meeting with local authorities about citizen safety.
- Improvement of infrastructures in schools and municipal buildings.
- Cultural events in nurseries in the project area.
- Delivery of recycled material to improve pavement surfacing.
- Donation of materials from the works to schools.
- Launch of the programme "Let's build the Quito metro with a gender approach".
- Measures to reduce noise in medical centres in the area of influence.
- Membership of the initiative "Ecuador free from child labour".

SOCIOECONOMIC IMPACT

- Contribution to the GDP during the construction (4.5 years): EUR 856 million.
- Job creation during the construction (4.5 years): 32,760 job-years*.
- Emissions avoided: 163,942 t of CO₂ per year.
- Old buses taken off the road: 800.

*Job-years: full-time equivalent jobs for one year.



Kathu Solar Thermal Plant (South Africa). ACCIONA Industrial.

Within the LICIASTAR consortium, ACCIONA is carrying out the EPC project of the Kathu Solar Thermal Plant, which will have 100 MW of power. This project will be able to supply electricity to 80,000 homes once operational, which is expected to be in 2018. The planning, implementation, monitoring, and evaluation of social projects and programmes is carried out through the Kelebogile Trust.

SOCIAL IMPACT MANAGEMENT

The SIM methodology is in its final phase involving the implementation and monitoring of social measures.

The stakeholders affected by the project have been identified and prioritised and the relevant information on their expectations, participation and impact on the success of the project has been documented. Furthermore, participatory and inclusive processes with the local community have been carried out.

All of the measures agreed upon with the community have been approved by the project management. The funds allocated to social measures have been divided into:

- 75 % for social training measures to improve the community's education levels.
- 25 % to boost local hiring and SMEs through training and technical assistance.

SOCIAL ACTION INITIATIVES

Furthermore, in 2017, 113,320 people benefited from the following social initiatives:

- Creation of a fund of 15 study and maintenance grants for teenagers.
- Driving course for ambulance and emergency services aimed at young people in the municipality of Gamagara.
- 60 people trained with the aim of helping disadvantaged children (Early Childhood project).
- Construction of classrooms, toilets and kitchens in schools and donation of furniture.
- Renovation of a centre for disabled people.
- Contribution to the creation of small businesses among the inhabitants.
- Creation of education support camps for teenagers with learning difficulties.

SOCIOECONOMIC IMPACT

- Contribution to the GDP throughout its useful life (20 years): EUR 284 million.
- Contribution to the GDP during the construction phase: EUR 188 million.
- Job creation throughout its useful life (20 years): 10,768 job-years*.
- Job creation during the construction phase: 5,131 job-years.
- Emissions avoided during the period of activity: 6 million t of CO₂.
- Water saved during the period of activity: 8 million m³ of water.
- Improvement of the air quality during the period of activity: 44,000 t of SO₂ and NO_x avoided.

*Job-years: full-time equivalent jobs for one year.

INVESTMENT ASSOCIATED WITH PROJECTS

ACCIONA Infrastructure maintains a firm commitment to the socioeconomic development of the communities in which it does business. To this end, it performs specific social initiatives in each country where it operates. It is important to highlight the following in 2017:



Frederikssund Link (Denmark). ACCIONA Construction

The Construction division is building a highway that will cross the Danish fjord of Roskilde, relieving congestion. In 2017, over 2,050 people benefited from different social initiatives, including the following:

- Participation in the project "Invest in the future", giving talks to more than 300 students.
- Visit of engineering students of Copenhagen University to the project.
- Construction of two project information centres for the community, as well as informational campaigns and visits to the site.
- Informative meetings on archaeological remains found at the site.



Infanta Sofia Hospital (Spain). ACCIONA Concessions

The Concessions business manages the non-hospital services at Infanta Sofia Public University Hospital in Madrid. In 2017, it carried out several initiatives, including the following:

- Organisation of a charity market.
- Charity lunch for an aid project for children with chronic malnutrition.



Integrated Sectorial Programme for Water and Human sanitation (Nicaragua). ACCIONA Agua

ACCIONA Agua, as consortium leader, is carrying out the construction work and commissioning of systems that are part of Phase I of the Integrated Water and Human Sanitation Sector Programme (PISASH) in Nicaragua. with the objective of contributing to the social welfare of the Nicaraguans, through access to urban and rural drinking water supply and sanitation services. In 2017, 29,700 people benefited from different initiatives, including the following:

- Training for students about the subjects of water and sanitation, promoting the dissemination of these subjects among educational associations and schools around the project's influence area.
- Informative talks about the project and detailed information on sewage and drinking water supply systems and hygiene for health benefits.
- Training about the subjects of water and sanitation among community leaders.
- Fostering local entrepreneurship.

**Producciones y Diseño Pavilions (Spain, UAE and Kazakhstan). ACCIONA Service**

ACCIONA Producciones y Diseño designed and executed the Pavilion of Spain, carried out the technical development and the completion of the exhibition area of the United Arab Emirates Pavilion and completed the two exhibition floors of the Kazakhstan Pavilion. In total, some 400 people took part in the different projects:

- Promotion of local hiring.
- Local employee training through various courses.
- Furniture donation from the exhibition to various schools.
- Visits from over 25,000 students with work placements in renewable energies.

**Purification plant to guarantee the water supply to the Wiwa de Seyamake community (Colombia). ACCIONA Agua**

Last year, ACCIONA, in collaboration with the municipality of Dibulla, Aguas de Dibulla ESP, CorpoGuajira, and the United Nations Development Programme (UNDP) inaugurated the purification plant that will guarantee the supply of drinking water to the indigenous Wiwa de Seyamake community in the municipality of Dibulla (Colombia), in the context of ACCIONA's programme of social measures in the area, and guaranteeing access to drinking water to 42 families (more than 200 people).

OTHER BUSINESSES' COMMITMENT

ACCIONA pursues other types of business, such as: cargo and passenger maritime transport through Trasmediterranea, the promotion of real estate properties by ACCIONA Inmobiliaria, financial services, including fund management and stock brokerage by Bestinver, and the production of high quality wines by Grupo Bodegas Palacio 1894.

Other businesses in 2017

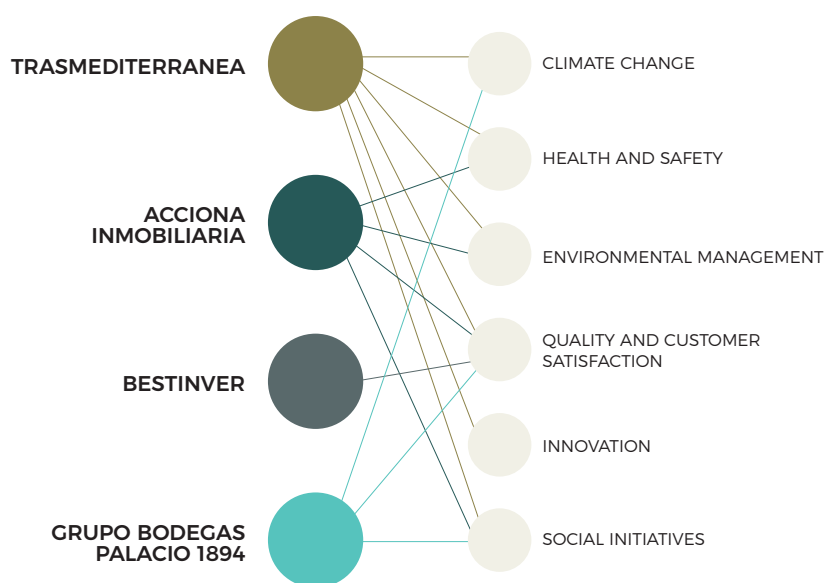
1,750
EMPLOYEES

EUR 684.5 million.
REVENUE

EUR 133.5 million.
EBITDA

Below are the main aspects identified in 2017 as most relevant by key business stakeholders. Each aspect describes the sustainability performance for each of them during this year.

SUSTAINABILITY PERFORMANCE IN OTHER BUSINESSES



BESTINVER'S SUSTAINABILITY PERFORMANCE IN 2017

98 EMPLOYEES	EUR 106 million. REVENUE	EUR 6,058 million. UNDER MANAGEMENT
EUR 70 million. EBITDA	OVERALL ASSESSMENT OF SATISFACTION 4 OUT OF 5	46,000 INVESTORS

Bestinver is a leading company in management services of investment funds, pension funds and other collective investment institutions. Bestinver focuses on obtaining appealing, sustainable returns through the construction of strong portfolios. The alignment of interests is essential as both investors and managers co-invest with a single goal: to obtain the best possible returns on the long term. Bestinver investment philosophy can be defined simply: "to obtain profitability investing in companies that are undervalued through essential analysis, suitable risk management and a long-term time horizon shared by investors and managers".

CUSTOMER SATISFACTION

Bestinver relies on an investor relations team whose aim is to keep customers informed at all times of the status of their portfolios as well as to facilitate their transactions in investment and pension funds. Bestinver's aim is to increase the satisfaction of its customer base constantly.

In 2017, the clients who took part in the recommendation and satisfaction surveys assigned an overall assessment of satisfaction of 4 out of 5 to the products and services offered by the business. In 2017, recommendation and satisfaction surveys were carried out during the Madrid and Barcelona conferences and through a study that consisted of 1,000 telephone interviews with investors.

Additionally, Bestinver has measured the degree of recommendation by its investors of the company, according to the NPS indicator, when asked: *'How likely are you to recommend Bestinver to a friend or acquaintance?'*; the NPS obtained was 38 %, in other words, almost a third of all customers promote the company.

This year, Bestinver held two conferences for its customers, with 492 attendees in Barcelona and 726 in the Madrid conference. It also published its new website, which includes information on the company's products. It has a private area for clients in which on-line operations can be carried out and with the "Investment School" section where key concepts are set out to explain the essential facts necessary when investing in investment funds and pension plans.

IN 2017,
THERE WAS
AN OVERALL
ASSESSMENT OF
SATISFACTION
OF 4 OUT
OF 5 OF THE
PRODUCTS
AND SERVICES
OFFERED BY
THE BUSINESS

SUSTAINABILITY PERFORMANCE OF GRUPO BODEGAS PALACIO 1894 IN 2017

213 EMPLOYEES	EUR 39 million. REVENUE	+3,000 CONSUMERS IN THE DIRECT SALES CHANNEL
EUR 6.5 million. EBITDA	83 % CUSTOMER SATISFACTION	375 DISTRIBUTORS

Grupo Bodegas Palacio 1894 engages in the production and merchandising of wines in five of the most prestigious designations of origin of Spain. Its activity involves both the domestic and international markets, with a presence in 40 markets worldwide.

The essential cornerstones of its business model are the constant search for excellence, its commitment to the environment, sustainability and the capacity to innovate.

CLIMATE CHANGE

The ACCIONA wine-producing group has reduced its emissions by 36 % on 2016, only having emitted 267 t CO₂e. It should be noted that, just like the rest of the ACCIONA group businesses, Grupo Bodegas Palacio 1894 took part in achieving the carbon neutrality objective, offsetting emissions that it generated through its activity.

The business' wine cellars and vineyards, which have been consuming only electricity from renewable sources since 2015, have explored new ways by which to reduce their GHG emissions. Some examples include:

- The electrification of the water heating processes for the sterilisation of the bottling line in Viña Mayor, which has reduced emissions by 53 t CO₂e.
- The study of alternatives to the use of diesel as fuel in Viña Mayor and Caserío de Dueñas, where use of its own biomass generated by the activity, has been analysed.

Additionally, Bodegas has continued to work on energy efficiency, in 2017 taking action in Bodegas Peñascal, for example by improving the waste water treatment process (which successfully reduced energy consumption by 30 %) or optimising use of the various cold equipment according to external temperature.

Additionally, initiatives were taken to reduce GHG emissions in the value chain, working to reduce the weight of the bottles used for 2 types of wine, which in 2017 totalled production of approximately 60,000 units, thereby affecting the reduction of energy and GHG emissions necessary for their manufacture.

CONTRIBUTION TO SOCIETY

For the third consecutive year, Grupo Bodegas Palacio 1894 has joined the social cooking project, Gastronomix. It offers training opportunities in catering to 41 young adults from vulnerable backgrounds, broadening their career prospects.

The group has been responsible for introducing 41 young adults to wine culture in an educational, professional, responsible manner. Activities included a master class on the principles of wine, giving the students tools and techniques to be applied on a daily basis in the Gastronomix canteen (essential concepts of conservation and service, basic rules of pairing, etc.).

ENVIRONMENTAL MANAGEMENT: REDUCTION OF WATER CONSUMPTION

Water consumption is one of the most important environmental variables in the wine-making business: in 2017, the group accounted for 7.7 % of the total of ACCIONA's water consumption. More specifically, the property stretching out over more than 503.5 hectares of vineyard manages water resources strategically.

This is why, in 2017, measures aimed at reducing water consumption continued to be implemented, both in the vineyard and in the wineries:

- Continuance of the study in Caserío de Dueñas on the use of fertilisers that increase water retention capacity in the roots. The results obtained aim to save between 5 % and 10 % on water consumption.
- Use of hoses with greater pressure support in the wine filtration process in Bodegas Peñascal. This makes it possible to have longer filtration cycles and to reduce the number of cleaning sessions, saving around 120 m³ each year in water consumption. This and other measures for saving water in these cellars have made for a 6.3 % reduction in consumption compared to the previous year.
- Various actions included in a plan to minimise water consumption have also been pursued in the cellars of Viña Mayor, achieving savings of up to 23 % in water as compared with 2016.

COMMITMENT TO QUALITY AND CUSTOMER SAFETY

Grupo Bodegas Palacio 1894 works to offer top quality and safety in the products it offers its customers, as well as to foster responsible consumption, participating in initiatives like Wine in Moderation.

As part of its commitment to the continuous improvement of quality, environmental management and health of its customers, the Group has management systems certified as follows:

BODEGAS VIÑA
MAYOR HAS
OBTAINED
WINERIES
FOR CLIMATE
PROTECTION
CERTIFICATION,
A SPECIFIC
SUSTAINABILITY
CERTIFICATION
FOR THE
WINE SECTOR

GRUPO BODEGAS PALACIO 1894 CERTIFICATIONS

- **ISO 9001 and ISO 14001:** 100 % of wine production (except for Bodegas Anzil).
- **Wineries for Climate Protection:** the first and only specific certification for the wine sector in the area of environmental sustainability and the fight against climate change. Viña Mayor is also the first winery with Designation of Origin Ribera de Duero to obtain this distinction. The certification involves improvements to processes to reduce emissions and increase energy efficiency.
- **Food Safety System Certification (FSSC 22000):** at Bodegas Peñascal, Viña Mayor, Caserío de Dueñas and Bodegas Palacio wineries. This is the corporate benchmark standard for the management of food safety risks throughout the supply chain.
- **ISO 22000:** food safety management system in Bodegas Peñascal, Viña Mayor, Caserío de Dueñas and Bodegas Palacio.

The improvement in the quality of the group products has a direct impact on customer satisfaction. It should be noted that this year, the business has improved control over food safety in the process of filling the wine cisterns.

In 2017, various customer satisfaction surveys were carried out (direct sales, exports, food and HORECA); the results show 83 % of satisfied customers and 95 % final consumers of Grupo Bodegas Palacio 1894 recommend purchasing its products. Additionally, through the HORECA channel, an annual convention of distributors is held to assess the results and obtain an opinion on the new products.

In 2017, the management procedure for returns and claims was revised, improving the response to customers making a claim. 100 % of direct sales consumer claims were resolved in an average of 1-2 days. Grupo Bodegas Palacio 1894 is not aware of any sanctions relating to safety and the quality of its products.

CUSTOMER LOYALTY

Customer loyalty is a key aspect for Grupo Bodegas Palacio 1894 and its strategy adapts to each brand, channel and market. Innovation and striving for continuous improvement make it possible to achieve wines of top quality, and this is reflected in the awards and the comments it receives from critics, as well as the business' involvement in professional events of recognised prestige. Additionally, there is a permanent focus on promotion, marketing and public relations. Amongst others, in FY 2017, the following stand out: the launch of the range of La Poda brand products to cover the demand and tastes of the most modern public, promotions for Father's Day and the sponsorship of the Madrid Horse Week.

ACCIONA INMOBILIARIA'S SUSTAINABILITY PERFORMANCE IN 2017

103 EMPLOYEES	EUR 113 million. REVENUE	100 % ACTIVITY IN SPAIN CERTIFIED UNDER ISO 14001
EUR 12 million. EBITDA	100 % CUSTOMER SATISFACTION	100 % ACTIVITY CERTIFIED UNDER OHSAS 18001

With more than 25 years of experience in the field, ACCIONA Inmobiliaria is one of Spain's leading residential management and development companies, having developed more than 9,000 housing units across Spain, Portugal, Poland and Mexico.

With solid technical and professional experience behind it, the company includes sustainability criteria in all its developments, as one of its main goals is the development of projects that help to conserve the environment and involve a reduction of costs and improved quality of life for customers.

ENVIRONMENTAL MANAGEMENT: ECO-EFFICIENT HOUSING

Just like the rest of the group businesses, ACCIONA Inmobiliaria took part in achieving the carbon neutrality objective, offsetting emissions that it generated through its activity. In 2017, greenhouse gas emissions released by ACCIONA Inmobiliaria came to 1,834 t CO₂e, 0.15 % of the total recorded for ACCIONA.

One of the main business objectives involves the commitment to work on projects that help to conserve the environment, firmly investing in the certification of sustainability of 100 % of its new developments, under the strict BREEAM system.

BREEAM assesses the levels of sustainability of buildings both during design and in execution and maintenance phases, enabling certification on different levels. The aim of ACCIONA Inmobiliaria for all its developments is to obtain scores of Good or Very Good.

This year, the level of achievement of this objective is 100 %, with "Very good" pre-qualifications for 70 % of its promotions under construction and up to 75 % for promotions during the project phase, thereby showing a positive evolution of the current projects.

Additionally, in its environmental management commitment, the business certifies 100 % of its property development activities in Spain with ISO 14001.

Reduction of energy consumption.

The ACCIONA Inmobiliaria developments include energy efficiency solutions such as the use of improved thermal insulation, centralised heat generation by means of high performance condensation heaters, an architectonic design that optimises exploitation of natural light and ventilation or the use of presence sensors and lighting using LED technology. The buildings are therefore designed to minimise CO₂ emissions associated with their operative energy consumption and to improve the building energy efficiency index up to 65 %.

Reduction of water consumption

ACCIONA Inmobiliaria promotes the implementation of measures that enable water consumption to be reduced in its development of property. These include the use of low-flow taps and bathroom fittings, enabling savings of between 25 % and 50 % in bathrooms and up to 33 % in taps as compared with conventional systems. Additionally, other measures are also implemented, like preparing gardens in common areas, with autochthonous plants and those requiring little water.

CUSTOMER SATISFACTION

In 2017, ACCIONA Inmobiliaria carried out two major surveys to measure its customers' satisfaction: i) assessment of customer satisfaction in the residential sales business, and ii) surveys at all students residences. The results show 100 % satisfied customers (classified between Good and Very Good) and 70 % of customers of ACCIONA Inmobiliaria would recommend the company to third parties.

The company has created new communications channels with customers with the aim of making progress in bringing the real estate product closer and improving the quality and quantity of information supplied:

- Launch of an app for the display of property projects by means of virtual reality, used by 30 % of customers in 2017.
- Development of a specific section for customers on the website, available for 2018.
- CRM (Customer Relationship Management) has been implemented.
- Opening of profiles on social networks, followed by 50 % of customers.

It should be noted that 100 % of the property development activities carried out in Spain are certified ISO 9001 and ISO 14001 and in Poland they are 100% certified ISO 9001.

YOU HELP US, WE HELP YOU: SOLIDARITY INITIATIVE TO OBTAIN CUSTOMER SATISFACTION SURVEYS

In the 2017 survey campaign, ACCIONA Inmobiliaria launched a new initiative: *You help us, we help you*, whereby the company undertook to make a donation for each satisfaction survey answered by its customers, stipulating a prior solidarity collaboration agreement with two non-profit organisations, with the project to receive the most votes being the one that will ultimately receive the donation.

As a result of this initiative, customer participation in the surveys increased, almost double compared to the previous period analysed.

HEALTH AND SAFETY

ACCIONA Inmobiliaria safety management is integrated into the whole of the company's organisational structure. At all permanent work centres, there is a liaison officer with the Prevention Service, who monitors health and safety matters. This enables a real integration of the preventive functions at each workplace.

This year, the sphere of influence of the preventive culture has expanded, not only to include collaborators but also customers. Information has been included in the contracts of student residences about the risks of the centre and instructions given on prevention and action in the event of an emergency. These actions are supplemented with awareness-raising talks to all staff at the start of the academic year.

Please note that zero has been booked as OHS-IF by way of indicator of the implementation of the OHS management system, for the third year running, thereby showing the absence of accidents at work resulting in time off for medical reasons.

TRASMEDITERRANEA'S SUSTAINABILITY PERFORMANCE IN 2017

1,336 EMPLOYEES	EUR 426 million. REVENUE	100 % CUSTOMER SATISFACTION
EUR 45 million. EBITDA	2,547,566 PASSENGERS	612,046 VEHICLES

Trasmediterranea is the leading Spanish cargo and passenger maritime transport company and one of the most important in Europe. The business' sustainability commitments are:

- To prevent or minimise the contamination generated by its business and the deterioration of its workers' health.
- To promote continuous training focussed on offering services that comply with the customers' requirements and facilitate the optimisation of resources and suitable risk prevention practices.
- To seek out innovative solutions to improve the quality of service and prevent contamination, injury and damage to health.
- To collaborate with suppliers, fostering relations based on trust, loyalty, transparency and mutual respect.

ENVIRONMENTAL IMPACT MANAGEMENT

Trasmediterranea, whose passenger and cargo transport activity is certified according to standard ISO 14001, defines targets that are revised each year to minimise its environmental impact.

Additionally, in 2017, the business obtained allowances for the completion of actions fostering environmental protection and respect, for an amount of EUR 1.7 million.

- For the sixth consecutive year, the port authorities have subsidised Trasmediterranea with a 5 % reduction in "T1" due to good environmental practices adopted by ISO 14001 certified ships.
- The maritime stations of Barcelona, Valencia, Cadiz have benefited from a 15 % reduction in the activity rate thanks to the stipulation of various Best Environmental Practice agreements.
- The company has also benefited from a reduction in the fixed tariff charged for the acceptance of waste generated by ships, because it has an environmental management system and a waste management plan.

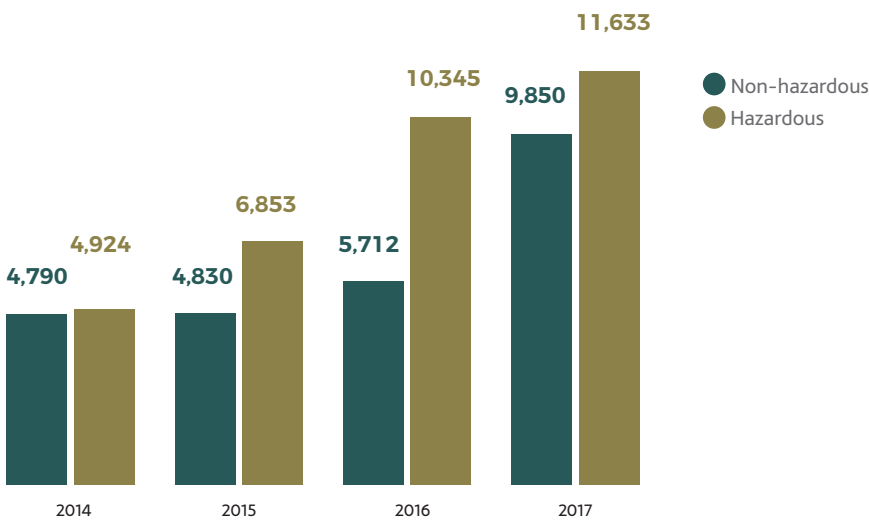
Circular economy: waste management

Trasmediterranea generated a total of 21,482 tonnes of waste, of which 9,850 tonnes was non-hazardous and 11,633 t hazardous. It should be noted that 54 % of the total refers to MARPOL I, which were entirely assigned to recovery plants. This is a hazardous waste comprising a mixture of water and hydrocarbons that is generated in boats and delivered to the port by an authorised manager. The oily fraction of the waste is separated and allocated for regeneration of the fuel, for re-release to the market.

99 % OF
HAZARDOUS
WASTE WAS
SENT FOR
RECOVERY

FIGURE 1.

Evolution of waste generated by Trasmediterranea



Trasmediterranea also carries out awareness-raising amongst its customers through on-board videos about the problem of marine waste and how it impacts biodiversity, highlighting aspects like recycling and correct waste management. The campaign is included in the project “Voces por una Mar Sana” (‘Voices for a Healthy Sea’) by the Asociación Ambiente Europeo.

HEALTH AND SAFETY

The health and safety of its employees is a priority for Trasmediterranea. In this respect, the company’s commitment starts with OHSAS 18001 certification. There are two Health and Safety Committees in Trasmediterranea, which account for 100 % of the workforce.

FIGHTING CLIMATE CHANGE: INNOVATION AND ENERGY EFFICIENCY

Trasmediterranea's greenhouse gas emissions totalled 530,625 tonnes, accounting 44 % of the group's total emissions in 2017, mainly due to the consumption of fossil fuels by the ships.

In recent years, the business has successfully reduced its energy consumption through various initiatives. The main initiatives were as follows:

- Painting some ships using innovative paints that reduce friction in water. In 2017, two more boats were painted, achieving savings of 2,700 t CO₂e.
- Redesign of the propellers and update of the ship propulsion system to optimise fuel consumption.
- Replacement of traditional lighting with low consumption lighting as a means of energy eco-efficiency, both in ships and maritime terminals.

COLD IRONING ASSESSMENT FOR THE TRASMEDITERRANEA BOATS

The boat connection to the electricity grid when in port or cold ironing, is one of the measures used as an initiative by which to reduce atmospheric emissions.

In 2017, work was carried out with Puertos del Estado and specialised companies, analysing the investment necessary in boats, the availability of port connections and the economic viability of the measure. This measure has the potential to reduce total GHG emissions generated by the fleet (according to the source of electricity contracted) by between 1 % and 7 % and would allow for the total elimination of contamination by NO_x and particles in the port.

CONTRIBUTION TO SOCIETY AND THE ENVIRONMENT

For Trasmediterranea, the sea is the most important medium which is why it pursues different initiatives to raise awareness and protect marine biodiversity. In 2017, two collaboration activities stand out:

Major cleaning of sea beds

Trasmediterranea sponsored the 3rd edition of the Great Cleaning of the Seabed at some 30 points along the Spanish coastline. Approximately 1,500 voluntary divers of the Red de Vigilantes Marinos (Marine Supervisory Network), the majority divers involved in the conservation of the environment, collected 20 tonnes of waste.

This initiative did not only target the collection of waste that is harmful to nature but also sought to make citizens aware, to thereby help prevent waste reaching the sea, instead consigning it to the respective waste-sorting containers.

Foundation for the Conservation and Recovery of Marine Animals: loggerhead sea turtle

In collaboration with the Foundation for the Conservation and Recovery of Marine Animals (CRAM) and at the request of the Marine Fauna Rescue Network of the Government of Catalonia, a loggerhead sea turtle was freed, sponsored by the shipping company that financed the entire process of the animal's recovery and fitting the animal with a satellite tracking device. This will provide information about its route and increase our knowledge of the species, which is catalogued as "Vulnerable" by the International Union for Conservation of Nature (IUCN).

CUSTOMER SATISFACTION

The focus on customers is a key part of the Trasmediterranea strategy, which seeks to offer its passengers and cargo customers a quality service. To this end, all passenger and cargo transport activities are certified in ISO 9001, ISO 14001 and the Quality Reference Guide of the Spanish National Port Authority (Puertos del Estado).

Additionally, in 2017, its subsidiary, Hermes Logística, achieved IFS Logística certification, recognizing that its services comply with the requirements of the food safety system promoted by the Association of Distributors and Industries (IFS) for the controlled temperature storage of food products in two centres in Spain.

In 2017, a new customer relations management (CRM) tool was implemented, with the following objectives (amongst others):

- To improve customer access to information (single and centralised).
- To improve customer relations, offering them what they really want at all times and gaining their loyalty.
- To create the CRM Marketing Customer and Loyalty Department, reporting to the Customer Experience area.

In 2017, satisfaction surveys show 100 % satisfied customers. Regarding loyalty, Trasmediterranea was the only Spanish shipping company to join the European loyalty programme "Miles Attack" dedicated to travel agents.

THE CUSTOMER AT THE CENTRE: STRATEGIC POSITIONING

In 2017, the working group "Customer Experience" was created, consisting of staff of different areas of the company (on-board services, marketing, human resources, quality, commercial and fleet) with the aim of implementing changes that will bring about a clear improvement for customers. The main results were the contracting of the "mystery customer" service (person who pretends to be a customer in order to assess the quality of attention received when unknown) and the installation of happy or not devices (electronic devices with four buttons that show, from green to red, the degree of satisfaction with the service); the customer merely needs to press the button and the assessment is made in real time on board boats and at maritime stations.

In the same way, the satisfaction surveys were carried out through the CRM, which helped duplicate the number of surveys answered.

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102-23	Chair of the highest governance body	103-107 <i>Corporate Governance Report 2017</i> (p. 7-8) Board of Directors' Regulations (p.17)		
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GRI Standard	Contents	Page	Omissions	Link with SDG and its targets
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102-38	Annual total compensation ratio		Due to the reorganisation of the company's business divisions, and the effect of this reorganisation on the distribution of employees and corporate officers, both in Spain and in its markets, the information in these ratios is still confidential and subject to modifications that make the data unavailable as long as the internal reorganisation process is not completed.	
102-39	Percentage increase in annual total compensation ratio		Due to the reorganisation of the company's business divisions and the effect of this reorganisation on the distribution of employees and corporate officers, both in Spain and in its markets, the information in these ratios is still confidential and subject to modifications that make the data unavailable as long as the internal reorganisation process is not completed.	
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102-46	Defining report content and topic boundaries	8-9, 31-34		
102-47	List of material topics	26-31		
102-48	Restatements of information	There has not been restatements of information with respect to the last year.		

GRI Standard	Contents	Page	Omissions	Link with SDG and its targets
102-49	Changes in reporting	In this year, the thorough analysis of the material aspects of each business has been conducted in their specific chapters: ACCIONA Energy's Commitment, ACCIONA Infrastructure's Commitment and Other businesses' Commitment. As a new feature in 2017, the materiality analysis was extended to include the Infrastructure Concessions business.		
102-50	Reporting period	2017 (calendar year, ended 31 December)		
102-51	Date of most recent report	2016		
102-52	Reporting cycle	Annual		
102-53	Contact point for questions regarding the report	responsabilidadcorporativa@acciona.es		
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305-2	Energy indirect (Scope 2) GHG emissions	79		13.1
305-3	Other indirect (Scope 3) GHG emissions	80		13.1
305-4	GHG emissions intensity	80		13.1
305-5	Reduction of GHG emissions	76-80		13.1
305-6	Emissions of ozone-depleting substances (ODS)	ACCIONA does not use ozone-depleting gases in its facilities.		
305-7	Nitrogen oxides (NOx), sulphur oxides (SOx) and other significant air emissions	81		12.4
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205-3	Confirmed incidents of corruption and actions taken	111-112		16.5
GRI 206: Anti-competitive Behaviour 2016				

GRI Standard	Contents	Page	Omissions	Link with SDG and its targets
206-1	Legal actions for anti-competitive behaviour, anti-trust and monopoly practices	98-99. The proceedings brought against Trasmediterranea company by the defunct National Commission on Competition (currently the National Markets and Competition Commission) finally ended satisfactorily for the company following the court rulings (by the Supreme Court and the Spanish High Court) that voided, without exception, the heavy fines levied against it for its alleged participation in various cartels in the shipping markets between the Iberian Peninsula and the Balearic Islands, on the one hand, and between the Iberian Peninsula and North Africa, on the other. Based on the existing evidence, the courts considered that there were no grounds for the violation for which Trasmediterranea company had been fined.		16.3
LABOUR HUMAN RIGHTS (GRI 406: Non-discrimination 2016; GRI 407: Freedom of Association and Collective Bargaining 2016; GRI 408: Child labour 2016; GRI 409: Forced or Compulsory Labour 2016; GRI 410: Security Practices 2016); GRI 412: Human Rights Assessment 2016)				8; 16
GRI 103: Management Approach 2016				
103-1	Explanation of the material topic and its boundary	32-36		
103-2	The management approach and its components	114-117		8; 16
103-3	Evaluation of the management approach	114-117		8; 16
GRI 406: Non-discrimination 2016				
406-1	Incidents of discrimination and corrective actions implemented	109-110		
GRI 407: Freedom of Association and Collective Bargaining 2016				
407-1	Operations and suppliers in which the right to freedom of association and collective bargaining may be at risk	138-139, 164, 171		8.8
GRI 408: Child Labour 2016				
408-1	Operations and suppliers at significant risk for incidents of child labour	114-117, 164-170		8.7; 16.2
GRI 409: Forced or Compulsory Labour				
409-1	Operations and suppliers at significant risk for incidents of forced or compulsory labour	114-115, 164-170		8.7
GRI 410: Security Practices 2016				
410-1	Security personnel trained in human rights policies or procedures	109-110, 115		
GRI 412: Human Rights Assessment 2016				
412-1	Operations that have been subject to human rights reviews or impact assessments	114-117, 164-171		16

GRI Standard	Contents	Page	Omissions	Link with SDG and its targets
412-2	Employee training on human rights policies or procedures	115		8; 16
412-3	Significant investment agreements and contracts that include human rights clauses or that underwent human rights screening	114-117, 164-171		16
OCCUPATIONAL HEALTH AND SAFETY (GRI 403: Occupational Health and Safety 2016)				
GRI 103: Management Approach 2016				
103-1	Explanation of the material topic and its boundary	32-36		8
103-2	The management approach and its components	144		8
103-3	Evaluation of the management approach	122, 144-153		8
GRI 403: Occupational Health and Safety 2016				
403-1	Workers representation in formal joint management-worker health and safety committees	150		8.8
403-2	Types of injury and rates of injury, occupational diseases, lost days, and absenteeism, and number of work-related fatalities	144-148		8.8
403-3	Workers with high incidence or high risk of diseases related to their occupation	147-148		8.8
403-4	Health and safety topics covered in formal agreements with trade unions	150		8.8
INNOVATION AND NEW BUSINESS OPPORTUNITIES (GRI 201: Economic Performance 2016)				
GRI 103: Management Approach 2016				
103-1	Explanation of the material topic and its boundary	32-36		9
103-2	The management approach and its components	183-189		9
103-3	Evaluation of the management approach	182		9
GRI 201: Economic Performance 2016				
201-1	Direct economic value generated and distributed	10-14, 118-121		9.1
201-2	Financial implications and other risks and opportunities due to climate change	74-75		13.1
201-3	Defined benefit plan obligations and other retirement plans	The company does not currently offer retirement plans to employees or corporate officers		
201-4	Financial assistance received from government	Consolidated Financial Statements 2017 page 116		

GRI Standard	Contents	Page	Omissions	Link with SDG and its targets
SERVICE QUALITY AND CUSTOMER SATISFACTION* (GRI 416: Customer Health and Safety 2016; GRI 417: Marketing and Labelling 2016; GRI 419: Socioeconomic Compliance 2016)				
GRI 103: Management Approach 2016				
103-1	Explanation of the material topic and its boundary	32-36		12
103-2	The management approach and its components	174-181, 194-197, 227-231, 239, 241-242, 244-245, 249		12
103-3	Evaluation of the management approach	154		12
GRI 416: Customer Health and Safety 2016				
416-1	Assessment of the health and safety impacts of product and services	179-180, 197-199, 212-215, 242		
416-2	Incidents of non-compliance concerning the health and safety impacts of products and services	179-181		
GRI 417: Marketing and Labelling 2016				
417-1	Requirements for product and service information and labelling	181		12.8
417-2	Incidents of non-compliance concerning product and service information and labelling	181		
417-3	Incidents of non-compliance concerning marketing communications	181		
GRI 419: Socioeconomic Compliance 2016				
419-1	Non-compliance with laws and regulations in the social and economic area	178-179		
HUMAN CAPITAL (GRI 401: Employment 2016; GRI 404: Training and Education 2016)				
GRI 103: Management Approach 2016				
103-1	Explanation of the material topic and its boundary	32-36		5; 8
103-2	The management approach and its components	122-138		5; 8
103-3	Evaluation of the management approach	122		5; 8
GRI 401: Employment 2016				
401-1	New employee hires and employee turnover	126		5.1; 8.5; 8.6
401-2	Benefits provided to full-time employees that are not provided to temporary or part-time employees	136-137		5.4; 8.5
401-3	Parental leave	126		5.1; 5.4; 8.5
GRI 404: Training and Education 2016				
404-1	Average hours of training per year per employee	130		5.1; 8.2; 8.5

GRI Standard	Contents	Page	Omissions	Link with SDG and its targets
404-2	Programmes for upgrading employee skills and transition assistance programmes	128-133		8.2; 8.5
404-3	Percentage of employees receiving regular performance and career development reviews	134-136		5.1; 8.5
ENVIRONMENTAL IMPACT (GRI 303: Water 2016; GRI 304: Biodiversity 2016; GRI 306: Effluents and Waste 2016)				
GRI 103: Management Approach 2016				
103-1	Explanation of the material topic and its boundary	32-36		6; 12
103-2	The management approach and its components	82-101		6; 12
103-3	Evaluation of the management approach	82		6; 12
GRI 303: Water 2016				
303-1	Water withdrawal by source	90-91		6.3; 6.4
303-2	Water sources significantly affected by withdrawal of water	90-91		6.4
303-3	Water recycled and reused	90		6.3; 6.4
GRI 304: Biodiversity 2016				
304-1	Operational sites owned, leased, managed in or adjacent to, protected areas or areas of high biodiversity value outside protected areas	98		6.6
304-2	Significant impacts of activities, products and services on biodiversity	99		6.6
304-3	Habitats protected or restored	99		6.6
304-4	IUCN Red List species and national conservation list species with habitats in areas affected by operations	99		6.6
GRI 306: Effluents and Waste 2016				
306-1	Water discharge by quality and destination	93		6.3; 6.4; 6.6
306-2	Waste by type and disposal method	100-101		6.3; 12.4; 12.5
306-3	Significant spills	87		6.3; 6.6; 12.4
306-4	Transport of hazardous waste	100-101		12.4
306-5	Water bodies affected by water discharges and/or runoff	100		6.6

GRI Standard	Contents	Page	Omissions	Link with SDG and its targets
IMPACT ON LOCAL COMMUNITIES (GRI 203: Indirect Economic Impacts 2016; GRI 204: Procurement Practices 2016); GRI 413: Local Communities 2016)				
GRI 103: Management Approach 2016				
103-1	Explanation of the material topic and its boundary	32-36		9; 12
103-2	The management approach and its components	51-55		9; 12
103-3	Evaluation of the management approach	50		9; 12
GRI 203: Indirect Economic Impacts 2016				
203-1	Infrastructure investments and services supported	55-56		9.1; 9.4; 9.a
203-2	Significant indirect economic impacts	53		
GRI 204: Procurement Practices 2016				
204-1	Proportion of spending on local suppliers	157		12
GRI 413: Local Communities 2016				
413-1	Operations with local community engagement, impact assessments and development programmes	51-53		9
413-2	Operations with significant actual and potential negative impacts on local communities	51-53		9
WATER USE (GRI 303: Water 2016)				
GRI 103: Management Approach 2016				
103-1	Explanation of the material topic and its boundary	32-36		6
103-2	The management approach and its components	88-94		6
103-3	Evaluation of the management approach	82		6
EQUALITY AND DIVERSITY AMONG EMPLOYEES (GRI 202: Market Presence 2016; GRI 405: Diversity and Equal Opportunity 2016; GRI 406: Non-discrimination 2016)				
GRI 103: Management Approach 2016				
103-1	Explanation of the material topic and its boundary	32-36		5; 8
103-2	The management approach and its components	138-142		5; 8
103-3	Evaluation of the management approach	122		5; 8

GRI Standard	Contents	Page	Omissions	Link with SDG and its targets
GRI 202: Market Presence 2016				
202-1	Ratios of standard entry level wage by gender compared to local minimum wage	ACCIONA's average minimum wage is greater than the official minimum wage		
202-2	Proportion of senior management hired from the local community	In 2017, 56.5 % of the total number of company executives internationally (outside of Spain) are local executives with a local contract.		8.5
GRI 405: Diversity and Equal Opportunity 2016				
405-1	Diversity in governance bodies and employees	105, 125, 138-142		5.1; 5.5; 8.5
405-2	Ratio of basic salary and remuneration of women to men	138-139		5.1; 8.5
ECONOMIC PERFORMANCE (GRI 201: Economic Performance 2016)				
GRI 103: Management Approach 2016				
103-1	Explanation of the material topic and its boundary	32-36		9
103-2	The management approach and its components	10-14, 120-121		9
103-3	Evaluation of the management approach	10-14, 120-121		9
MATERIALS (GRI 301: Materials 2016)				12
GRI 103: Management Approach 2016				
103-1	Explanation of the material topic and its boundary	32-36		12
103-2	The management approach and its components	100-101, 221-222		12
103-3	Evaluation of the management approach	221-222		12
GRI 301: Materials 2016				
301-1	Materials used by weight or volume	221		12.2
301-2	Recycled input materials used	221		12.2; 12.5
301-3	Reclaimed products and their packaging materials	221		12.2; 12.5
SUPPLY CHAIN (GRI 204: Procurement Practices 2016; GRI 308: Supplier Environmental Assessment 2016; GRI 414: Supplier Social Assessment 2016)				8; 12
GRI 103: Management Approach 2016				
103-1	Explanation of the material topic and its boundary	32-36		8; 12
103-2	The management approach and its components	155-174		8; 12
103-3	Evaluation of the management approach	154		8; 12
GRI 308: Supplier Environmental Assessment 2016				

GRI Standard	Contents	Page	Omissions	Link with SDG and its targets
308-1	New suppliers that were screened using environmental criteria	164-165, 167-168		
308-2	Negative environmental impacts in the supply chain and actions taken	164-165, 168		
GRI 414: Supplier Social Assessment 2016				
414-1	New suppliers that were screened using social criteria	164-165, 167-168		8.8
414-2	Negative social impacts in the supply chain and actions taken	164-165, 168		8.8
WASTE AND CIRCULAR ECONOMY (GRI 306: Effluents and Waste 2016)				12
GRI 103: Management Approach 2016				
103-1	Explanation of the material topic and its boundary	32-36		12
103-2	The management approach and its components	100-101, 221-222		12
103-3	Evaluation of the management approach	82		12
LEVEL OF DEVELOPMENT IN RENEWABLE ENERGIES (GRI 201: Economic Performance 2016)				7
GRI 103: Management Approach 2016				
103-1	Explanation of the material topic and its boundary	32-36		7
103-2	The management approach and its components	192-193		7
103-3	Evaluation of the management approach	192-193		7
REGULATORY FRAMEWORKS, TAXES AND SUBSIDIES				
GRI 103: Management Approach 2016				
103-1	Explanation of the material topic and its boundary	32-36		13
103-2	The management approach and its components	194		13
103-3	Evaluation of the management approach	194		13

* Includes specific related business aspects: Safety and quality of electricity supply (ACCIONA Energy), Quality of water supplied to the customer (ACCIONA Agua), Product safety and quality (Grupo Bodegas Palacio 1894).

INDEPENDENT
ASSURANCE
REPORT



KPMG Asesores, S.L.
Pº. de la Castellana, 259 C
28046 Madrid

Independent Review Report to the Management of ACCIONA, S.A.

(Free translation from the original in Spanish.
In case of discrepancy, the Spanish language version prevails.)

To the management of ACCIONA, S.A.

In accordance with our engagement letter, ACCIONA, S.A. management has requested that we provide reasonable and limited assurance on the non-financial information contained in the Sustainability Report of ACCIONA, S.A. (hereinafter ACCIONA) for the year ended 31 December 2017 (hereinafter "the Report").

The indicators covered by reasonable assurance are GRI 102-41, GRI 102-8, 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, on the quantitative information derived from these indicators, related to the progress on complying with 2020 Sustainability Master Plan objectives (hereinafter SMP 2020), and on the qualitative information related to the progress on complying with Sustainability Master Plan objectives. The indicators covered by limited assurance comprise the other indicators described in the GRI Index of the Report.

Management responsibilities

ACCIONA management is responsible for the preparation and presentation of the Report in accordance with the Sustainability Reporting Standards of the Global Reporting Initiative (GRI Standards), according to the comprehensive option, as described in point 102-54 of the GRI Index of the Report.

It is also responsible for compliance with the Materiality Disclosure Service, obtaining confirmation from the Global Reporting Initiative on the proper application of these. Management is also responsible for the information and assertions contained within the Report; for the implementation of processes and procedures which adhere to the principles set out in the AA1000 AccountAbility Principles Standard 2008 (AA1000APS); for determining ACCIONA's objectives in respect of the selection and presentation of sustainable development performance, including the identification of stakeholders and material issues; and for establishing and maintaining appropriate performance management and internal control systems from which the reported performance information is derived.

These responsibilities include establishing such controls as management determines are necessary to enable the preparation of limited and reasonable assurance indicators that are free from material misstatement whether due to fraud or error.

Our responsibility

Our responsibility is to carry out a review to provide reasonable assurance on the preparation and presentation of the indicators GRI 102-41, GRI 102-8, 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 on the quantitative information derived from these indicators, related to the progress on complying with 2020 Sustainability Master Plan objectives, and on the qualitative information related to the progress on complying with Sustainability Master Plan objectives, a limited assurance review on the preparation and presentation of the other indicators within the review scope, and to express a conclusion based on the work performed. We conducted our engagement in accordance with International Standard on Assurance Engagements (ISAE) 3000, "Assurance Engagements other than Audits or Reviews of Historical Financial Information", and the Standard ISAE 3410 "Assurance Engagements on Greenhouse Gas Statements" issued by the International Auditing and Assurance Standards Board (IAASB) and with the Performance Guide on the revision of Corporate Responsibility Reports of the Instituto de Censores Jurados de Cuentas de España (ICJCE). These standards require that we plan and perform the engagement to obtain limited assurance about whether the report is free from material misstatement.

KPMG applies International Standard on Quality Control 1 (ISQC1) and accordingly maintains a comprehensive system of quality control including documented policies and procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

We have complied with the independence and other ethical requirements of the Code of Ethics for Professional Accountants issued by the Internal Ethics Standards Board for Accountants, which is founded on fundamental principles of integrity, objectivity, professional competence and due care, confidentiality and professional behaviour.

We have also conducted our engagement in accordance with Accountability Assurance Standard AA1000 APS 2008 (Type 2), which covers not only the nature and extent of the organisation's adherence to the AA1000 APS, but also evaluates the reliability of performance information as indicated in the scope.

Reasonable assurance over reasonable assurance indicators

The procedures selected in our reasonable assurance engagement depend on our judgement, including the assessment of the risks of material misstatement of the indicators whether due to fraud or error.

In making those risk assessments, we have considered internal control relevant to the preparation and presentation of the indicators in order to design assurance procedures that are appropriate in the circumstances, but not for the purposes of expressing a conclusion as to the effectiveness of ACCIONA's internal control over the preparation and presentation of the Report.

Our engagement also includes assessing the appropriateness of the indicators with the criteria of the Global Reporting Initiative's Sustainability Reporting Standards (GRI Standards), obtaining an understanding of the compilation of the financial and non-financial information to the sources from which it was obtained, evaluating the reasonableness of estimates made by ACCIONA, and re-computation of the calculations of the reasonable assurance indicators.

Limited assurance over limited assurance indicators

Our limited assurance engagement consisted of making enquiries of management and persons responsible for the preparation of information presented in the Report, and applying analytical and other evidence gathering procedures. These procedures included:

- Verification of ACCIONA's processes for determining the material issues, and the participation of stakeholder groups therein.
- Interviews with management and relevant staff at group level and selected business unit level concerning sustainability strategy and policies and corporate responsibility for material issues, and the implementation of these across the business of ACCIONA.
- Evaluation through interviews concerning the consistency of the description of the application of ACCIONA's policies and strategy on sustainability, governance, ethics and integrity.
- Risk analysis, including searching the media to identify material issues during the year covered by the Report.
- Review of the consistency of information comparing Universal Standards with internal systems and documentation.
- Analysis of the processes of compiling and internal control over quantitative data reflected in the Report, regarding the reliability of the information, by using analytical procedures and review testing based on sampling.

- Review of ten sites through visits and remote review, selected on the basis of a risk analysis including the consideration of both quantitative and qualitative criteria.
- Review of the application of the Global Reporting Initiative's Sustainability Reporting Standards requirements in accordance with the comprehensive option.
- Reading the information presented in the Report to determine whether it is in line with our overall knowledge of, and experience with, the sustainability performance of ACCIONA.
- Verification that the financial information reflected in the Report was audited by independent third parties.

Our multidisciplinary team included specialists in AA1000 APS, stakeholder group dialogue and in social, environmental and economic business performance.

The procedures performed in a limited assurance engagement vary in nature and timing from, and are less in extent than for, a reasonable assurance engagement. Consequently the level of assurance obtained in a limited assurance engagement is lower than that of a reasonable assurance engagement. This report may not be taken as an auditor's report.

Conclusions

Our conclusion has been formed on the basis of, and is subject to, the matters outlined in this Independent Review Report. We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our conclusions.

In our opinion, the indicators GRI 102-41, GRI 102-8, 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, the quantitative information derived from these indicators, related to the progress on complying with Sustainability Master Plan objectives, and the qualitative information related to the progress on complying with Sustainability Master Plan objectives, reviewed with reasonable assurance, are prepared and presented, in all material aspects, in accordance with the Sustainability Reporting Standards of the Global Reporting Initiative as described in point 102-54 of the GRI Index, including the reliability of data, adequacy of the information presented and the absence of significant deviations and omissions.

Based on the limited assurance procedures performed and the evidence obtained, as described above, nothing has come to our attention that causes us to believe that the limited assurance indicators have not in all material respects, been prepared and presented in accordance with the Sustainability Reporting Standards of the Global Reporting Initiative as described in point 102-54 of the GRI Index, including the reliability of data, adequacy of the information presented and the absence of significant deviations and omissions.

Additionally, nothing has come to our attention that causes us to believe that as a result of ACCIONA implementing the procedures described in sections 102-43 and 102-44 of the GRI Index Report, any material issues have been omitted as applies to the principles of inclusivity, materiality and responsiveness as included in the AA1000 AccountAbility Principles Standard 2008.

Under separate cover, we will provide ACCIONA management with an internal report outlining our complete findings and areas for improvement. Without prejudice to our conclusions presented above, we present some of the key observations and areas for improvement below:

In relation to the INCLUSIVITY principle

ACCIONA has considered its main stakeholders on its 2020 Sustainability Master Plan (hereinafter SMP 2020), and on the specific consultations carried out from business projects. During 2017, ACCIONA has performed external audits in order to evaluate the proper application of social impact management taking into account the expectations and perceptions of those affected directly or indirectly by the company's activity. In this sense, as main areas for improvement, it would be recommended to update the documents associated to the social impact management procedure, including the additional measures carried out as well as the significant changes identified in projects. In addition, it is recommended to establish a formal communication channel with the affected stakeholders and the definition of the frequency of such communication.

In relation to the MATERIALITY principle

The identification of relevant matters to ACCIONA and its stakeholders is carried out annually through a materiality analysis. As a main novelty in 2017, this analysis has been extended to the Concessions business, identifying and prioritizing its relevant issues. In this way, the study includes for the first time all of ACCIONA's businesses. Nevertheless, the identified material issues have not been updated with respect to the previous edition. It would be desirable to establish and adapt the list based on potential new relevant issues derived from macro-trends. In addition, it would be recommended to continue advancing to guarantee a complete degree of coverage in the material content of the Report.

In relation to the RESPONSIVENESS principle

Through its SMP 2020, ACCIONA responds to the main challenges related to sustainable development and establishes its new sustainability strategy. On the Sustainability Report, the company shows the progress, initiatives and its degree of compliance during 2017. As a guide to improvement, the different areas of the SMP, its objectives and commitments to 2020, could be linked to the Sustainable Development Goals with the objective of achieving a double perspective of compliance both for the SMP and for the contribution of the company to the United Nations' roadmap.

Purpose of our report

In accordance with the terms of our engagement, this Independent Review Report has been prepared for ACCIONA in relation to its 2017 Sustainability Report and for no other purpose or in any other context.

KPMG Asesores, S.L.

(Signed)


José Luis Blasco Vázquez

19 April 2018



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