

ACCIONA

SUSTAINABILITY

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Innovation

ACCIONA, profitability, development and sustainability

ACCIONA is a world leader in sustainable infrastructure solutions and renewable energy projects. Its offer covers the whole value chain, from design and construction to operation and maintenance. With a presence in over 40 countries, it carries out business activities with the commitment to contribute to the economic and social development of the communities where it operates.

ACCIONA's sustainability strategy works through its Sustainability Master Plan, a roadmap incorporating all the company's initiatives in this field. The aim of ACCIONA is to lead the transition to a low-carbon economy. For this, it introduces quality criteria and innovation processes, aimed at optimizing efficient resource use and respect for the environment, in all its projects. The company has been carbon-neutral since 2016, offsetting all the CO₂ emissions generated that it was unable to reduce.

ACCIONA is present in selective sustainability indexes, such as FTSE4Good, MSCI Global Climate Index, CDP Climate A List 2017, CDP Water A List 2017, among others.

ACCIONA'S commitment

Real solutions to global challenges

ACCIONA bases its business model on the development of sustainable solutions in infrastructures, water and energy. Through its Sustainability Master Plan 2020, the company provides an answer to the main challenges raised by sustainable development, particularly as regards climate change mitigation, providing solutions to water stress and the designing of infrastructures adapted to new realities.

Our Mission

To be a leader in the creation, development and management of renewable energy, infrastructures, water and services; actively contributing to social well-being, sustainable development and the creation of value for our stakeholders.

Our Vision

To achieve sustainable development through its business areas for the good of society now and in the future.

Our Values

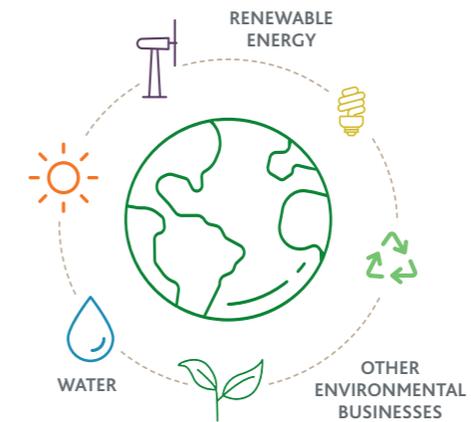
Honesty, excellence, social responsibility, leadership, long-term view, innovation, financial strength, care for people, customer focus, and environmental concern.

ACCIONA integrates sustainability driver of change and progress

ACCIONA, leader in green economy

The various businesses of ACCIONA bring value to what is termed the "Green Economy", as defined by PNUMA.

In 2016, a total of 42% of ACCIONA's global sales and 72% of its EBITDA stemmed from activities related to renewable energies, water and other environmental activities.



Presence in sustainability indexes



FTSE4Good

STOXX® Global Climate Change Leaders



CDP
DRIVING SUSTAINABLE ECONOMIES
CDP Supplier Climate A List 2016

MSCI Global Climate Index

Sustainability Master Plan 2020

New strategy for 2020: Sustainability Master Plan

ACCIONA carries out its Sustainability strategy through its Sustainability Master Plan (SMP). In the creation of the SMP, ACCIONA has carried out an assessment of the achievements and difficulties experienced over the five

years of implementing the previous SMP (2010-2015), and has defined a new sustainability strategy for 2020.

The new Plan is structured by strategic and operative objectives applied across

the organisation, with specifications for the different lines of business with the aim of bringing sustainability closer to the particular nature of each line, in the following areas:



Society: the aim is to work together to improve people's quality of life. To do so, work is carried out in the social impact management, dialogue and leadership, social action, and volunteering.

Climate change: ACCIONA accepts mitigation as one of its main strategic goals.

Environment: the company set goals to offer sustainable environmental solutions through its business.

Corporate governance: human rights, ethics, corporate governance, risk management, and transparency goals have been set.

People: goals have been set relating to health and safety at work, development and incentives, diversity and inclusion, and training.

Value chain: the company has goals to strengthen the mitigation of environmental, social and corporate governance risks related to its supply chain, stakeholders, and customers.

Innovation: besides its commitment to maintain an innovation figure over sales that exceeds the European average, ACCIONA has set itself goals under the scope of collaborative and operative innovation.

Sustainability governance

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

At the same time, with the aim of achieving the goals of the Sustainability Master Plan, the Sustainability Department and the different business

divisions have continued to work together through the Sustainability Committees (Business Committees).

ACCIONA and the Sustainable Development Goals

ACCIONA's commitment to sustainability can be defined as strong support for social progress, environmental balance, and economic growth; it is reflected in the contribution towards achieving the Sustainable Development Goals (SDGs). These common goals, defined by the United Nations, require the active involvement of companies as well as many other agents.



With the United Nations' approval of the SDGs, ACCIONA defined its main contribution towards four main goals, and in different degree to the others:

	<p>Throughout its history, ACCIONA has potabilized, purified and desalinated water for more than 110 million inhabitants worldwide: integrated water management.</p>
	<p>In 2016, the company produced total renewable energy equivalent to the consumption of 6 million homes. In the same way, 41% of the company's energy consumption came from renewable sources.</p>
	<p>The company relies on innovation to achieve more resilient, sustainable infrastructures: areas like eco-efficient construction, biotechnology, infrastructures built from compound materials and improvements to construction processes, amongst others.</p>
	<p>ACCIONA is a forerunner in the adaptation of the business model to meet the requirements of a low-carbon economy and sees the fight against climate change as a strategic priority.</p>

These four objectives articulate the strategy of the Company's business model, through objectives and initiatives included in its Sustainability Master Plan.

Society

Commitment and dialogue with stakeholders



ACCIONA undertakes the need to collaborate to improve people's quality of life, in particular by engaging and supporting the communities with which it interacts.

Social impact management of ACCIONA projects

The social impact of the development of the projects and services offered by ACCIONA in the communities is one of the essential cornerstones of the company's sustainable business model. Through its own Social Impact Management (SIM) methodology, the company conducts analyses and processes regarding the social consequences of projects on people, both negative and

positive. The implementation of the SIM methodology increases annually in all divisions of the group. In 2016, a total of 82 projects were achieved in the Energy, Construction, Water, Services, and Industrial businesses (a 74% increase over the previous period) and the scope was extended to 23 countries (five more than in 2015).

2020 OBJECTIVES

» Social Impact Management

» Dialogue and Leadership

» Social Action

» Volunteering

ACCIONA's Social Commitment

In the framework of the Sustainability Master Plan (SMP), ACCIONA aims to align 100% of the social contribution with its Social Action Plan, establishing strategic guidelines for implementation through

medium- and long-term sustainable projects where ACCIONA operates.

With the implementation of the Social Action Plan and the Social Impact Management methodology, ACCIONA

establishes action lines, keeps track of contributions and measures the impact of them. In 2016, the company's social contribution came to more than 9 million euros

Social Action Plan 2016



ACCIONA'S Socioeconomic Impact

ACCIONA measures the socioeconomic and environmental impact of its projects in different countries so that the benefits generated by such projects throughout their life cycle are recorded.

In 2016, the Energy division worked on

new calculations of the socioeconomic impact of the solar plant of El Romero, Chile, and also made comparisons from the objective results of the socioeconomic impact in Mexico and South Africa with other non-renewable technologies.

At the end of 2016, the Infrastructure division began to calculate the socioeconomic impact of the entire life cycle of a solar thermal plant in South Africa.

Dialogue and leadership

One of the objectives of the Sustainability Master Plan is to consolidate ACCIONA's position as sustainability leader among all of its stakeholders.

Recognition as a leader in sustainability goes hand-in-hand with dissemination of a business model based on the opportunities in sustainable development.

To this end, ACCIONA has undertaken initiatives through various communication channels.

Active presence in a number of organisations and international initiatives

 United Nations Global Compact www.unglobalcompact.org	 "Sustainable energy for all" Initiative www.se4all.org	 World Business Council for Sustainable Development www.wbcasd.org	 Corporate Leaders Group www.cisl.cam.ac.uk/clg
 World Economic Forum www.weforum.org	 World Bank Group www.worldbank.org	 Grupo Español Crecimiento Verde www.grupocrecimientoverde.org	

Climate change

Carbon neutral



ACCIONA sees the fight against the effects of climate change as a strategic priority. This is why the company's activities are carried out based on a low-carbon business portfolio, which enables us to:

- Reduce or mitigate the adverse effects of climate change.
- Decrease greenhouse gas (GHG) emissions into the atmosphere through the generation of renewable energy.
- Promote energy efficiency.
- Respond to global demands regarding renewable energy, sustainable infrastructures, water, and services.

In the same way, ACCIONA also extends its commitment to fight climate change across the entire value chain through:

- Collaboration and cooperation with other companies, public institutions, social organisations, suppliers and other stakeholders.
- Awareness-raising and training.
- Transparent and comprehensive information on this subject.

ACCIONA has available a Climate Change policy, approved by the Board of Directors.

2020 OBJECTIVES

» Carbon Neutrality in 2016

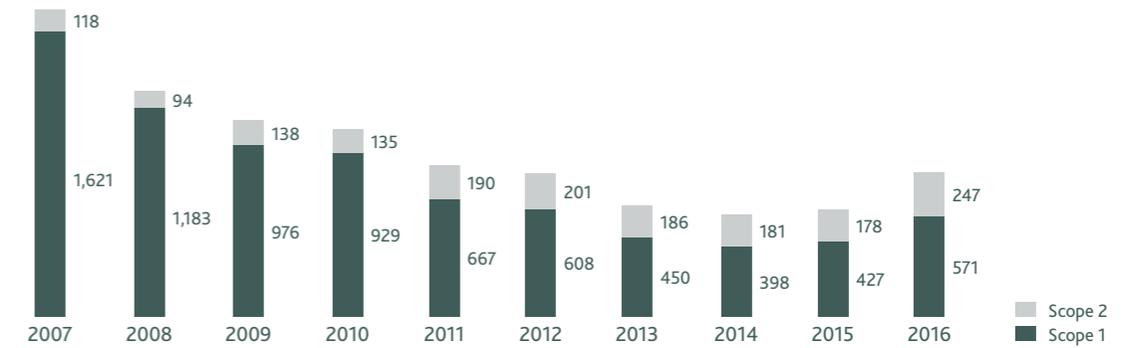
» Climate Risk Map

» Adaptation and management of climate risks

» Climate change training

The fight against climate change as a priority

Trend of emissions generated (thousands of tonnes of CO₂)



Note 1: Scope 1, direct emissions produced by the company, generally through the burning of fuels. Scope 2, indirect emissions produced by the company through electricity consumption and the production of electricity consumed by ACCIONA.

Note 2: This year, for the first time, ACCIONA has also consolidated as CO₂ equivalent its CH₄, N₂O and SF₆ emissions.

Emissions avoided (millions of tonnes of CO₂)



Carbon neutral since 2016, offsetting all CO₂ emissions generated that it was unable to reduce

Environment

Protection of natural resources



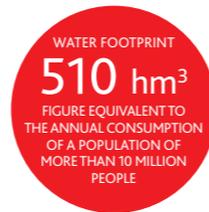
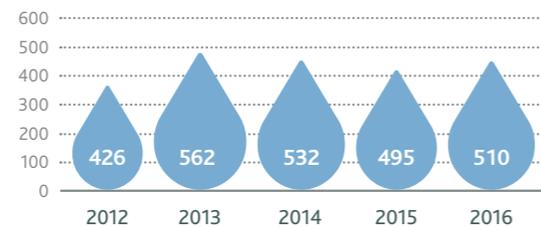
In 2016, ACCIONA focused its action on the integrated management of environmental risks, water shortage and water stress, operational eco-efficiency, promotion of circular economy, and the conservation of biodiversity.

Positive water footprint on the planet

Throughout its history, ACCIONA has supplied water to more than 110 million people in 40 countries across the globe through its integrated water

management cycle (catchment, treatment of drinking water and desalination, purification and return to the environment).

ACCIONA's positive evolution of the water footprint (hm³)

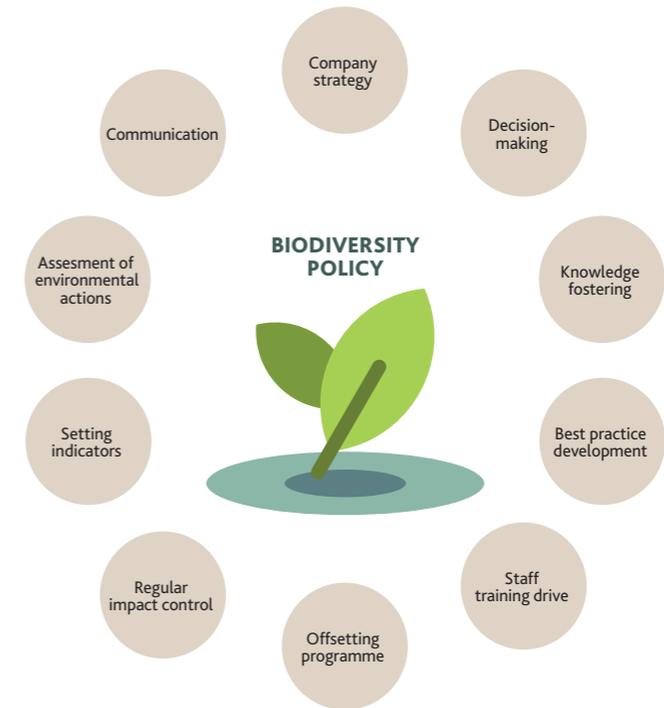


2020 OBJECTIVES

- » Eco-efficiency in operations
- » Water
- » Biodiversity

Environmental protection and biodiversity

For ACCIONA, the conservation of biodiversity and the responsible use of natural heritage are a necessary condition for global sustainability, as well as an ethical commitment.



Waste Management and Promotion of Circular Economy

With the aim of minimising waste generation and the use of natural resources, ACCIONA incorporates in its activities all methodologies, processes, technologies, and good practices regarding the management, reuse and recycling of waste.

During this last year, a Waste Management Plan has been prepared through to 2020, to foster ACCIONA's circular economy.

Since 2016, ACCIONA has had a portfolio of Life Cycle Analyses

(LCA) that serves as a benchmark for using tools for evaluating the environmental sustainability of the company's actions and projects.

The portfolio currently numbers 50 LCAs, corresponding to 19 projects.

Corporate Governance

Ethics, integrity and transparency



ACCIONA has a highly professional Board of Directors that monitors sustainability risks and carries out a long-term planning in aspects related to ethics, human rights and climate change.

Integrity framework

ACCIONA has defined a framework of ethics and integrity with corporate regulations that set out guidelines for actions which apply to the Company's subsidiaries.

THE COMPANY WORKS TO ADOPT THE MOST ADVANCED CORPORATE GOVERNANCE PRACTICES

- THROUGH:
- Approval by the Board of Directors of the revision of the Code of Conduct and action procedures on anti-corruption
 - An International and Anti-Corruption Crime Model in 100% of its activities
 - Expansion of the scope of the human rights diagnosis intensifying the analysis of the business policies and procedures
 - Transparency in the company's non-financial information

2020 OBJECTIVES

- » Ethics
- » Human Rights
- » Corporate governance
- » Risk Management
- » Transparency

Code of Conduct

The Code of Conduct includes the values that must guide the behaviour of all companies within ACCIONA, and aims to promote the consolidation of a conduct within the Company 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 UN Universal Declaration of Human Rights, the ILO's

Tripartite Declaration, the OECD Guidelines for Multinational Enterprises and the United Nations Global Compact.

In 2016, the Board of Directors approved a new revision of the Code of Conduct.

Policy Book

The ACCIONA Policy Book reflects the commitments and the principles of action applicable to the firms of the Company regarding economic, social and environmental issues. This book was approved by the Sustainability Committee in April 2013.

The policies are grouped in four blocks based on the following topics:

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

The Policy Book has been disseminated internally and is also available on the company website in Spanish, English, Polish and Brazilian Portuguese.

The Compliance Department, which reports to the Audit Committee, was created in 2015

Risk Management in Human Rights

ACCIONA continues to work to fulfil its responsibility to respect human rights. In this matter, it has established a series of commitments reflected in its Code of Conduct and Human

Rights Policy published in 2013, based on international standards.

In 2016, the human rights risks were analysed in the countries

in which the company operates. The scope of human rights diagnosis was expanded deeping the analysis on procedures and business policies.

Risk Management in Sustainability

ACCIONA believes that responding to future risks related to the macro sustainability trends:

- Improves informed decision-making.
- Reduces regulatory risks and costs.

- Increases resilience to new environments.
- Can be a source of competitive advantage for new business opportunities.

With the aim of better manage these environmental, social, and ethical risks, work was carried

out in 2016 on developing a methodology for identifying and assesing these sustainability risks.

Commitment to transparency

In accordance with the most advanced international information reporting standards, ACCIONA provides detailed information about its sustainability actions, strategies and practices. The commitments made by ACCIONA regarding the

sustainability challenges, and included in the Sustainability Master Plan (SMP) are measurable and verifiable.

The periodical review of the progress made by the Master Plan makes it possible to make appropriate adjustments and

guarantee that targeted goals are achieved, respond to the expectations of the stakeholders and to the company's commitment to improving its performance in sustainability matters.

■ SUSTAINABILITY REPORT



■ INTEGRATED REPORT



■ QUARTERLY RESULTS REPORT



■ COP (Communication on Progress)



For the sixth year in a row, ACCIONA receives Advanced Level rating by the Global Compact

People

A Committed Team



Human capital is a priority for ACCIONA. The company shares the values of respect, transparency, equal opportunities, meritocracy, continuous communication, and diversity, with its employees.

Development of Human Capital

ACCIONA believes that the talent of the people who form its workforce is its main asset and competitive advantage. In this regard, it is essential to obtain the best professionals

and provide them with new learning experiences with a view to continuously driving their professional development.

Social responsibility to the people

ACCIONA works hard to achieve real equal opportunities for all the groups within the company, and the integration of the

diversity factor as a strategic element for the management of people.

People with disabilities:	In 2016, attained 3.55% of people with disabilities in its workforce in Spain; 5.05% are directly employed.
People at risk of social exclusion:	ACCIONA hired 262 people at risk of social exclusion, 37 of them victims of gender violence.
Online campus	ACCIONA has the online campus with more than 2,000 learning resources available in various languages and formats.
Variable remuneration linked to sustainability	The ACCIONA Bonus includes 3.5% of the sustainability-related aims defined under the scope of the SMP 2020 areas.

2020 OBJECTIVES

- » Security
- » Healthy ACCIONA
- » Development and Incentives
- » Diversity and Inclusiveness
- » Training

Health and Safety in ACCIONA

The company understands that the promotion of health and safety goes beyond that of its employees, extending its scope to include its stakeholder groups: suppliers, customers, and social environment.

In 2016, frequency rate improved 4,7% for company employees with regard to 2015.

Occupational risk prevention Safety is everyone's responsibility

Since 2009, more than 975,000 hours of occupational risk prevention training have been delivered to ACCIONA's various divisions.

Health and well-being

Within the framework 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 current lifestyles such as a lack of exercise.

Value Chain

Responsible quality management



ACCIONA works to ensure sustainability in relation to all supply chains, partners, and customers, mitigating the environmental, social, and corporate governance risks. In the same way, its stake is on the quality of products and services with the aim of ensuring customer satisfaction.

NO GO POLICIES

Preparation of the first No Go Policies on the following basis:

- Proven non-compliance with the United Nations Global Compact.
- Supplier with significant risk of ethics and integrity, because 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-Conformities that have not been remedied.
- Companies penalised by the performance assessment on previous works with ACCIONA or serious shortcomings detected in audit.

2020 OBJECTIVES

- » Supply Chain
- » Partners
- » Clients

Responsible management of the supply chain

ACCIONA conveys its commitment to sustainability to the whole supply chain. With the aim of identifying, mitigating and managing risk, ACCIONA has an internal risk management mechanism structured over three elements:

■ **The PROCUR-e platform**, an electronic procurement tool that seeks to support the management of the supply chain through its two functions:

Supplier Portal and Bidding Tool. In 2016, 15,100 questionnaires were sent out to suppliers.

■ **The Risk Map**, a tool for controlling the supply chain that supports decision-making criteria for procurement and the identification of potential areas for improvement in suppliers. Since 2016, more than 10,000 suppliers have prepared their own risk map.

■ **The Procedure for Supplier Qualification and Evaluation**, an integral, objective process where a full analysis is performed on the supplier, thereby minimising the risks, recognised for the supplier and infrastructure, such as corporate responsibility (CR) position, solvency or legal position, amongst others. Last year, 2,604 suppliers were qualified or requalified under the new criteria.

ACCIONA with excellent management

Continued efforts to improve the supply chain, products and services and customer relationship are embodied in the implementation of new tools and management practices.

90% of the Group's sales are certified ISO 9001 and 87% are ISO 14001 certified.

Meeting the needs and expectations of its customers is a priority goal of ACCIONA. In 2016, ACCIONA obtained an overall customer satisfaction rating of 97%.

86% of purchases are made from local suppliers

Innovation

Collaboration and process improvement



Innovation is a key component in acquiring competitive advantage, creating a ripple effect by generating new business and improving existing business.

Innovation as an objective

For ACCIONA, innovation is the main driver of development and the key to its growth, hence it continues to focus its innovation on strengthening competitive advantage in all its divisions, providing customers with advanced solutions.

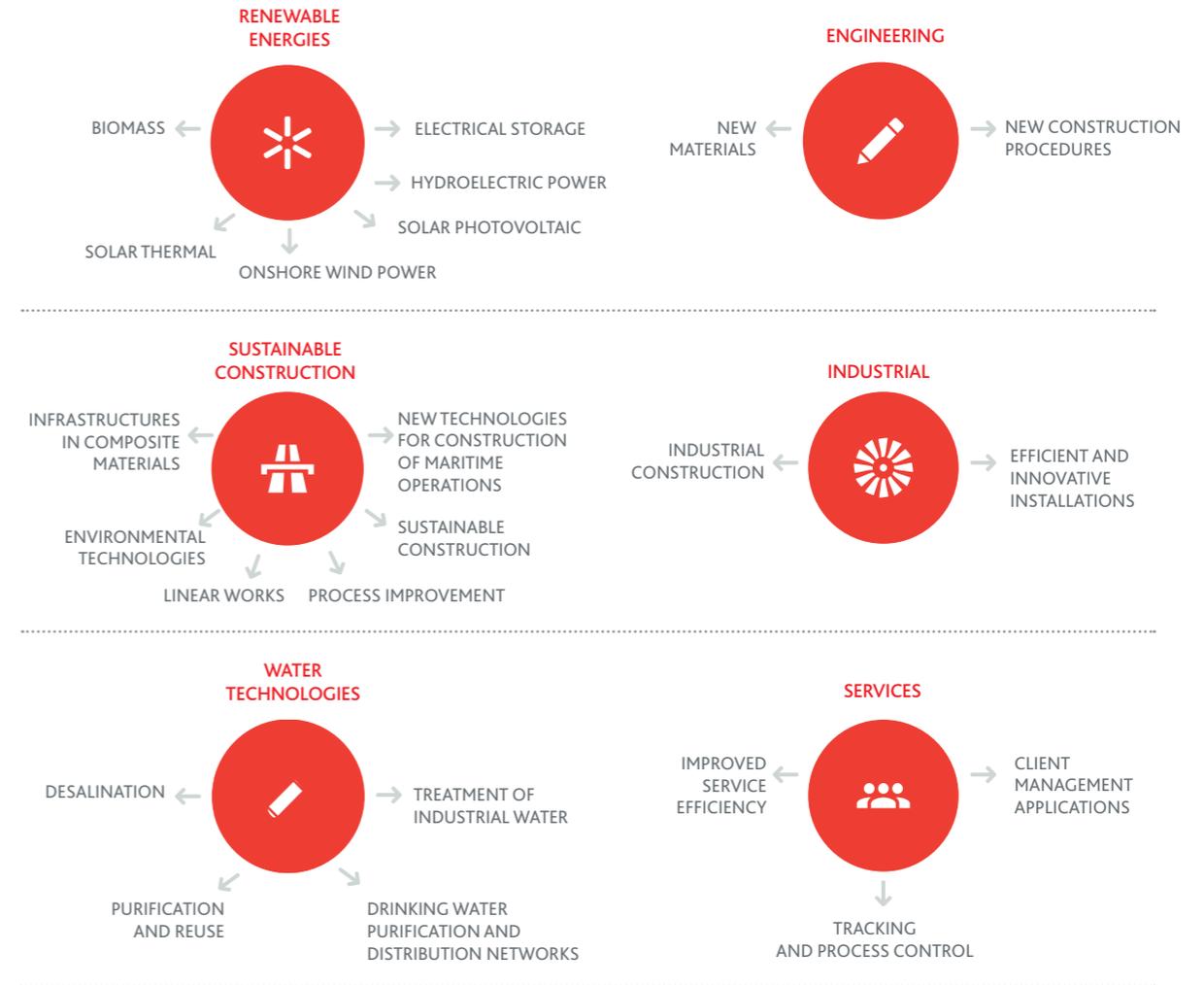
ACCIONA's innovation is committed on improving efficiency, cutting costs and generating added value for projects, and to make them stand out technologically compared with our competitors. In short, the goal is to address challenges through innovation and turn them into business opportunities.

In 2016	<ul style="list-style-type: none"> ■ Ratio of innovation intensity over sales is 3.2, above the European average. ■ Documented figure of innovation €193.9 M. ■ 87 process innovation initiatives have been recorded, resulting in savings of €27.7 M.
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2020 OBJECTIVES

- » Innovation in figures
- » Collaborative innovation
- » Operative innovation

Strategic R&D&I lines in ACCIONA's core business





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