

Materiality Analysis

FOCUS ON THE MOST RELEVANT ISSUES

Due to the diverse business lines and countries in which it operates, ACCIONA deals with different key issues for each business and its stakeholders.

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

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

A SPECIFIC MATERIALITY ANALYSIS HAS BEEN CARRIED OUT FOR EACH OF ACCIONA'S BUSINESSES

For the 2018 *Sustainability Report*, the relevant aspects identified the year before have been updated, which drew from the analysis of macro trends performed during the design of the Sustainability Master Plan in 2016. This update has been carried out on an individual basis for each of ACCIONA's business lines: Energy, Construction, Water, Services, Industrial, Concessions, Bestinver, Grupo Bodegas Palacio 1894 and ACCIONA Inmobiliaria.

Methodology

(GRI 102-42; GRI 102-43)



1. IDENTIFICATION

Review and update of the aspects identified in the *Materiality Analysis 2017*, with the aim of examining the most relevant aspects more deeply and widening the scope to include those aspects that have arisen recently.

2. PRIORITISATION

Prioritisation of these aspects on the basis of a twofold analysis:

- External relevance of opinion leaders in the sector, investors and the press.
- Internal relevance from the analysis of the SMP 2020 and consultation with experts selected by the sustainability managers of the businesses.

3. VALIDATION

Review, validation and assessment of the issues by the businesses through a phase of dialogue with its sustainability managers.

Stakeholders consulted

(GRI 102-42; GRI 102-43)

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

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

1. IDENTIFICATION OF MATERIAL ASPECTS

The *Materiality Analysis 2018* is an update of the aspects identified in the previous fiscal year, using sources of reference information for ACCIONA's sectors. For instance, these include the competitor analysis for its various businesses as well as the different think tanks and directives such as the Financial Stability Board, the Spanish law on non-financial information and diversity or the draft legislation of the European Union entitled Winter Package, among others. Also taken into account were the sector materiality analyses of the Sustainability Accounting Standards Board (SASB) for the following industries:

Renewable Resources & Alternative Energy, Water Utilities, Engineering & Construction Services, Services, Investment Banking and Brokerage, Alcoholic Beverages, Agricultural Products, Real Estate Services and Real Estate Owners, Developers & Investment Trusts.

All of these sources helped to identify the nuances and particularities, obtaining different lists of aspects for each business line. Below you will find a unique list of aspects according to the corresponding area of the SMP 2020, which shows the common aspects (those that do not specify a business) and the business-specific aspects.

SMP Area	Material aspects	Definition of the aspects
 SOCIETY	Local communities (Common, except Bestinver)	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.

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SMP Area	Material aspects	Definition of the aspects
 <p>CLIMATE CHANGE</p>	<p>Climate change (Common, except Bestinver)</p> <p>Investment in renewable energies (specific to Energy)</p> <p>Energy transition and regulatory frameworks (specific to Energy)</p>	<p>Measures adopted by the company to contribute to mitigating climate change: establishing a policy on the issue, promoting energy efficiency, reducing greenhouse gas emissions, offsetting emissions or buying renewable energy; adapting projects or assets to external weather phenomena; and managing risks and opportunities arising from climate change.</p> <p>In accordance with the company's strategic criteria, it is considered appropriate to identify new investment and business opportunities pertaining to renewable energies. Furthermore, it is essential to have stable frameworks that ensure the cost effectiveness of public-private investment and collaboration.</p> <p>The company's activity is influenced by the energy transition and the continuous regulatory changes. This aspect includes regulatory frameworks that promote and provide security in renewable investments, long-term plans, carbon pricing policies and also the legislation on the tariff deficit.</p>
 <p>ENVIRONMENT</p>	<p>Environmental management and biodiversity (Common, except Bestinver)</p> <p>Water use (Common, except Bestinver)</p>	<p>In order to ensure appropriate environmental management, it is deemed necessary to develop an Environment policy, assess the vulnerability to environmental regulation, establish compliance objectives and manage the potential Environmental Management Systems certifications. Furthermore, management of the company's impact on biodiversity encompasses measures such as establishing policies, analysing the state of the affected ecosystems and developing biodiversity protection measures.</p> <p>An appropriate management of water usage includes catchment, consumption and the related discharge. In order to achieve this, it is recommended that businesses measure their water footprint and set objectives to reduce it.</p>

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SMP Area	Material aspects	Definition of the aspects
 <p>ENVIRONMENT</p>	<p>Waste and circular economy (Common, except Bestinver)</p> <p>Materials (specific to Construction, Industrial and Concessions)</p>	<p>An appropriate management of waste involves updating policies, researching new uses for waste and innovation in the field of recycling. The circular economy promotes change towards an economy that is efficient in its use of resources, taking into account an analysis of the full life cycle of the products and services related to the value chain.</p> <p>Managing the use of materials encompasses reducing its use, promoting the use of recycled materials, the management of hazardous materials and the certification of construction materials.</p>
 <p>CORPORATE GOVERNANCE</p>	<p>Non-financial risks</p> <p>Ethics and anti-corruption</p> <p>Human Rights (Common, except Bestinver)</p>	<p>Effective risk management is vital for long-term financial planning and the organisation's flexibility. As such, the companies need to implement mechanisms for risk detection, monitoring and quantification. In the area of sustainability, the analysis of environmental, social and good governance risks is considered relevant, also including the country risk (inherent in transnational operations and contributing to an appropriate international expansion).</p> <p>As part of Corporate Governance, it is considered necessary to create an anti-corruption policy and a code of ethics and conduct, as well as to promote legal compliance, and integrity in bids and tenders. The trend of large Spanish listed companies is to provide increasingly more information on transparency and tax contribution.</p> <p>Measures implemented to respect stakeholders' human rights and mechanisms to resolve potential violations thereof. In addition to defining a policy in this regard, it is considered appropriate to provide training and raise awareness on this issue, and to evaluate the potential impact of projects and investments, including a supply chain analysis.</p>

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SMP Area	Material aspects	Definition of the aspects
 <p>CORPORATE GOVERNANCE</p>	<p>Economic performance</p>	<p>Economic sustainability encompasses various factors such as the economic value generated or distributed and the growth of the company, ensuring solvency, profitability and cost effectiveness.</p>
 <p>PEOPLE</p>	<p>Equality and diversity among employees</p> <p>Human capital</p> <p>Health, safety and well-being</p>	<p>Measures that ensure diversity and equal opportunities, from hiring people at risk of social exclusion to training in multiculturalism. In addition, account is taken of the actions carried out to promote work-life balance and to reduce the gender pay gap.</p> <p>Strategy and plans to attract and retain talent, as well as to reduce employee turnover: performance assessment processes, employee satisfaction surveys and investment in training and other motivational tools for this commitment, such as grants or incentives related to targets. Furthermore, measures to promote training in key sustainability issues and to match employee remuneration with the company's sustainability performance are assessed.</p> <p>Managing workers' health, safety and well-being demands a process of awareness raising and training, accompanied by identifying risks and mitigation measures. In addition to reducing workplace accidents, it is important to seek out suppliers who have health and safety certificates.</p>
 <p>VALUE CHAIN</p>	<p>Quality of water supplied to the customer (specific to Water)</p>	<p>Customer satisfaction goes hand in hand with quality of the water supplied. This aspect covers risk management for health and the environment, the policies to minimise those risks, guaranteeing access to water and treating the water.</p>

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SMP Area	Material aspects	Definition of the aspects
 <p>VALUE CHAIN</p>	<p>Service quality and customer satisfaction (common, except for Water and Energy)</p> <p>Supply chain</p> <p>Product safety and quality (specific to Grupo Bodegas Palacio 1894)</p> <p>Safety and quality of electricity supply (specific to Energy)</p>	<p>Establishing mechanisms to gather opinions of customers, and thus being able to measure their satisfaction and manage the existing relationship.</p> <p>The environmental, social and ethics criteria must also be applied when managing suppliers. This includes establishing policies, corrective measures in the event of breaches, assessing risks and identifying suppliers' water and carbon footprint. In this sector, local and 'green' procurement is of great importance.</p> <p>Customer satisfaction also goes hand in hand with safety and quality of the product. This aspect takes into account the company's commitment to the customer, innovation in new production technologies, responsible marketing (including labelling that promotes responsible consumption and the description of strategies to manage the use of Genetically Modified Organisms) and initiatives related to developing environmentally friendly products.</p> <p>This aspect is of equal importance in ensuring customer satisfaction. Not only does it encompass the company's commitment to its customers, but also the supply capacity, the state of infrastructure, the diversification of the electricity generation mix, innovation in new production technologies and guaranteeing access to energy.</p>
 <p>INNOVATION</p>	<p>Innovation and new business opportunities</p>	<p>Having a sustainable innovation roadmap leads to new business opportunities. This guide include aspects such as investment in R&D, development of new technologies, establishing measurable targets and collaborating with third parties.</p>

2. PRIORITISATION OF MATERIAL ASPECTS

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

- External relevance given by investors and opinion leaders:
 - Criteria and aspects assessed in the Dow Jones Sustainability Index survey.
 - Expectations of investors in terms of social, environmental and good governance criteria.
 - Analysis of relevant aspects for the stakeholders identified in the press and on social networks.
 - Consultation with international bodies and sector institutions, taking into account the main countries where ACCIONA conducts its business: World Wildlife Fund (WWF), Asociación Mexicana de Energía, Asociación de Empresas de Energías Renovables (APPA), American Wind Energy Association (AWEA), International Energy Agency (IEA), Canada Green Building Council, Australia Green Building Council, World Economic Forum, Ellen MacArthur Foundation, Water Association, Global Compact Chile, Canadian Water and Wastewater Association (CWWA), Asociación Nacional de Empresas de Agua y Saneamiento de México (ANEAS), International Facility Management Association and World Business Council for Sustainable Development (WBCSD).
- Internal relevance based on internal documents and stakeholders:
 - Analysis of the Sustainability Master Plan 2020.
 - Consultations with the sustainability managers of the businesses: the experts selected by each business have provided their outlook on the relevance of the aspects identified.

3. VALIDATION OF MATERIAL ASPECTS

In order to assess and validate the material aspects, a phase of dialogue has been established with the sustainability managers of each of ACCIONA's businesses, which ends with an evaluation contrasting the consistency of the assessments made in the previous phase.

THE MAIN ISSUES AFFECTING ALL BUSINESSES ARE: CLIMATE CHANGE, INNOVATION AND NEW BUSINESS OPPORTUNITIES, ECONOMIC PERFORMANCE, ETHICS AND ANTI-CORRUPTION, AND HEALTH, SAFETY AND WELL-BEING

Results of the analysis by business line (GRI 102-47)

Below you will find an outline of the aspects that have proven to be material for each of ACCIONA's divisions: Energy, Infrastructure (Construction, Concessions, Water, Services and Industrial) and Other Businesses (Bestinver, Grupo Bodegas Palacio 1894 and ACCIONA Inmobiliaria).

Various aspects are important across all ACCIONA businesses: Climate change, Innovation and new business opportunities, Economic performance, Ethics and anti-corruption, and Health, safety and well-being.

Service quality and customer satisfaction are fundamental in all the businesses, and their variants specific to Energy and Water are also of particular importance. Additionally, another aspect that stands out from among those most pertinent in the majority of the business lines is environmental management and biodiversity.

Determining the content (GRI 102-46)

The GRI content index of this Report shows the full list of the identified aspects, along with the related GRI Standards and the coverage of each of them. As can be seen in the previous section, all of the aspects are relevant in one ACCIONA business or another.

SMP AREA	MATERIAL ASPECTS	ENERGY	INFRASTRUCTURE	CONSTRUCTION	CONCESSIONS	WATER	SERVICES	INDUSTRIAL	OTHER BUSINESSES	BESTINVER	WINERIES	INMOBILIARIA
Society	Local communities	•			•						•	
Climate change	Climate change	•		•	•	•	•	•			•	•
	Investment in renewable energies	•										
	Energy transition and regulatory frameworks	•										
Environment	Environmental management and biodiversity	•		•	•	•	•				•	•
	Water use					•					•	•
	Waste and circular economy			•			•					
	Materials			•				•				
Corporate governance	Non-financial risks				•	•		•		•		
	Ethics and anti-corruption	•		•	•	•	•	•		•		•
	Human rights	•		•		•		•			•	•
	Economic performance	•		•	•	•	•	•		•	•	•
People	Equality and diversity among employees						•			•	•	
	Human capital			•	•	•	•	•		•		•
	Health, safety and wellbeing	•		•	•	•	•	•			•	•
Value chain	Quality of water supplied to the customer					•						
	Service quality and customer satisfaction			•	•		•	•		•	•	•
	Supply chain				•		•	•				•
	Product safety and quality										•	
	Safety and quality of electricity supply	•										
Innovation	Innovation and new business opportunities	•		•	•	•	•	•		•		

This Report details all of the GRI Standards associated with the aspects, highlighting those businesses where each aspect in question is relevant. Similarly, the specific chapters for each business provide the materiality matrix for the corresponding business, which is accompanied by more comprehensive information regarding the highly relevant aspects for each line of activity.