

EXECUTIVE SUMMARY

SUSTAINABILITY  
REPORT

20  
18



BUSINESS AS UNUSUAL



# Letter from the Chairman

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**JOSÉ MANUEL ENTRECANALES**  
CHAIRMAN OF ACCIONA

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Dear Friends,

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

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

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

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

In 2018, we've seen the financial markets take sound initial steps in the indicated direction. All of these initiatives focus on bolstering the resilience of the financial system, including improvements in the management of disruptive climate risks and striving to guide flows of capital towards more sustainable development models.

We read with attention and concern, as the United Nations Intergovernmental Panel on Climate Change highlighted last November, about the inevitable nature of the action and the magnitude of the challenge that lies before us.

The acceleration of CO<sub>2</sub> concentrations in the atmosphere was confirmed this year. If we were alarmed in 2010 when we reached 400 parts per million, this figure is expected to reach 412 ppm in 2019. Unfortunately, this brings us dangerously closer to the 420 ppm set by scientists as a red line.

Although the calls to action are unequivocal, the pace of change remains insufficient. And geopolitical tensions do not help. Breaking the inertia of the fossil fuel-based production

and consumption model that has been the cornerstone of a flourishing economy for decades is no easy task.

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

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

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

To sum up, we continue moving forward with steady strides towards the objectives set in our Sustainability Master Plan 2020. We remain enthusiastic from the conviction that we are moving in the right direction, and that the wind is increasingly at our backs. We shall persevere in the drive toward increasingly ambitious improvements within the organisation, but also through active participation in international initiatives that spotlight the private sector's commitment to sustainable development.

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

# Triple Bottom Line

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

	2016	2017	2018
<b>ECONOMIC PERFORMANCE</b>			
Revenues (€ million)	5,977	7,254	7,510
EBITDA (€ million)	1,192	1,275	1,245
Ordinary profit before tax (€ million)	312	382	509
Tax contribution (€ million)	1,013	1,160	1,154
Total innovation figure (€ million)	193.9	209.4	225.4
Innovation intensity (% total figure R&D&I/Sales)	3.20	2.89	3.0
Local suppliers out of total (%)	86	94	87
Revenue certified with ISO 9001 (%)	90	91	91
Global customer satisfaction index (%)	97	99.8	97
<b>ENVIRONMENTAL PERFORMANCE</b>			
Renewable installed capacity (MW)	8,913	9,022	9,627
Emissions generated (millions of tonnes of CO <sub>2</sub> )	0.35	0.47	0.44
Emissions avoided (millions of tonnes of CO <sub>2</sub> )	14.8	14.4	14.7
Emissions ratio (tonnes of CO <sub>2</sub> /sales in € millions)*	58	65	58
Energy consumption ratio (TJ/sales in € millions)**	2.68	2.63	1.36
Water consumption (hm <sup>3</sup> )	6.01	7.05	4.29
Water treated (hm <sup>3</sup> )	775	772	790
Recycled/reused water compared to water consumed (%)	15	11	17
Revenue certified with ISO 14001 (%)	87	88	90
<b>SOCIAL PERFORMANCE</b>			
Average headcount at year end	32,835	37,403	38,544
Female managers (% of total managers)	12.73	12.80	13.99
Average training hours per year/employee	15.24	15.96	18.47
People with disabilities in the workforce in Spain (%)	3.55	3.60	3.86
No. of fatal accidents (company and contractors employees)	5	5	3
Accidents: global frequency rate (own employees and subcontractors)	3	2.5	2.4
Projects with social impact management (No.)	82	100	98
Social contribution (€ millions)	9	12,3	13.7



BUSINESS AS UNUSUAL

[www.acciona.com](http://www.acciona.com)

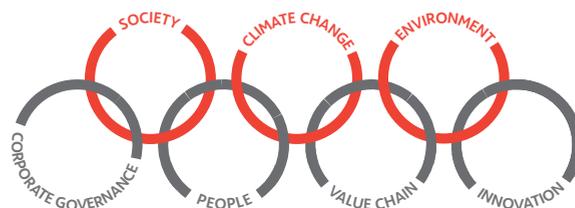
# ACCIONA's response

## Sustainability Master Plan 2020

ACCIONA's sustainability strategy is outlined in the Sustainability Master Plan (SMP), structured by strategic and operational objectives, applicable across the organization, with specifications for different businesses in the following areas:

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

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



## Corporate Governance

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

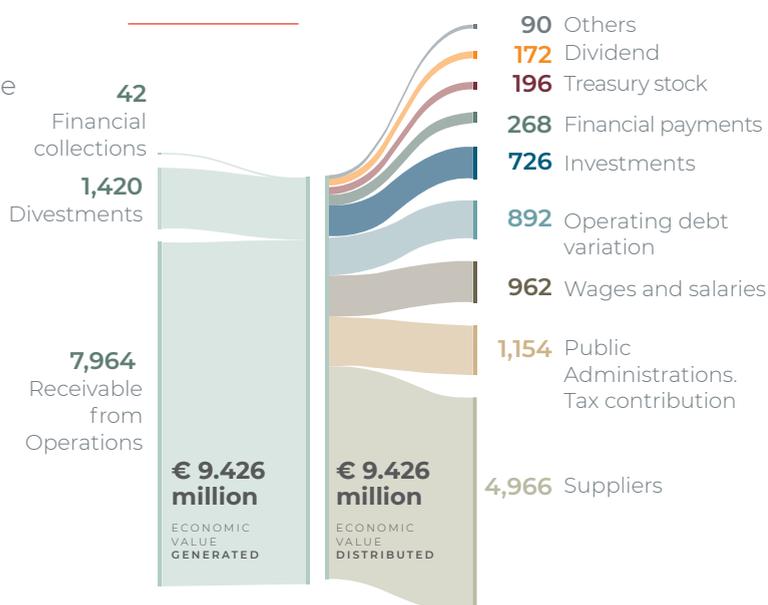


### HIGHLIGHTS IN 2018

- ▶ **Update of the assessment methodology for the criminal risks** faced by ACCIONA.
- ▶ **Approval of the migrant worker welfare standard** by ACCIONA Infrastructure in the Gulf Cooperation Council countries.
- ▶ **The sustainability risk methodology was implemented** for the Energy, Construction, Water and Services businesses in a total of 26 countries.

### ETHICS, INTEGRITY, HUMAN RIGHTS AND TRANSPARENCY

#### ECONOMIC VALUE GENERATED AND DISTRIBUTED



(EUR million)

# Society

We work to improve people's quality of life through dialogue and support for the communities where we are present.



## HIGHLIGHTS IN 2018

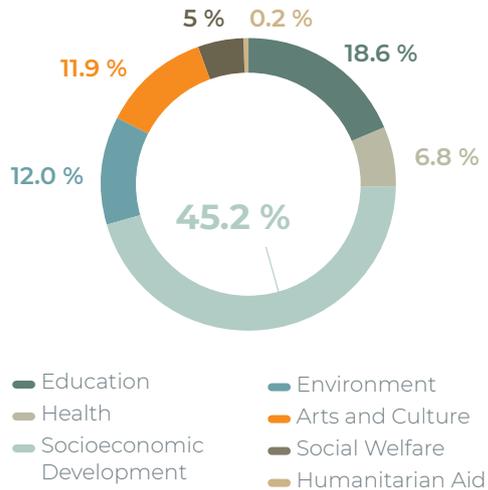
- ▶ The implementation of the Social Impact Management methodology covers **98 projects of the company in 25 countries**.
- ▶ Measurement of the **socioeconomic impact of the entire 2017 portfolio of renewable assets**, as well as 20 Energy projects and 2 Infrastructure projects.
- ▶ **Various volunteer initiatives** carried out in 20 countries with a total of 1,536 volunteers.

**Presence** in International Organizations



## SOCIAL IMPACT MANAGEMENT, COMMITMENT AND DIALOGUE

### CONTRIBUTION BY AREA OF ACTION



# People

We share the values of respect, transparency, equal opportunities, meritocracy, continuous communication and diversity.

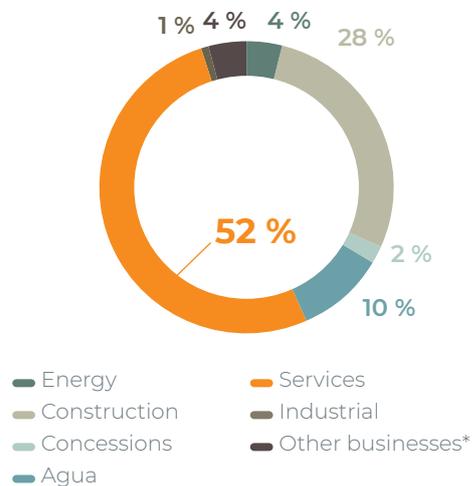


## HIGHLIGHTS IN 2018

- ▶ **Global launch of Performance Status** with 93 % manager participation. The process applied to 100 % of the target group, involving all countries and positions.
- ▶ **Two new editions** of the programme for **High-Potential Women** have been held during 2018, with a total of 14 participants.
- ▶ **Reduction of the frequency rate** from 2.51 to 2.40 in 2018 of employees and contractors.

## HUMAN CAPITAL, HEALTH AND SAFETY

### BREAKDOWN OF TOTAL WORKFORCE MADE UP OF 38,544 PEOPLE OF 123 NATIONALITIES



\* Include Bestinver, Grupo Bodegas Palacio 1894, ACCIONA Inmobiliaria and Trasmediterránea (deconsolidated as of 31 May 2018).

# Climate Change

We are a carbon-neutral company. We direct our investments towards projects that contribute positively to meeting the reduction targets set out in the Paris Agreement.



## HIGHLIGHTS IN 2018

- ▶ **Achievement of carbon neutrality** by offsetting 100 % of emissions that could not be reduced.
- ▶ **Setting** science-based emission **reduction targets** (SBT).
- ▶ **Reducing GHG emissions** by **7 %** compared to 2017.

## CARBON NEUTRAL

# 14.7MtCO<sub>2</sub>

AVOIDED IN 2018

### MITIGATING CLIMATE CHANGE THROUGH EXCLUSIVELY RENEWABLE ENERGY GENERATION

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

# Value Chain

We seek value creation in our business relations with our partners, promoting together the quality and safety of the projects we carry out.

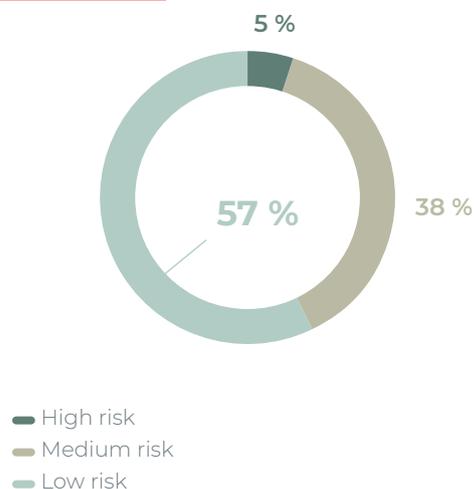


## HIGHLIGHTS IN 2018

- ▶ Global index of **satisfied customers of 97 %** and decrease in the number of B2B claims by 17 % compared to 2017.
- ▶ 91 % of the ACCIONA's sales are **ISO 9001** certified and 90 % **ISO 14001** certified.
- ▶ **Growth in the number of suppliers** with Risk Map, especially on the international level, which increased by 56 % compared to 2017.

## RESPONSIBLE QUALITY MANAGEMENT

### RISK ASSESSMENT OF SUPPLIERS V3.0 IN PROCURE-E IN 2018



# Environment

We follow the precautionary principle, which aims to minimize the impacts any industrial operations can have.

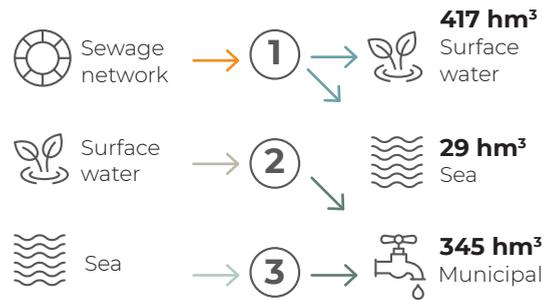
## HIGHLIGHTS IN 2018

- ▶ **295 hm<sup>3</sup>** of water treated in areas with water stress and **17 %** of the water consumed of recycled, tertiary or rainwater origin.
- ▶ Reduction of the generation of unrecovered non hazardous waste by **30 %** compared to 2015. **58 %** recovery of the non-hazardous waste generated.
- ▶ Biodiversity footprint methodology developed and executed **12 biodiversity action plans**.

## TOWARDS A CIRCULAR ECONOMY

### USES OF WATER IN 2018

#### WATER TREATMENT FOR CUSTOMERS



1. Wastewater treatment
2. Water purification
3. Desalination

■ Freshwater: drinking water    ■ Wastewater treated  
■ Freshwater: other            ■ For treatment  
■ Saltwater

# Innovation

We focus our operations on acquiring competitive advantages and creating added value for current and future business.

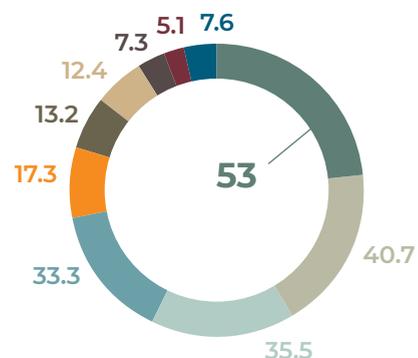
## HIGHLIGHTS IN 2018

- ▶ Innovation figure of **EUR 225.4 million, a record high for the company**, resulting in an innovation intensity ratio (3.0 %) that is above the European average (1.4 %)
- ▶ During 2018, the company **managed to generate savings** by introducing improvements in its processes worth EUR 26.6 million.
- ▶ Launch of the **intrapreneurship programme, as part of I'MNOVATION**, in which 23 people from 9 ACCIONA businesses have taken part.

## A TOOL FOR VALUE CREATION

### INNOVATION FIGURE BY COUNTRY <sup>1</sup>

(Euros million)



■ South Africa                    ■ United Arab Emirates            ■ Canada  
■ Spain                              ■ India                                      ■ Australia  
■ Ecuador                          ■ Philippines                              ■ Other

<sup>1</sup> Other include Chile (4.4), Peru (1.7), Panama (1.1) and Portugal (0.4).

# ACCIONA's Commitment

The Sustainable Development Goals are a global challenge to which ACCIONA is strongly committed. They guide a business model designed to contribute to the joint effort to achieve these goals by 2030.



## ACCESS TO WATER AND SANITATION

More than 844 million people around the world live without access to basic drinking water services, and nearly three times more do not have access to a basic sanitation service. The result is migration, chronic disease, fewer hours in school and all kinds of shortages.

### ACCIONA SOLUTIONS SDG 6

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



## TRANSITION TOWARD A DECARBONISED ECONOMY

One out of every eight people on the planet continues to lack access to electricity. Within an energy setting that guarantees access to affordable, reliable, sustainable and modern energy for everyone, the use of renewable energy must increase from the present 25 % to 38 % by 2025.

### ACCIONA SOLUTIONS SDG 7

Access to affordable, reliable, sustainable and efficient energy.



## RESILIENT INFRASTRUCTURE AND INNOVATION

Economic growth, social progress and the fight against climate change depend to a great extent on investments in infrastructure, sustainable industrial development, and technological progress. There are currently 1 billion people living more than two kilometers from an all-season road, 940 million who live without electricity, and 663 million who lack quality sources of drinking water, etc.

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## REAL SOLUTIONS TO GLOBAL CHALLENGES

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### ACCIONA SOLUTIONS SDG 9

Development of resilient infrastructure, promotion of inclusive and sustainable industrialization, and fostering innovation.



## OVERPOPULATION AND URBANIZATION

Cities currently represent 3 % of the surface of the planet, but more than 50 % of the population are concentrated in them, and this figure is estimated to reach 70 % by 2050. They also generate more than 80 % of the world's gross domestic product (GDP).

### ACCIONA SOLUTIONS SDG 11

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



## CLIMATE CHANGE MITIGATION

The generation and use of energy is responsible for 74 % of total greenhouse gas emissions worldwide and is the main contributor towards global warming. Therefore, investment in renewable energies, energy efficiency and other low-carbon technologies is essential to continue responding to the population's new needs and to minimise the negative impact on the environment.

### ACCIONA SOLUTIONS SDG 13

Development of comprehensive solutions to combat climate change and its impacts.