

Value Chain

RESPONSIBLE
QUALITY
MANAGEMENT

ACCIONA has acquired the commitment to prevent, identify, evaluate and mitigate the risks inherent to its supply chain, and to guarantee the quality and safety of its products and services.



HIGHLIGHTS IN 2018

- › **Growth in the number of suppliers** with Risk Map, especially on the international level, which increased by 56 % compared to 2017.
- › Definition and **inclusion of the Supply Chain variable** in the suppliers' Risk Map and review of the general procurement conditions, with the aim of having a greater knowledge of the supply chain beyond the direct supplier.
- › **Increase in the number of suppliers** that have completed **training on the code of conduct and sustainability**.
- › 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.
- › **Development of 73 improvement groups**, 30 % more than in 2017, with the direct involvement of more than 1,000 employees.



MAIN CHALLENGES 2019

- › **To increase the base of suppliers registered in PROCUR-e**, specifically in own works and for critical suppliers, and to seek to ensure that 100 % of the suppliers awarded via PROCUR-e have Risk Map.
- › **To maintain the monitoring of No Go suppliers** and the goal of 0 % general procurement orders from these suppliers.
- › **To measure the results of the new variable Supply Chain**. Over 80 % of the qualified suppliers in PROCUR-e with this variable analysed.
- › **Global development and implementation of the Think Quality programme** at ACCIONA Energy.
- › **Adaptation** of the Operation and Maintenance **processes map** to the PMI (Project Management Institute) requirements at ACCIONA Agua.
- › **Development of a protocol for delimiting the scope of the PMP (Project Management Plan)** in medium and small projects based on the ACCIONA Construction risk analysis.

The ACCIONA supply chain

ACCIONA passes on its commitment to sustainability to its supply chain with total transparency, seeking excellence in the management and generation of shared value. Preventing, identifying, evaluating and mitigating associated risks, as well as taking advantage of opportunities that its management affords, is a challenge for the group. Sustainability is a strategic value for the procurement function, always in search of economic balance and the generation of positive impacts on society.

Responsible management of the ACCIONA supply chain

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

The Corporate Procurement Standard, the related procedures implemented in the ERP principles and the planning applications are not the only instruments that bring together, support and control the procurement function. ACCIONA also operates PROCUR-e (supplier portal and the group's bidding tool) and the different reporting tools.

During 2018, four Working Groups were set up to develop a large part of the goals aligned with the SMP, bringing sustainability to the supply chain and furthering the study of the associated risks. In this vein, the work focused on:

- Analysing and defining the new Risk Map variable, the Supply Chain variable, to learn about the control of indirect or "non-Tier 1" suppliers, through direct or "Tier 1" suppliers.

- Creating the *Minimums in Sustainability to be checked during on-site visits guide*. The aim was to add the sustainable component to the on-site visits which may be done by any ACCIONA department, primarily Quality.
- A review of the *Sustainable Procurement Guide*, with the aim of boosting this type of procurement. This manual establishes the criteria and provides buyers the means necessary to identify and record the purchases likely to be classified as sustainable..
- Analysing the possible "KM 0 Procurement" criteria. The bulk procurement processes were revised with a view to promoting local procurement rather than global, taking action to reduce scope 3 emissions. This analysis will continue throughout 2019.

Procurement staff function

While performing their functions, all staff in the area learn the ACCIONA Code of Conduct and receive specific training in this area (e.g. the Anti-Corruption Course) with a total of 223 hours in 2018.

In addition, it is important to note that 74 % of employees in the procurement area have sustainability-related assessment targets and have received a total of 362 training hours on this issue throughout the year.

**IN 2018, ACCIONA CARRIED
OUT PROCUREMENT ORDERS
FOR 18,501 SUPPLIERS AMOUNTING
TO OVER EUR 3.4 BILLION**

SUPPLIER BREAKDOWN BY TYPE AND DIVISION IN 2018

Business line	Total no.	% Outside Spain	% Critical	% Local
Energy	2,641	53	19	94
Infrastructure				
• Construction	9,151	64	24	92
• Concessions	297	52	11	74
• Water	866	19	16	9
• Services	2,544	15	7	98
• Industrial	1,267	70	26	79
Other businesses*	1,735	18	11	89
Total	18,501	49	19	87

* Other Businesses: ACCIONA Inmobiliaria, Bodegas Palacio and Corporate. The supplier/business is assigned to the business with the largest contracted volume with the supplier.

Geographical distribution of procurement

By geographic area, 86 % of the total volume of purchases this year has been concentrated in 10 countries. Three countries are deserving of special attention in this regard: Spain, as it rallies 36 % of the total spending on suppliers, and the United Arab Emirates and United States, which experienced an increase in spending as a result of a higher revenues in those countries.

Critical suppliers

The level of criticality of ACCIONA's suppliers and contractors is established according to the economic risk: any supplier with an annual business relationship representing more than 100,000 is considered critical. Furthermore, any suppliers whose characteristics, origin or unique nature entail a risk for the company, are also considered critical.

In 2018, 19 % of ACCIONA's supplier base is considered critical, two percentage points more compared to the previous year.

ORIGIN OF ACCIONA SUPPLIES

Country	% Volume
Spain	36
United Arab Emirates	10
Australia	9
Mexico	8
Chile	6
United States	4
Poland	4
Ecuador	4
China	2
Panama	2
Rest of countries	14
Total	100

Local suppliers

At ACCIONA, working with local suppliers not only positively impacts economic development of the communities where the company operates, it also minimises operational risk as product delivery and service execution times are reduced.

This past year, 16,180 suppliers -87 % of which are actively working with ACCIONA- were considered local suppliers, 12 % less compared to the previous year.

Sector characteristics of the supply chain

The procurement categories with the highest volume of spending in the group are: wind and solar power components, construction and civil works, industrial assembly and maintenance, boilermaking and metal products. 13 % of ACCIONA's volume of purchases is concentrated in 10 suppliers from these categories, of which four are related to the generation of renewable energy and have a high technological component.

Risks and controls in the supply chain

The procurement function aims to continuously optimise its processes in order to correctly identify the potential risks in the supply chain. ACCIONA identifies two types of risks associated with procurement processes:

- **Operational risks:** linked to business earnings or that infringe the ACCIONA Corporate Procurement Standard and the related procedures.
- **Compliance, sustainability, environmental and social risks:** in relation to poor practices in matters of corporate responsibility and sustainability.

For each of these identified risks, ACCIONA develops specific preventive control mechanisms (periodically updated and configured) that help minimise the likelihood of their occurrence.

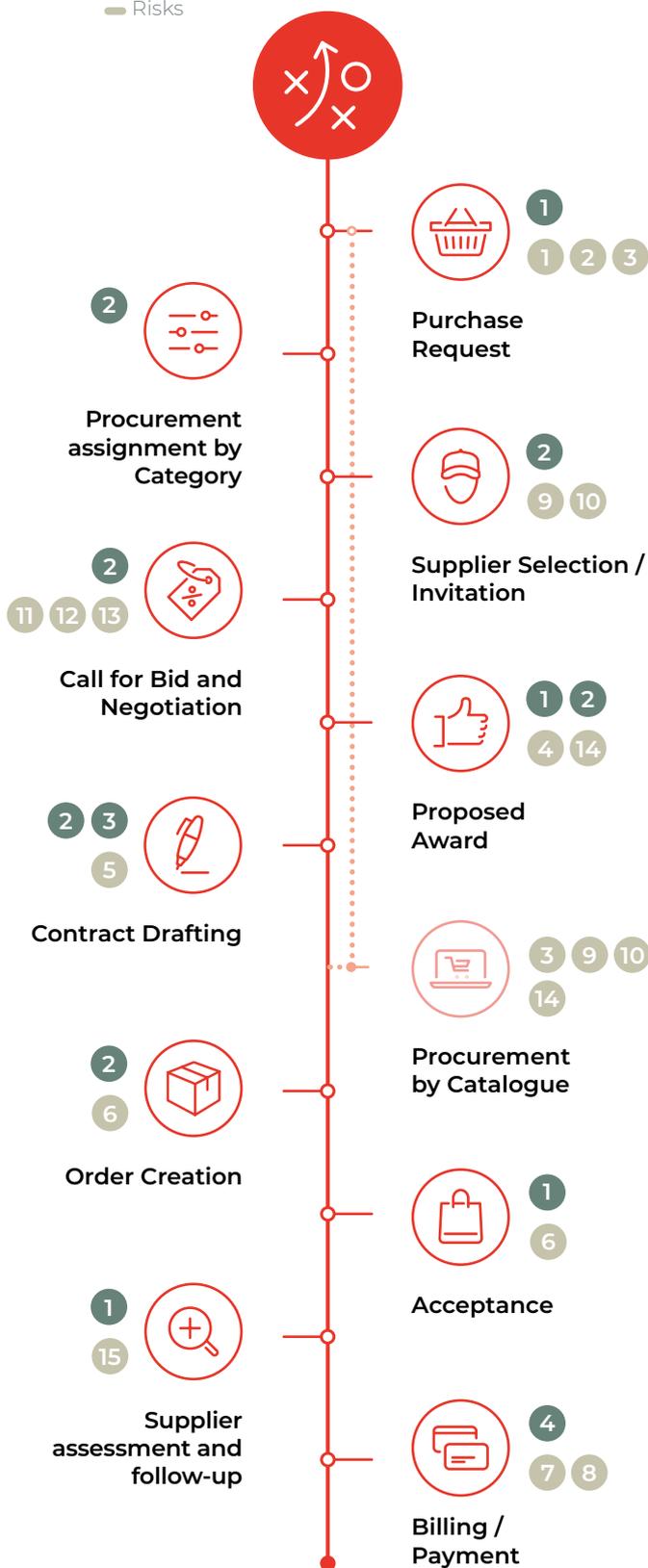
In a new initiative as a result of the technological transformation of the procurement function, Procurement by Catalogue has been incorporated into the overall procurement process. This initiative, based on pre-established agreements with different suppliers, simplifies the process without undermining the application of the appropriate controls that could temper the potential risks associated with this type of procurement. In total, 24 electronic catalogues have been made available to various businesses (including suppliers from Special Employment Centres) and two Marketplaces.

In 2018, the digital transformation that ACCIONA is undergoing has driven the creation of a pilot programme called 'Procurement to Pay', which will primarily be used to configure a new order and invoice portal, Supply Chain Finance, and electronic invoicing. Its aims are: to improve controls by minimising exposure to risk, to strengthen the supplier relationship, to increase transparency and visibility throughout the process from ordering until payment and to reduce the use of paper as much as possible. The platform will be implemented throughout 2019 and will impact procedures and flows in the company.

¹These 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.

RISKS AND CONTROLS THROUGHOUT THE PROCUREMENT PROCESS

— Responsible
— Risks



RESPONSIBLE PARTY

1. Requesting unit.
2. Procurement.
3. Legal.
4. Economic-Financial Department.

R1. OPERATIONAL RISKS

- C1. Budget controls.
- C2. Request with maximum amount per type of procurement.
- C3. Choice of material with Framework Agreement or restrictions by type of material category.
- C4. Joint approval of the Proposed Award by Procurement and the requesting unit.
- C5. General contracting conditions reviewed in advance by the Legal Department.
- C6. Segregation of duties in the creation and acceptance of the request.
- C7. Issue of 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 ACCIONA.
- C11. Acceptance of ACCIONA's ethical clauses
- C12. Complete ACCIONA registration for the sending of offers through PROCUR-e.
- C13. Calculation of the Risk Map v3.0.
- C14. Supplier certification, if applicable.
- C15. Assessment of the order/contract by the requesting unit.

Supply chain risk map

The Risk Map is the main risk control and management tool for ACCIONA's supply chain. Using this mechanism, the company conveys the corporate responsibility and sustainability criteria and policies to its entire supply chain. Furthermore, it is used as support in decision-making criteria in the procurement function and in identifying potential areas for improvement in its suppliers' performance.

The Risk Map information is updated in PROCUR-e on a daily basis, combining the information provided by the supplier via the platform questionnaire with the information from the external and internal systems. The risk map is known prior to contracting and helps ensure that ESG criteria are an important part of the supplier selection process. In early 2018, the new version of the Risk Map, v3.0, began to be crafted in PROCUR-e, improving the high-risk sustainability criteria and aligning them with the No Go Policies.

The map is currently composed of 11 variables: Supplier Integrity, Supplier Country Risk, Corporate Responsibility (CR) and Sustainability, Economic Solvency, Economic Dependence, OHS Activity Risk, Environmental/CO₂ Risk, Legal Documentation Status, ISOs Status, Supplier Assessment and, since December 2018, Supply Chain.

Risk Map v3.0

At the end of 2018, the Risk Map v3.0 in PROCUR-e had a total of 22,998 suppliers (38 % more than in 2017), which represent 65 % of the total company procurement, 10 percentage points more than in 2017. With this in mind, it is also significant that, of all the suppliers with Risk Map, 40 % are international (56 % more compared to the previous year), which is proof of the internationalisation of the risk management model in ACCIONA's supply chain. In keeping with the 2018 challenge 'to increase the implementation of PROCUR-e, particularly internationally', and with the aim of increasing the number of suppliers with risk map, our goal for 2019 is to ensure that 100 % of those suppliers awarded in PROCUR-e have it.

The task of establishing mitigating controls when a supplier risk is detected, either through Reinforced Due Diligence, training initiatives, action or improvement plans in OHS or in environment matters, or by carrying out audits, has significantly reduced the number of suppliers with a high level of risk over the past three years. Thus, in 2018, 95 % of suppliers have a medium/low risk level (compared to 93 % in 2017).

DISTRIBUTION OF RISK ON THE RISK MAP IN PROCUR-e V3.0

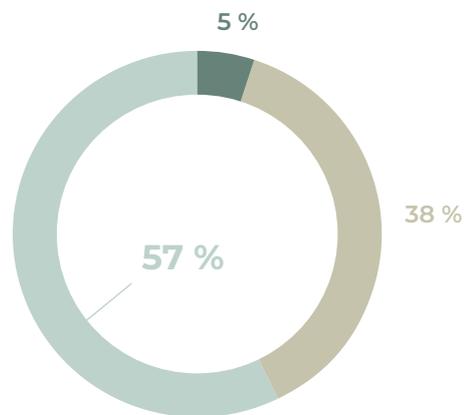
	2016	2017	2018
No. suppliers	10,056	16,712	22,998
Low risk	49 %	67 %	57 %
Medium risk	37 %	26 %	38 %
High risk	14 %	7 %	5 %

* Of the 32,149 suppliers registered in PROCUR-e, 22,998 have Risk Map, the rest are suppliers that have not yet completed their registration and their Risk Map has not been calculated, and are what we call suppliers in Basic Registration.

VALUE CHAIN

PROCUR-e SUPPLIER RISK MAP V3.0

- High risk
- Medium risk
- Low risk



Critical Supplier Risk Map v3.0

The Risk Map for critical suppliers in PROCUR-e has 2,165 suppliers in 2018, 22 % more compared to the previous year. The contracting of these suppliers accounts for:

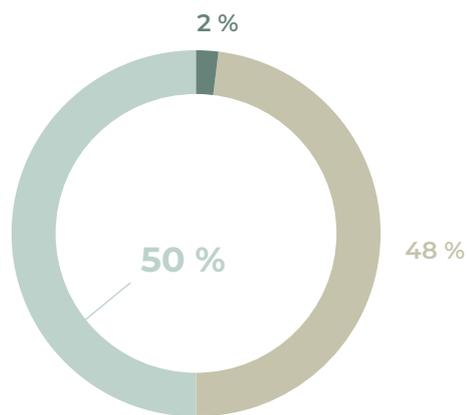
- 61 % of total group contracts.

- 66 % of contracts with critical suppliers.
- 81 % of contracts with critical suppliers in own works (works that ACCIONA is responsible for managing).

97.5 % of critical suppliers are medium to low risk.

PROCUR-e CRITICAL SUPPLIER RISK MAP V3.0

- High risk
- Medium risk
- Low risk



DISTRIBUTION OF RISK IN THE VARIABLES OF THE PROCUR-E RISK MAP V3.0 IN CRITICAL SUPPLIERS



Note: The variables that show suppliers without information contain data from external systems. The series of values in grey corresponds to information not disclosed by the said systems or which is incomplete, apart from the Supply Chain variable, which lacks information as it was only introduced in December 2018.

Conclusions of the Risk Map

- Consolidation of the supply chain risk analysis model, aligned with the SMP goals. The number of suppliers with Risk Map grew by 38 % in 2018. On the international level, the increase is greater; 56 % more than in 2017.
- The high risk level of ACCIONA's supply chain has generally been in constant decline over the last three years, mainly due to the supplier control work referred to above. These efforts are notable among the critical suppliers: only 2.5 % have high risk.
- As in previous years, there is no supplier with the integrity variable classed as high risk that has not been considered No Go, since there can only be two possible options for this type of supplier: not contracting the company or creating a Reinforced Due Diligence process that mitigates that company's risk level.

Risk map v4.0 and supply chain variable

Year after year, ACCIONA analyses and adjusts the variables that make up the Supply Chain Risk Map according to the company's continuous improvement policies and strategy.

In 2018, efforts were mainly focused on developing the new Supply Chain variable, the aim of which is to know the level of knowledge that our direct suppliers possess about their supply chain – identification, control, assessment and improvement capacity. Launched in mid-December 2018, 240 suppliers have already reported on this new variable, thus complying with the 2018 challenge. The impact will be measured and assessed in the risk map throughout 2019, establishing the aim of ensuring that over 80 % of suppliers certified in 2019 have this variable analysed.

Focus on the variable CR and sustainability

The CR (Corporate Responsibility) and Sustainability questionnaire has been part of the Risk Map from the beginning; in fact, it is one of its variables. Its function is to show the supplier's commitment to transparency and ethics, human rights and social action, health and safety, and quality and the environment. At the end of 2018, the 22,998 who had Risk Map were assessed in CR and Sustainability.

In 2017, this variable underwent a change in criterion to bring it into line with the No Go Policies, and since then, the supplier is considered high-risk when there is obvious non-compliance with the United Nations Global Compact. Throughout 2018, no supplier was identified with high risk in CR. However, at the end of the year, the group did detect 116 critical suppliers that had declined in their CR and Sustainability performance. The company will work with them in 2019 to improve this.

Human rights assessment

ACCIONA is aware of its duty to identify, prevent, mitigate and answer for the negative impact of its activities on human rights and, as such, to perform its due diligence on its suppliers. In 2018, the company assessed 22,998 companies in human rights, an assessment based on the CR and Sustainability variables of the Risk Map.

ACCIONA relies on various mechanisms that help it prevent and monitor the risk of human rights violations:

- Self-Declaration of Responsibility for Suppliers, including, but not limited to, The Ethical Principles for Suppliers, Contractors and Partners.
- CR and sustainability questionnaire. Suppliers answer questions on international standards. If the response is negative, this impacts the Risk Map and prevents the supplier's certification. After verifying the information, the audit process may be set in motion.
- Maplecroft indexes. These indexes are used to analyse the "Country Risk" variable and, specifically, issues pertaining to child labour, freedom of association and collective bargaining, forced labour, a fair workday, a fair minimum salary and discriminatory practices. The countries in which these rights are more vulnerable are identified, and those that have the worst ratings are considered high-risk. After the Certification Procedure, critical suppliers in these jurisdictions, known as "MACS" (Mandatory to be Audited Critical Suppliers) must then be audited.

- Audit processes. On-site verification of proper compliance in managing Human Rights in the supply chain.

In 2018, the review of ACCIONA Infrastructure's guide was approved, established as a standard: *Standard on migrant workers welfare: recruitment, employment and accommodation in GCC countries*. The aim of this Standard is to achieve and maintain a supply chain that is fully in line with ACCIONA's policies when working in countries where the social and labour legal requirements do not meet the standards.

Last year, no suppliers or contractors were found to have breached the international human rights standards. Furthermore, of the 22,998 that have Risk Map, 35.3 % have confirmed that they carry out audits on compliance with regulations and international standards on their suppliers.

Focus on the variable integrity

The Integrity variable analyses the supplier's standing on issues such as money laundering, tax havens, corruption disputes, presence on international sanction lists, etc.

In 2018, through specific analysis tools, a due diligence process was carried out on 7,681 suppliers (a 20.5 % increase on 2016), which represents 47 % of total ACCIONA contracts. The focus was put on those suppliers of most interest to ACCIONA, in accordance with certification or recurrence criteria or for belonging to a risk country, among other factors.

Following the analysis, 16 suppliers remain at a significant risk level in the integrity variable, of which 14 are in a No Go status and the rest in Invalid status.

After carrying out the Reinforced Due Diligence, outlined both in ACCIONA's anti-corruption standards and in the Integrity Interpretation Guide, 7 suppliers have performed actions to reduce this significant risk in 2018.

On the same basis of Integrity that applies to its suppliers, ACCIONA also analyses and monitors partners, commercial agents, shareholders and third parties in general. At the end of 2018, ACCIONA had investigated 276, 115 of which in 2018.

NO GO SUPPLIERS

If a supplier is unable to meet the minimum levels set out in the No Go Policies, and stipulated in ACCIONA's SMP 2018 goals, the company will be unable to contract such supplier in any project adhering to the said policies, both nationally and internationally. ACCIONA maintains that goal for 2019: 0 % general procurement orders from suppliers with this status.

In 2018, 100 suppliers were categorised as No Go, of which 47 have emerged from this situation, either after performing an audit and/or action or improvement plans, or through Reinforced Due Diligence. Furthermore, two resolved the issue during the year but returned to No Go status for other reasons. At the end of the year, 53 suppliers remained in this status.

Corporate procedure for supplier certification and evaluation

ACCIONA's certification procedure consists of a comprehensive and objective analysis of the supplier within a process of ongoing risk minimisation.

At the end of 2018, 4,442 suppliers were certified for ACCIONA, of which 28.9 % have been certified for the first time, 61.7 % maintain a valid certification and 9.3 % have had their certification renewed. 693 suppliers have lost their certification due to expiry of validity and not having requested renewal throughout the year.

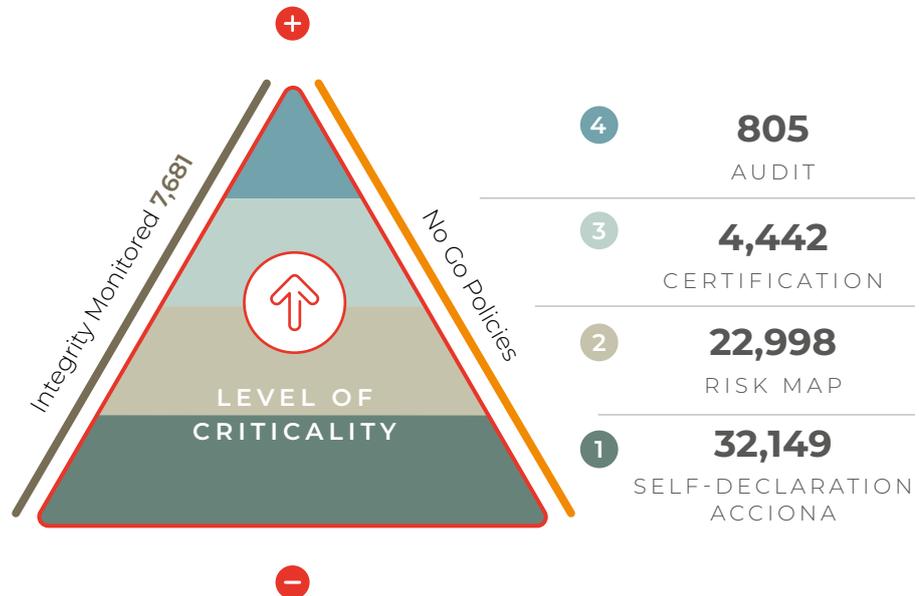
Supplier management controls

ACCIONA's supply chain controls are defined by levels of criticality, i.e. they become more in-depth as the risks increase: economic, country, business and CR and sustainability.

Levels

1. The supplier must accept ACCIONA self-declaration document. This includes the Code of Conduct, the Ethical Principles for suppliers, as well as the minimum requirements for integrity, environment, quality, information security and personal data protection. This requirement is necessary and essential to access the Supplier Portal and was updated in 2018 as per regulatory changes.
2. In order to submit bids in PROCUR-e, it is necessary to complete the self-assessment questionnaire on the platform, so that the company can obtain its Risk Map and be monitored daily.
3. Suppliers that have been awarded a cumulative total of more than EUR 100,000 (considered as critical suppliers) require an additional control: they must pass the approval process. This process, along with the risk map, are the two major levers of the management model.
4. The performance of periodic audits and assessments of suppliers, supported by improvement plans, streamline management and minimise the risk of more critical suppliers for the company.
5. Developing and implementing No Go policies are also a guarantee against non-compliance with sustainability commitments, among other reasons, because they prevent such suppliers from being contracted by ACCIONA.

LEVEL OF CRITICALITY SUPPLY CHAIN CONTROLS



1. Code of Conduct

- Ethical Principles for suppliers
- Minimum Requirements in Integrity
- Minimum levels in Environment
- Minimum levels in Quality
- Information security ^(new)
- Updated GDPR ^(new)

2. Integrity

- Country Risk
- CR and Sustainability
- Economic Solvency
- Economic Dependence
- OHS
- Environment
- Legal Documents
- ISO Status
- Assessment
- Supply Chain ^(new)

3. Corporate Procedure for Supplier

- Certification and Evaluation

4. ACCIONA Audit Protocol

- Protocol

Improvement plans in the certification process

ACCIONA develops improvement plans with suppliers as a result of the certification process, mainly on occupational and environmental risk prevention. These plans seek to make progress in the entrepreneurial process of the supplier and contribute to reducing the supply chain risk.

In 2018, 70 suppliers requiring certification were analysed as having high risk in OHS. As a result of the analysis, a total of 30 suppliers have adhered to an improvement Plan, 6 completed an online course for suppliers and 34 have yet to choose one of these two solutions offered by ACCIONA. Until the supplier adheres to the improvement plan, it is not considered certified.

Conversely, no environmental risk was detected in suppliers requesting certification, hence no improvement plans have been necessary outside those established for audited suppliers.



Further information see example on health and safety improvement plan for suppliers in the chapter on 'ACCIONA Infrastructure's Commitment'

Supplier performance assessment

Assessing the performance of the supplier allows ACCIONA to check on their compliance with the requirements established as part of the commercial relationship with the supply chain. The assessment criteria are set according to deadlines, occupational risk prevention, quality, environment, compliance with administrative obligations and technical capacities.

In 2018, over 4,900 order assessments were carried out on more than 2,100 suppliers, the result of which for 93 % was type A or B (supplier highly recommended or recommended), in line with the results obtained in 2017.

This assessment is verified in the certification and audit processes.

Certifications

ACCIONA positively values suppliers that are Quality, Environment and OHS-certified according to standards ISO 9001, ISO 14001 and OHSAS 18001 respectively. As such, suppliers can report on what certifications they have via the PROCUR-e platform.

The supplier audits check the validity and scope of those certifications.

Environmental, labour, social assessment of suppliers and audits

Having the Risk Map of 22,998 suppliers means that they are also assessed on the ESG principles: Environmental, Social, Human Rights, Ethics, Integrity and Governance.

SUPPLIERS BY DIVISION WITH QUALITY, ENVIRONMENTAL, AND OHS CERTIFICATES

Business line	% ISO 9001	% ISO 14001	% OHSAS 18001
Energy	40	30	23
Infrastructure	45	39	30
• Construction	42	43	27
• Concessions	47	32	45
• Water	46	38	25
• Services	36	40	22
• Industrial	54	41	33
Other businesses*	39	36	22

Note: % obtained on fully registered suppliers in PROCUR-e (22,998), and their statements regarding their possession of different certifications.

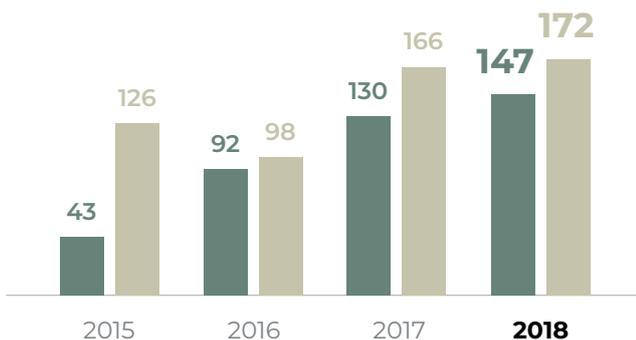
* Includes ACCIONA Inmobiliaria, Bodegas Palacio and Corporate

2018 Audit plan and verification of questionnaires

Audits are a key tool for verifying compliance with the commitments undertaken by ACCIONA's supply chain with regard to sustainability, and also for verifying potential areas for improvement and striving for excellence. They are one of the levers that help create positive impacts, contribute to the development of the SDGs and, in turn, generate shared value.

EVOLUTION OF SUPPLIER AUDITS

International
Spain



External audits

Since the year 2013, ACCIONA has been performing annual ESG (environmental, social and good governance) audits on suppliers. In this time, 1,293 audits have been carried out. The term 'external audits' refers to those carried out on ACCIONA's behalf by international audit companies (with local auditors who have knowledge of the country) under a very comprehensive protocol that verifies not only ESG aspects, but also financial and quality.

Over the last three years, ACCIONA's efforts in knowledge and improvement of its supply chain have been notable, and at the end of 2018, there were 805 suppliers audited with a valid audit, 18.63 % more than those accumulated in that period.

In 2018 alone, ACCIONA carried out 319 audits on its supply chain, 46 % on international suppliers and 54 % on Spanish suppliers. Over 88 % on Tier 1 suppliers, and the remaining 12 % on non-Tier 1 suppliers.

At ACCIONA, as stipulated in the procedure for supplier certification and assessment, there are two types of audit:

1. Certification audits on critical "MACS" suppliers. The criticality is determined for suppliers from risk countries or due to their CR risk. It is essential to pass this process to obtain certification. In 2018, 34 audits were organised on suppliers from risk countries. 95 % of critical suppliers of own works in the risk country (China, India, United Arab Emirates and Turkey) are audited.
2. Monitoring audits carried out on suppliers of interest to the company, either due to their recurrence, criticality or their specialisation. In 2018, 248 audits were carried out on this type of supplier.

Year after year, ACCIONA complies with the annual objective of carrying out supplier audits, focusing on risk countries where at least 90 % of MACS are audited. The goal was met and remains in place for 2019.

A new initiative in 2018 saw the Energy division implement the 'Tier 2 Audits' project, in order to secure greater visibility at the end of the supply chain. The project has surpassed all initial expectations, in part thanks to the involvement of Tier 1. A total of 37 Tier 2 suppliers have been audited, over 50 % in China, where the majority of the suppliers come from. These audits have been managed in the same way as if they were Tier 1 audits, offering them an improvement through action plans when necessary.

Internal audits

From the perspective of internal control, in 2018, 413 on-site visits to suppliers were carried out, mainly by ACCIONA employees from the quality area. The aim of these visits is to ensure compliance with group standards, especially in product or service quality.

With this in mind, ACCIONA has created the guide *Minimums in Sustainability to be checked during on-site visits*, the criteria of which have been verified at 20 visits, four of them in risk countries. The goal is clear: to disseminate, raise awareness of and verify ACCIONA's standards to as many suppliers as possible.

Questionnaire verification

The truthfulness of the supplier information registered in PROCUR-e is checked using third-party document management tools that validate and monitor the data. Of the 22,998 suppliers with risk map, the information of 4,973 is verified by RePro/Achilles and 3,721 by Obralia/Gestiona, both platforms that use the Energy, Construction and Services businesses, respectively.

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 those that have risk map, 13,722 are Spanish and 97 % show compliance with the law or have an exception certificate.

RESOLUTION OF SERIOUS NON-CONFORMITIES

ACCIONA works jointly with its suppliers in resolving Serious Non-Conformities (SNCs) detected in the audits through action plans. In the event the deficiencies found cannot be resolved within a reasonable period, the supplier will be considered a No Go. This contributes to significantly minimising the supply chain risks.

Throughout 2018, the company continued to monitor the resolution of SNCs of audits carried out in 2017 and 2018. 91.5 % of suppliers audited in 2017 have resolved their SNCs. By actively monitoring SNC resolution, in line with the No Go policies, a higher rate of resolution is achieved year after year.

Of the suppliers audited in 2018:

- 53 % had no SNCs,
- the remaining 47 % implemented various action plans. Of this percentage, 95 % have fully or partially resolved their SNCs and the remaining 5 % is now considered No Go as they did not resolve their deficiencies by the deadline.

Of the critical suppliers audited in risk countries (MACS):

- 27 % had a rate of zero SNCs.
- The remaining 73 % had signed on to the various actions plans. Over 50 % had fully or partially resolved their deficiencies at the end of the year.

In line with previous years, the greater number of SNCs has come from the areas of Health and Safety, Quality and Environment. It is in these areas that ACCIONA carries out greater improvement plan efforts.

Ethics for suppliers, contractors and partners

ACCIONA views the dissemination of the Ethical Principles of the company to its supply chain as key to ensuring its network of suppliers, contractors and partners is consistent with its values. The main tools to disseminate them are communication and transparency. Throughout 2018, there were over 200,000 communications via acceptance of the Supplier Self-Declaration of Responsibility document, as well as through orders, contracts and tender bases.

The Ethical principles for suppliers and ACCIONA's commitment to the Global Compact were incorporated in 2018 in over 123,000 orders (94 % of the total), not having identified any suppliers that had not complied with this set of ethical clauses.

Of the suppliers with Risk Map, 11,348, which represents practically 50 %, state that they have their own Code of Conduct. It is undoubtedly still a significant challenge to bring sustainability to small and medium enterprises, but these data are encouraging and are very similar to the previous year, despite the growth in PROCUR-e suppliers.

Supplier training and communication

The Suppliers Campus of ACCIONA's Corporate University is integrated into PROCUR-e, and is available free of charge to the entire supply chain.

In late 2017, a new course was launched called 'Sustainability applied to your company', on top of the other training offerings for suppliers, composed of five additional courses.

This course contains messages aimed primarily at small companies and develops key issues such as: What is a Code of Conduct and how do you create one? How to prevent violations of Labour Rights and other Human Rights; How to achieve a safe and healthy working environment; or measures to reduce the impact of packaging with a circular economy approach.

At the end of 2018, 2,660 suppliers (accumulated amount over the last three years) registered in PROCUR-e and 3,997 supplier employees have shown interest in these courses. Special attention should be given to participation in the 'Sustainability applied to your company' courses, carried out by 94 suppliers, and 'Code of Conduct', carried out by 313 suppliers, thus surpassing the goal set in 2018 of increasing supplier training in sustainability by 10%, a goal that has risen to 15% for 2019.

TRAINING FOR SUPPLIERS' EMPLOYEES

(Accumulated volume)

Course delivered	2015	2016	2017	2018
Code of Conduct	379	473	789	908
Sustainability applied to your company	0	0	16	165
CR and sustainability in the Supply Chain	408	498	683	790
Basic concepts, international OHS management and rules	402	377	650	794
Equality and prevention of discrimination	326	510	616	700
Disability Awareness	307	474	555	640
Total	1,822	2,332	3,309	3,997

Furthermore, as an important part of the supplier training, ACCIONA has 20 questionnaire assistance sheets, which are a great source of information and training support.



Further information see the 'People' chapter

COMMUNICATION WITH SUPPLIERS

Suppliers have a wide range of two-way channels for raising issues regarding their commercial relationship with ACCIONA:

- compraresponsable@acciona.com,
- boletinproveedores@acciona.com,
- proveedores@acciona.es
- procure.helpdesk@acciona.com.

Similarly, suppliers may use the Ethical Channel to inform ACCIONA of any irregular practice detected, which will be duly analysed by the company.

Supplier satisfaction survey

For the second year running, ACCIONA has sent its suppliers the 'Supplier Satisfaction Survey'. Some 16,112 suppliers have received it nationally and internationally, and 2,721 have responded to it, approximately 17 % compared to 10 % the previous year. The main aims of this survey are:

- to find out the concerns and needs of ACCIONA suppliers;
- to evaluate the Supplier Portal and Bidding Tool (PROCUR-e);
- to study possible lines of improvement in relation to the supply chain;
- to have information on their adaptation to new technologies.

The following can be deduced from the survey:

- 98 % of suppliers deem ACCIONA's commitment to sustainability very good or good.
- Suppliers give the importance of Integrity and business transparency and ethics a score of 3.93 out of 4.
- 44 % of suppliers stated they knew the United Nations Sustainable Development Goals, of which 81 % answered that they contribute a lot or quite a lot to achieving them from their company.
- ACCIONA suppliers show a majority interest in using online media to receive and monitor their orders, as well as to send their invoices.

ACCIONA maintains its commitment to charity and has made a donation for every survey answered to a charity project. This year, the cause was child survival, providing mothers who live in isolated areas with medication, food and equipment to tackle the causes of death in children in their first few months of life.

Finally, all participants in the survey were offered the chance to take part in a draw to receive consultancy on sustainability and innovation. 648 suppliers agreed to take part, so ACCIONA will implement this project in 2019 with the draw winners.

At the beginning of 2018, the online meeting was held with the winners of the free subscription to the Global Compact of the latest edition of the survey. At this meeting, ACCIONA and the Spanish Global Compact Network covered the following topics with suppliers: What is sustainability?; its 10 Principles and the 17 Sustainable Development Goals; and all of the services that they would have available to them this year: training, tools, documentation, publications, and all the support necessary to implement good practices in their companies. One year later, and nearing the end of the project, ACCIONA still believes in the need to continue to bring the commitment to sustainability to the supply chain and to smaller companies, making it credible and achievable.

Integration of ESG principles into the procurement process

In 2018, ACCIONA has revised and updated the *Sustainable Procurement Guide*, in order for buyers to understand the criteria for identifying purchases that may be catalogued as such. The review of the manual was carried out in line with both the SDGs and the SMP 2020 Goals for the Supply Chain.

**SUSTAINABILITY CRITERIA
IN PROCUREMENT MANAGEMENT
AND CONTRACTING IN 2018**



**RENEWABLE
ENERGY**

In Spain, 475.64 GWh of renewable energy was consumed during all of 2018. In the same way, 1,146 installations consumed energy from 100 % renewable sources and 48 installations joined in the consumption of 100 % green energy.

Renewable procurement alongside the adjustments made to power and improved electricity contract management ('future procurement' clicks), have reported total savings of EUR 1,663,000.



**ECO-EFFICIENT
VEHICLE
FLEET**

The operative fleet in 2018 was made up of 444 vehicles, of which 136 are low emission vehicles, i.e. emitting less than 120 g CO₂/km. This also involves lower fuel consumption. 99.7 % of the executives fleet has EURO5 and EURO6 engines, 6.9 % are hybrid powered vehicles with EURO6 engines (31 vehicles) and 0.4 % are electric vehicles (2), resulting in lower CO₂ emissions, and a reduction in NOx and particulate emissions.

In relation to the service fleet, ECO or zero-emissions vehicles increased 100 % in 2018, with electric, hybrid and LPG vehicles.



**SUSTAINABLE
WOOD**

169 tonnes of chain of custody certified wood (FSC, PEFC, or similar) was bought for ACCIONA Construction.



**CONTRACTING OF
SPECIAL EMPLOYMENT
CENTRES**

Contracting 16 Special Employment Centres that promote the hiring of people with disabilities. Contracts amounted to EUR 2,313,141² during the year. ACCIONA has an arrangement with these companies primarily to supply work clothing, laundry services, safety materials, travel agencies, printing and vending machines and consultancy.

Continues >



SUSTAINABILITY IN STEELWORKS

Manufacturers with the *Sostenibilidad Siderúrgica* (Sustainability in Steelworks) Brand certification demonstrate ongoing social, environmental and economic efforts.

In 2018, ACCIONA contracted manufacturers that had this brand.

² This figure is 24 % less than in 2017 as a result of the exit of Trasmediterranea as an ACCIONA group company.

ACCIONA'S excellent management

ACCIONA focuses business activity on sustainability and technical excellence, which, coupled with the demands to remain competitive in a globalised market –with qualified, knowledgeable users and customers– makes the quality of its products and services and the efficiency of its operations key to its strategy. This approach takes tangible form in the 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. The Sustainability Master Plan, which sets goals for improvement and recognises employees as an essential part thereof, is one of the tools that articulates the strategy of excellent management.

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 who is assigned responsibility for, amongst other tasks, maintaining the quality management system for each of the businesses. Furthermore, the corporate function exercises a coordination, supervision and support role with the businesses and leads the development of the company's Regulatory System.

During 2018, ACCIONA made progress in document management, systematising it and facilitating access to the documentation by the different management systems. In addition, 36,073 hours of training and awareness-raising in Processes and Quality was given. It is worth highlighting the training in Lean Six Sigma Principles and tools in

which 29 people participated from all the businesses. This approach from the divisions of ACCIONA towards managing processes seeks out activities that provide value to the customer and minimises those of no value.

Quality in ACCIONA's operations

Certified management systems

ACCIONA's management systems, both in Spain and internationally, have been set up and certified in accordance with some of the most important international standards on quality, the environment and safety of customers and users.

As such, the company ensures it sticks to its commitment to continuous improvement of processes and activities, and guarantees the competence of its staff for the works assigned and the economic and technical organisational capacity to carry them out in each of the countries it operates.

The company's environmental management systems are certified under different international standards. In 2018, 100 % of the most relevant activities of the company were ISO 14001-certified, among them 100 % of the commercialization and sale of renewable energy with guarantee of origin accredited, 100 % of the installed MW³ or 100 % of the construction activity in several countries (Spain, Chile, Brazil, Mexico, Colombia, Canada, etc.). Considering the sales figure in 2018, 90 % of ACCIONA's turnover is certified under ISO 14001 and 91 % under ISO 9001. Energy management systems are also certified

³ Certifiable installed MW: facilities in the O&M phase after one year from its start-up and owned by A. Energy

under ISO 50001:2011, for example, in all the activities carried out by ACCIONA Agua in 13 of its centers, as well as EMAS certifications in several ACCIONA Medio Ambiente centers. On the other hand, the Wineries for Climate Protection certification has been renewed in Bodegas Viña Mayor.



Further information in the chapters 'ACCIONA Energy's commitment', 'ACCIONA Infrastructure's commitment' and 'Other business' commitment'

Improvement tools

The company identifies improvement opportunities in its management systems via audits, both internal and external, carried out by customers and certification bodies.

In 2018, a total of 771 audits were carried out in the company, of which 582 were internal and 189 external. In addition, it received 147 audits from its customers. This last figure does not include audits that ACCIONA Service receives on an ongoing basis by various customers in the automotive sector or the Regional Governments in Spain in its public service provision contracts. ACCIONA Facility Services received a *mystery shopper* audit from the Spanish airport operator, achieving a result of 90.7 out of 100.

Improvement groups and lessons learned

In 2018, a total of 73 improvement groups operated in ACCIONA, 30 % more than in 2017. Over 1,000 employees took part, forming multidisciplinary teams with the common goal of identifying and implementing innovative solutions, as well as establishing mechanisms that enable risks associated with the different groups to be managed.

**1,196 EMPLOYEES PARTICIPATED
IN THE IMPROVEMENT GROUPS
DURING THE YEAR, AROUND
THREE TIMES MORE THAN IN 2017**

The working areas of the groups covered topics from process digitalisation in the Renewable Energy Control Centre to technical standardisation and the creation of working standards for ACCIONA Agua's projects, amongst others.

Additionally, lessons learned and good practices are tools that ACCIONA uses to document and share the knowledge gained and to make it available for the benefit of the entire company. In 2018, a total of 1,213 lessons learned and good practices were identified at ACCIONA, 992 more than in 2017.

They are disseminated among employees through different channels and are used to improve the processes to which they are related.



Further information in the chapters 'ACCIONA Energy's commitment', 'ACCIONA Infrastructure's commitment' and 'Other business' commitment' de otros negocios'

ACCIONA's commitment to its customers

Meeting the needs and expectations of its customers and users is ACCIONA's main objective. The diversity of its businesses is reflected in the type of customer, primarily large customers both in the public and private sector, such as corporates (B2B) or financial investors. However, some group companies like ACCIONA Agua, Services, Grupo Bodegas Palacio 1894 and Inmobiliaria, have a direct relationship with customers or users of the services provided (B2C).

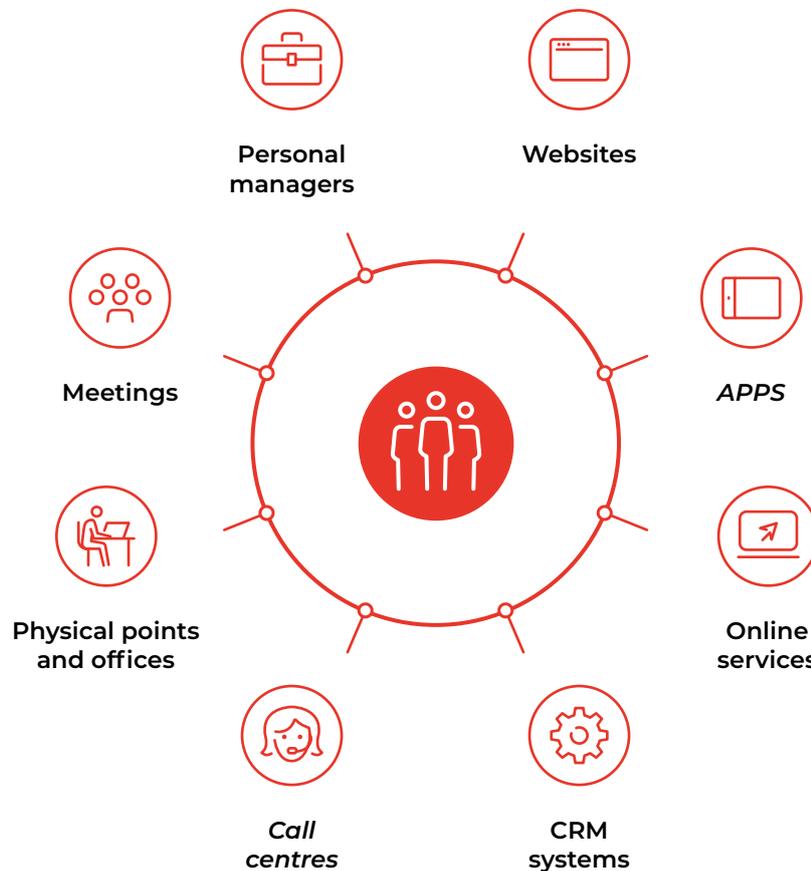


Further information in the section for customers, products and services of the 'Company profile' chapter

Customer relationship and communication

The communications channels adapt to the diversity of the company's customers, striving for maximum accessibility and flexibility in the dialogue with them and other ACCIONA stakeholders.

**COMMUNICATIONS CHANNELS
WITH CUSTOMERS**



- Personalised managers specifically appointed by ACCIONA to meet the needs of the customer during the execution of the projects.
- Meetings with customers: identify their needs and expectations in connection with the product or service provided and the degree of satisfaction.



Further information in the 'Relationship with stakeholders' section of the 'Society' chapter

- Physical customer service points and offices equipped to deal directly with customers. Spaces are also set up during the management of large construction, operation or concession projects where periodic

meetings are held with customers from the signing of the contract until it ends. Furthermore, the company continues to be present at relevant customer events, such as SIMAEXPO (ACCIONA Inmobiliaria).

- Call centres and telephone lines that serve customers 24 hours a day in many of the company's businesses, such as ACCIONA Green Energy or ACCIONA Mobility's freephone number.
- Websites that have specific sections for consulting information and providing services online to customers. In 2018, ACCIONA Solar launched a website and online portal for the ACCIONA Motosharing initiative.
- Computer software applications geared towards improving the customer experience, facilitating both operations and the communication of results or the management of complaints and claims.

VALUE CHAIN

- Online services offered to customers, e.g. through the Grupo Bodegas Palacio 1894 application, where, in addition to its virtual store, there is a selection of restaurants in Madrid where company wines are served, or online consumption and invoice consultations in ACCIONA Green Energy.
- CRM systems for managing the relationship with the customer, like the ACCIONA Green Energy CRM.



Further information on communications channels in the chapters 'ACCIONA Energy's commitment', 'ACCIONA Infrastructure's commitment' and 'Other business' commitment'

Customer satisfaction

Measuring customer satisfaction facilitates the planning of specific measures aimed at improving their experience in their relationship with the company. Thus, measuring satisfaction is one of the main aspects outlined in Quality's corporate policy. Specific annual targets are set within the plans of each business, geared towards improving customer satisfaction. In 2018, the following actions were implemented:

- Satisfaction surveys. At the end of 2018, ACCIONA had received 51,371 surveys, with a 60 % response rate (the majority were completed online). The result was 97 % customer satisfaction.
- In-person interviews.

Considering the diversity of the products and services offered by ACCIONA, the factors contemplated in the measurement of customer satisfaction are very varied: 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 the availability and resolution of incidents in Services. In Bodegas, customers assess the product characteristics, customer service, logistics management and brand.

Using these tools, each year the ACCIONA divisions measure the satisfaction of their customers.

Customer complaints and claims service

ACCIONA acts with due diligence when it receives complaints or claims from its customers via:

1. Specific procedures in all divisions for managing complaints, claims and suggestions;
2. Accessible channels for customers to submit their complaints, claims and suggestions via the customer sections on the websites, as is the case of ACCIONA Agua or Green Energy; also computer software applications such as that set up by ACCIONA Construction to gather claims related to works or the system implemented in 2018 by ACCIONA Inmobiliaria for managing claims in real time;
3. The assignment in each business of people responsible for managing complaints, who evaluate the causes and coordinate their monitoring;
4. Feedback to customers and users on the status of their claims and their resolution and closure, when conformity has been obtained in respect of the claim;
5. Registering and measuring, each year, the number of claims received;
6. Degree of resolution of claims closed/pending to define action plans, where necessary.

The number of B2B claims reduced by 17 % compared to the previous year and the number of B2C claims stands at 17.3 (for every thousand customers).

EVOLUTION OF SATISFIED CUSTOMERS

	2015	2016	2017	2018
Satisfied customers	98 %	97 %	99,8 %	97 %

EVOLUTION OF CLAIMS IN 2018

	2015	2016	2017	2018
Business to Business (B2B)				
No. of claims	349	1,219	1,043	861
Business to Consumer (B2C)				
No. of claims (per 1,000 customers) ⁴	6	17.3	13.7	17.4

⁴There are 156 B2C claims that do not feature in the index of no. of B2C claims per 1,000 customers: 5 claims from owners' associations/private individuals from ACCIONA Construction; 127 claims from the users of the three hospitals of the Novo Hospital de Vigo concession company; and 24 claims from the users of the ACCIONA Health Care services. The reason is that the total number of private individuals/users that could submit a claim is unknown.

IN 2018, THE NUMBER OF B2B CLAIMS REDUCED BY 17 % COMPARED TO 2017

As for resolution times, it is not possible to establish a comparison between all of ACCIONA's businesses. This is due to the fact that the claims differ in terms of the nature of each business, their technical complexity, or the type of cause and influence of external factors.

Loyalty, recommendation and comparison with competitors

The majority of ACCIONA's businesses also measure customer satisfaction through additional evaluations:

- The degree of recommendation or specifications obtained from the assessment that customers make when asked 'Would you recommend ACCIONA to other companies?' For example, Bestinver uses the NPS (Net Promoter Score⁵) indicator, which measures the difference between the percentage of detractor customers and the percentage of promoters.

- The degree of loyalty in establishing lasting relations over time, by asking customers a direct question: "Likelihood of working with ACCIONA again".
- The comparison of the company with respect to its competitors, measured through a comparative scale of this type: better, same, worse.



Further 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. Furthermore, each of the safety management systems implemented in the company has a policy that specifies the principles and commitments applicable, which is also approved by the senior management and is available to the parties concerned.

⁵The 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.

VALUE CHAIN

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.

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. In 2018, 9 % of ACCIONA's revenue was certified in compliance with various international standards in this area:
 - Road Safety: Two motorways managed by ACCIONA Concessions have implemented ISO 39001-certified safety management systems.
 - Rail Transport Safety: safety management system for transporting goods approved by the Spanish Railway Safety Agency (AESG). ACCIONA Rail Services is also arranging the widening of the Safety Management System scope to include the transport of dangerous goods and travellers activity, expected for the first half of 2019.

- Airport security: ACCIONA Airport Services, in its Madrid, Palma and Düsseldorf headquarters and in the Andes company (Chile) - the latter two obtained in 2018 - has the ISAGO certificate (Safety Audit of Ground Operations), in accordance with the International Air Transport Association regulations.

- Food safety: ACCIONA Facility Services and Bodegas have ISO 22000-certified food safety management systems. Moreover, in 2018, Bodegas adapted this system to the requirements of the new version of the FSCC 22000 risk management standard in the food chain and implemented a new set of procedures to detect food fraud, amongst other measures.

- Information security: the concession company Hospital Can Misses has an ISO 27001-certified information security management system.

Furthermore, some of ACCIONA's products have specific product certifications, such as the European Compliance (CE) marking, which endorses product compliance with the EU's legal and technical requirements on security.

THE DATA PROTECTION DEPARTMENT WAS CREATED TO ENSURE THE PERSONAL DATA PROTECTION POLICY IS APPLIED

PERSONAL DATA PROTECTION

ACCIONA is committed to ensuring its subsidiaries, business areas and, by extension, all of its employees, shareholders, suppliers and customers, act in appropriate manner and with the highest standards of diligence in relation to Personal Data protection, processing and privacy. With this in mind, the Personal Data Protection Policy recognises privacy as a right of our customers, and it assumes responsibility for making every effort to safeguard the integrity of the data obtained during their commercial relations with the company.

Accordingly, in 2018, ACCIONA's Data Protection Department was created, reporting to the Legal Advice Department, to ensure the applicable regulations are applied and complied with.

Labelling of products and services

ACCIONA carries out the appropriate communication actions to inform its customers about the safe use of its products and services, essentially by means of labelling products, providing user manuals, or via contractual requirements.

In accordance with the applicable regulations on labelling, the Grupo Bodegas Palacio 1894 wines are the only product manufactured by ACCIONA that requires specific information. Therefore, 100 % of its bottles include information on the origin of the ingredients, their safe use and bottle recycling. The company's website also has sheets for each product, with more in-depth information.

Furthermore, the energy sold by ACCIONA Green Energy has a certificate issued by the Spanish National Markets and Competition Commission (CNMC, as per its Spanish acronym), which accredits the 100 % renewable origin of the energy; and the water treated by ACCIONA Agua complies with the standards laid down by applicable legislation: quality of drinking, desalinated water, parameters for wastewater discharges, etc.

All projects developed by ACCIONA have all the information necessary in the as-built report delivered to customers.