

Sustainability Report

2016



ACCIONA's 2016 Sustainability Report is available *online*. You can access it by scanning the above QR code using various devices.

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LETTER FROM THE CHAIRMAN



José Manuel Entrecanales
Chairman of ACCIONA

Dear Friends,

I would like to start this Sustainability Report by returning to the messages of last year's declaration. The planet is in a worrying state. The consequences of climate change are coming true: rising global temperatures and sea levels, acidification of oceans, the intensity of extreme climatic events, climate refugees... all of these effects are a reflection of the global scale of the problem. We need to act decisively.

Last year, the Marrakech climate summit (COP22) adopted a work programme that is set out to press ahead with the Paris Agreement. This agreement lays out a socioeconomic and political context that includes not only greater commitment, but also the need for both the public and private sectors to act against climate change.

Trends like overpopulation, concentration in large cities and a burgeoning middle class will put an added strain on the global demand for products and services like water and energy. The latter is currently responsible for 68 % of all CO₂ emissions caused by human activity.

The solution to the problems posed by global warming involves decoupling economic growth from increased greenhouse gas (GHG) emissions, in other words, decarbonising the global economy.

Notwithstanding the value of some individual contributions, decarbonising the economy will require the replacement of a large part of the most GHG-intensive industries – energy, manufacturing, transport – with other, more efficient ones that have a lower environmental impact, which in turn will require huge investment over the coming decades.

For sufficient economic resources to flow towards these industries, it is necessary for them to attract investment on one hand, and penalise the most polluting intensive technologies, on the other. Setting a price for CO₂ emissions would serve simultaneously to bring about both goals, and is therefore, the most effective cross-cutting measure.

However, setting up markets or levying taxes on emissions will only be possible once there is widespread social belief in the need for such measures, and once we as citizens become aware of our role as ambassadors for this change. Therefore, it is essential to create an atmosphere of favourable social opinion, which demands action from both governments and private enterprise alike to put a price on polluting emissions.

ACCIONA wishes to play a key role in this transformation process. Investing in clean technologies and energy efficiency, as well as designing new sustainable infrastructures, are vital for tackling the challenges of climate change. This is the contribution ACCIONA wishes to make, as part of its commitment to society.

To meet this commitment, last year ACCIONA started the Sustainability Master Plan for 2016-2020 (SMP 2020). The Plan contains a number of targets which apply to the entire organisation and have specifications for the businesses that seek to lock in the sustainability of day-to-day operations. The Plan sets out actions in areas such as: Society, Climate Change, Environment, Corporate Governance, People, Value Chain and Innovation.

In this document you will find a breakdown of our performance in these areas over 2016, but I would like to give you a brief general overview here.

In its relationship with **Society**, ACCIONA assumes the need to work together to improve people's quality of life through dialogue and support to the communities with which we interact. Progress was made in 2016 in updating the Social Impact Management procedure, reaching 82 projects in which it has been implemented to varying phases. In addition, ACCIONA has continued working on the methodology for measuring the socioeconomic and environmental impact of its projects on the geographical areas in which it operates. In this regard, there has been notable progress in calculating the socioeconomic footprint for the entire life cycle of the El Romero Solar photovoltaic plant in Chile.

We are proud to say that in 2016 we succeeded in our goal of becoming a **carbon neutral** company

In 2016, ACCIONA's water footprint generated a **positive impact** on the planet amounting to 510 hm³, equal to the annual consumption of more than 10 million people

As I mentioned at the start, mitigating **Climate Change** is ACCIONA's top strategic objective. To achieve this, we will take action in two directions: investing in renewable energies (2.5 billion dollars through to 2020) and carbon neutrality. This neutrality, effective as of 2016, is based on reducing emissions, energy efficiency and production of renewable electric power (which has avoided the emission of 14.8 million tons of CO₂ this year alone), and is complemented by the offsetting of carbon emissions through the purchase of certified credits. We are proud to say that in 2016 we succeeded in our goal of becoming a carbon neutral company.

ACCIONA also responds to challenges to the **Environment** through its businesses, tackling challenges such as water stress and the protection of biodiversity. In 2016, ACCIONA's water footprint generated a positive impact on the planet of 510 hm³, roughly the equivalent of a year's water consumption by a population of more than 10 million inhabitants. The 2016-2020 Waste Management Plan was designed to foster circular economy, and a portfolio of projects was created for Life Cycle Analysis application. Finally, in keeping with our commitment to being biodiversity neutral by 2020, we have also made progress in methodological developments for calculating our biodiversity footprint.

Regarding **Corporate Governance**, in 2016 the Board of Directors reviewed the company's Code of Conduct, which has been set up as the starting point for the ethics and compliance model. Additionally, we disclosed our policy for communication and contact with shareholders, institutional investors and voting advisers, and published the operational reports issued by the Audit and the Appointments and Remuneration Committees. In the area of human rights, we analysed risks in the countries where the company is carrying out its activities and we are integrating these and other sustainability risks in the decision-making process.

As far as **People** are concerned, we are committed to creating an inspirational setting for the workforce based on the strength of ACCIONA brand and the values that sustain it: honesty, leadership, innovation, care for people, concern for the environment and excellence, among others. In terms of specific goals, in 2016 we designed a new process for identifying talent and achieved 94 % implementation of the performance evaluation scheme. With regards to health and safety, the accident frequency rate for company employees has declined 4.7 %.

ACCIONA's commitment to its **Value Chain** has been translated into efforts to mitigate environmental, social and corporate governance risks to our suppliers, partners and customers, and to create new sustainable solutions. I would like to point out the consolidation of PROCUR-e in 2016 as ACCIONA's procurement platform, and the implementation of a new management system involving the integrity variable for the analysis of suppliers and the design of No Go Policies for suppliers. These minimum standards prevent contracting in case of non-compliance, and establish the controls needed to monitor non-compliance events. Similarly, for the third year running, ACCIONA has kept to its commitment to lowering greenhouse gas emissions in its supply chain through emissions calculation.

In our commitment to **Innovation**, we remain firm in our efforts to maintain a cutting-edge position in the development of sustainable solutions to major global challenges. Our goal of maintaining our innovation over sales at a higher rate than the European average has been achieved, with an innovative intensity ratio of 3.2. Savings of EUR 27.7 million have been achieved through improving processes in operational innovation. I would also like to highlight the creation of the first structural element using additive manufacturing, and the creation of a new technological reality scanning service using digitalisation of the surroundings techniques.

In summary, in 2016 our business management was responsible, committed and sustainable. As a result, the company is listed in the main indexes worldwide, including DJSI World and DJSI Europe, FTSE4Good, MSCI Global Climate Index, CDP Climate A List 2016, CDP Water A List 2016 and CDP Supplier Climate A List, and the STOXX Global Climate Change Leaders Index. We are also a part of various international initiatives, most notably the Corporate Leaders Group (CLG), the United Nations' Global Compact, the Spanish Group for Green Growth, the World Business Council for Sustainable Development (WBCSD), Sustainable Energy for All (SE4All) and the World Bank and World Economic Forum, among others.

The next four years will pose new challenges, for which ACCIONA must stay firm on the course of sustainable development. We have worked hard in 2016 to lay the groundwork for the SMP 2020, so I encourage you to learn more about our efforts over the last financial year.

I would like to conclude by thanking you for your trust. Please join us as we take this sustainable path. Together, we can make a better planet for all.

We are committed
to maintaining
our cutting-
edge position
in developing
sustainable
solutions for the
major global
challenges

ABOUT THIS REPORT

Transparent, clear, accurate information

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

(G4-18)

This Sustainability Report assesses ACCIONA's performance in relation to sustainability in 2016, as well as the challenges it faces and how these should be addressed. The aim of this Report is to provide a comprehensive and clear vision of all the company's relevant information relating to sustainability for its various stakeholders.

The content of this Report takes, as its starting point, the challenges identified in Sustainability Reports published in previous years, and focuses on the progress made during 2016. This Report also describes the annual progress made by the company in implementing the ten principles of the United Nations Global Compact -on human rights, labour, the environment and anti-corruption-, as well as ACCIONA's contribution to the Sustainable Development Goals (SDGs).

The information published in this document is complemented by the content of other reports published by the company: the Annual Corporate Governance Report, the Integrated Report and the Consolidated Financial Statements (G4-17). Other sustainability content is also regularly updated on the company's website.

The Sustainability Report is published annually and has been drafted in accordance with the directions contained in the G4 Sustainability Reporting Guidelines by the Global Reporting Initiative (GRI), including the information required by the Construction and Real Estate and Electric Utilities Sector Supplements. Compliance with these guidelines ensures that the information contained in this Report is reliable, complete and balanced. The company therefore considers that the 2016 Sustainability Report complies with the G4 Guidelines at the comprehensive option within the Materiality Disclosures Service offered by the GRI.

In addition, for the drafting of this Report, ACCIONA has followed the guidelines established by the AA1000 APS standard, with the aim of aligning the included information with the expectations and concerns of its stakeholders.

In order to verify the reliability of the information, the correct application of the principles of the AA1000 APS standard and the consistency of the information that responds to the general basic content of the G4 Guidelines, the company has had an external audit of the Report carried out by KPMG Asesores S.L.

As in previous reports, ACCIONA continues to increase the number of relevant indicators to be reviewed with a reasonable level of assurance. As a result of the audit process is detailed, this Report contains an *Independent Review Report*, where the objectives and scope of the audit process is detailed, as well as the procedures used and the conclusions reached.

THE BASIC PRINCIPLE OF STAKEHOLDER INCLUSIVITY (G4-18)

ACCIONA takes all of its stakeholders into account in the process of updating its Sustainability Master Plan and in the consultations conducted in relation to business projects. In the section 'Dialogue and leadership' -included in the Society chapter-, the avenues for dialogue are described in more detail, as well as the main initiatives carried out with stakeholders in 2016.

THE PRINCIPLE OF MATERIALITY (G4-18)

The 2016 Materiality Analysis -carried out by ACCIONA, under the guidelines established in the Global Reporting Initiative G4 Sustainability Reporting Guide-, allowed the company to identify the social, ethical and environmental issues that have the greatest impact on the development of ACCIONA's activities.

As a result of this study, ACCIONA considers that the information included in this Report is relevant to the company and its various stakeholders. The chapter on Materiality Analysis includes a description of the development process and methodology of ACCIONA's 2016 Materiality Analysis.

THE PRINCIPLE OF RESPONSIVENESS (G4-18)

The company deals with the main sustainability issues that concern its stakeholders. The chapters containing the relevant information are designed according to the specific areas of work that address the strategic and operational objectives of the Sustainability Master Plan 2020. The Plan sets out the objectives to be pursued until 2020 in seven areas of work: Society, Climate Change,

Environment, Corporate Governance, People, Value Chain and Innovation. The objectives proposed by the Plan can be measured and assessed.

SCOPE (G4-22) (G4-23)

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

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

The environmental information published in the Report comes from ACCIONA's environmental reporting system, which is mainly based in the Metric tool, used for a centralised control and monitoring of the environmental indicators of ACCIONA's activities. The scope of the environmental quantitative information published covers 100 % of ACCIONA's activities, both nationally and internationally. The criterion for the consolidation of environmental information is ACCIONA's percentage equity interest in the facilities and locations concerned: where the company holds a majority stake, it is responsible for operation and control.

COMPANY PROFILE

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

ACCIONA integrates sustainability as a driver of change and progress...

With its commitment to sustainable development at the core of its businesses, ACCIONA as an organisation is capable of providing solutions to the critical needs of society and generating value beyond shareholders' earnings. ACCIONA bases its strategy on the three basic pillars of sustainability: environmental protection, social progress and economic growth.

The company is progressing with this business model thanks to its 32,835 professionals and to its sales of EUR 5.977 billion and EBITDA of EUR 1.192 billion in 2016.

ACCIONA is one of the top Spanish IBEX 35 companies with great experience in renewable energies, infrastructures, water and services. It is thanks to this experience that it is present in more than 40 countries.



MISSION

To be the leader in the creation, promotion and management of renewable energies, infrastructure, water and services, contributions to social well-being, sustainable development and the creation of value for stakeholders.



VISION

To achieve sustainable development in its areas of activity for the good of society, both in the present and in the future.



VALUES

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

In 2016, 42 % of ACCIONA's overall sales and 72 % of its EBITDA were based on businesses included in the **Green Economy** (as defined by the UNEP)

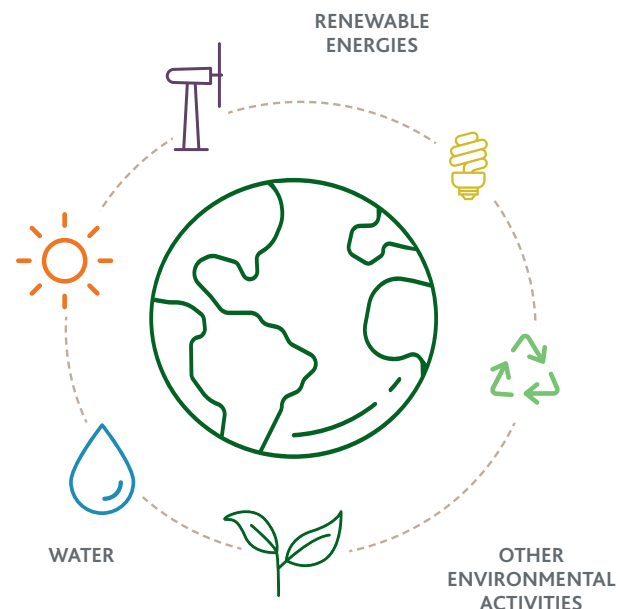
In its persistent efforts to generate progress in the geographical areas in which it operates, last year ACCIONA launched its Sustainability Master Plan 2020. Through this Plan, the company takes on its leadership role in economic, social and environmental transformations.

One of ACCIONA's biggest commitments in this area is the fight against climate change. During the climate summit in Paris, the company announced its own target of becoming a carbon neutral organisation in 2016 by reducing emissions and offsetting those that are unavoidable through emission reduction credits (ERCs).

ACCIONA's different businesses provide value to the so-called Green Economy, defined by the United Nations Environment Programme (UNEP) as one "that results in improved human well-being and social equity, whilst significantly reducing environmental risks and ecological scarcities."

In 2016, 42 % of ACCIONA's overall sales and 72 % of its EBITDA came from activities related to renewable energies, water and other environmental activities. These results will be reinforced by planned investments in renewable energies through 2020, which will amount to at least 2.5 billion dollars.

ACCIONA, GREEN ECONOMY LEADER



...with forward-looking businesses...



ENERGY

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

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

2016

Revenue	€1.796 billion
EBITDA	€740 million
Total capacity	8,913 MW
Total output	20,830 GWh



INFRASTRUCTURE

Construction



ACCIONA Construction is at the forefront in R&D&I, and it is among a select number of global construction companies using the most advanced construction techniques. This activity encompasses all aspects of construction

through its three specialised business units (bridges, highways and special structures; railways and tunnels; and ports and other hydraulic works), as well as the Engineering department and other businesses.

2016

Revenue	€2.157 billion
EBITDA	€122 million
Project portfolio	€8.140 billion

** Construction figures include the Industrial and Engineering businesses.*

Concessions



ACCIONA Concessions is a world leader in private infrastructure development, both in terms of the number of projects delivered and in revenues.

The company has a track record of more than 40 concessions throughout its history, based on a globally-minded team that is fully adapted to local needs and peculiarities.

2016

Number of projects	€110 million
EBITDA	€52 million
Project portfolio	€1.377 billion

Water



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

It also manages integral services covering all the stages of water treatment until it is suitable for human consumption. It supplies water to the population and processes urban and industrial waste water, directly billing the end users.

2016

Revenue	€708 million
EBITDA	€119 million
Water managed	772 hm ³



INFRASTRUCTURE

Services



ACCIONA Service provides a broad range of integral service solutions to its customers. Thanks to its know-how, acquired through over 50 years' experience in performing and managing services, it has positioned itself as a preferred service partner of major domestic and international companies.

ACCIONA Service's tremendous flexibility enables it to offer customers a single business model that can handle everything from contracting a single service to the possibility of running entire non-core business Facility Management operations.

2016

Revenue	€677 million
EBITDA	€28 million
Employees	15,873

Industrial



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

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

2016

Employees	195
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** Industrial's economic figures are included in the data for Construction.*



OTHER BUSINESSES

These include the businesses of **Trasmediterranea**, Spain's number one shipping company and one of Europe's biggest passenger and cargo shipping companies; **ACCIONA Inmobiliaria**, which has more than 20 years' experience and is one of the top housing developers; **Bestinver**, a financial services firm, including fund management and stock brokerage; and **Grupo Bodegas Palacio 1894**, a centennial cellar that has centres in five of Spain's most prestigious wine-growing regions, as well as other participations.

Number of vehicles	575,991
Number of passengers	2,508,535
Housing inventory (units)	849
Assets Under Management (Bestinver)	€5.222 billion

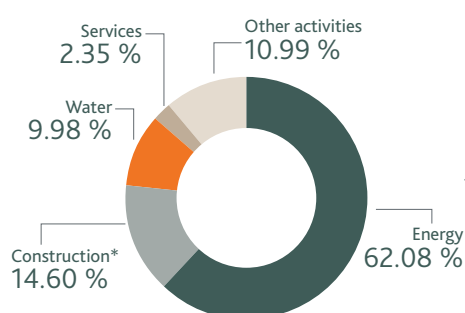
Revenue	€668 million
Trasmediterranea	€431 million
Inmobiliaria	€105 million
Bestinver	€85 million
Grupo Bodegas Palacio 1894	€41 million
Corporate and others	€7 million
EBITDA	€131 million

...and public- and private-sector customers

PRODUCTS AND SERVICES	CUSTOMERS: PUBLIC, PRIVATE (B2B AND B2C)
Energy: sale of renewable energy, renewable technology EPC contracts and O&M renewable technology plants.	550 corporate customers (industrial, institutional, tertiary sector); 2,600 supply points (4.8 TWh). Public customers , such as the Mexican Federal Electricity Commission or South Africa's ESKOM. Private B2B customers: investors such as Blackstone, Cemex, Nova Scotia Power, Engie and solar farm owners.
Infrastructure	
Construction: civil engineering, building, infrastructure maintenance.	109 customers: 69 % public and 31 % private B2B. 350,000 users of the infrastructure maintenance service (Spain).
Concessions: social infrastructures and transport infrastructures.	16 customers: 100 % public.
Water: management of water services, automation and control, construction and O&M of drinking water, waste water treatment and desalination plants.	Public customers: municipalities, public companies, utility companies. Private B2B customers: private companies and 432,000 subscribers. ■ 15.3 million users of water supply services in 180 municipalities in Spain and Peru. ■ 31 million beneficiaries of drinking water treatment services. ■ 55 million beneficiaries of waste water treatment services. ■ 15 million beneficiaries of desalination services.
Services: handling, cleaning, maintenance, forwarding, gardening, waste collection and treatment, etc.	Public customers , who account for 11 % of billing. Private sector B2B customers , who account for 89 % of billing.
Industrial: EPC projects, O&M industrial plants, electric and HVAC facilities.	EPC and O&M industrial plants (96 % billing): 1 public customer and 4 private customers. Electric and HVAC facilities (4 % billing): 2 private customers and 2 public customers.
Bestinver: financial asset management services through investment and pension funds, SICAVs. This activity is complemented by stock brokerage services.	42,374 investors.
Grupo Bodegas Palacio 1984: production and marketing of wines.	Public customers: two public companies in Canada, 350 customers. Private B2B customers: superstores, HORECA, export. B2C customers: more than 3,000 direct consumers.
ACCIONA Inmobiliaria: real estate development, asset lease management.	Private B2C customers: residential assets for sale (69.3 % of billing), asset management (12.2 %), residential assets for lease (14.4 %), student halls of residence and hotels (4.1 %).
Trasmediterranea: passenger and cargo shipping.	Private B2B customers , e.g. travel agencies. B2C customers: 3 million passengers and 1,143 cargo shipping customers.

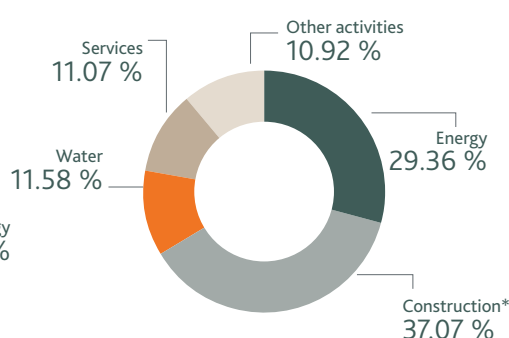
Key figures in 2016

Contribution to EBITDA by business line
(% total)



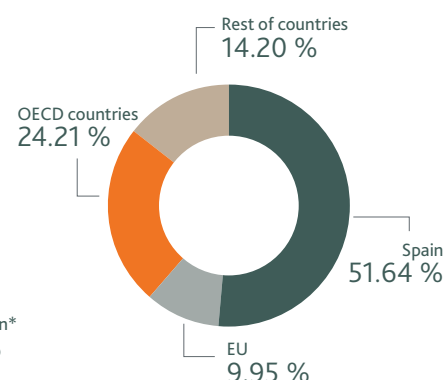
* Includes Concessions and Industrial.

Revenue by business line
(% of the total)



* Includes Concessions and Industrial.

Revenue by geographic area



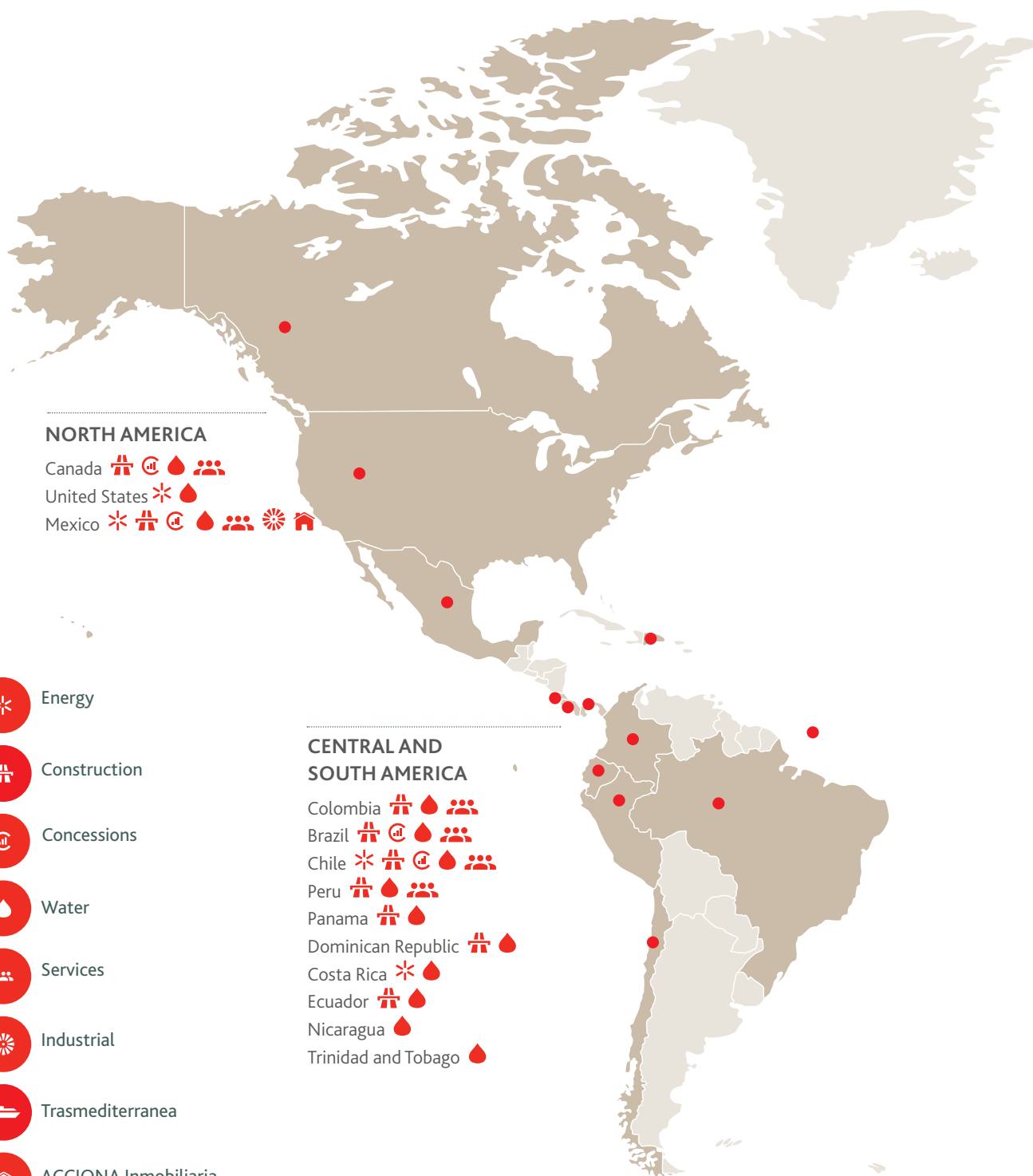
TRIPLE BOTTOM LINE










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 performance.

	2014	2015	2016
ECONOMIC PERFORMANCE			
Revenues (millions of euros)	6,499	6,544	5,977
EBITDA (millions of euros)	1,087	1,174	1,192
Profit before tax (millions of euros)	233	330	312
Total innovation figure (millions of euros)	174.9	180.0	193.9
Innovation intensity (total R&D&I/revenues)	2.69	2.76	3.20
Total R&D&I/EBITDA (%)	16.1	15.4	16.3
Activity certified under ISO 9001 (%)	89	92	90
Activity certified under ISO 14001 (%)	87	90	87
ENVIRONMENTAL PERFORMANCE			
Emissions generated (millions of tonnes of CO ₂)	0.58	0.60	0.82
Emissions avoided (millions of tonnes of CO ₂)	16.30	17.2	14.8
Emissions ratio (tonnes of CO ₂ /revenues in thousands euros)	0.09	0.09	0.14
Energy consumption ratio (TJ/revenues in million euros)	1.33	2.02	2.68
Water volume managed by ACCIONA (hm ³)	648	633	772
Water consumption (hm ³)	6.88	6.46	6.01
Water footprint: net positive contribution (hm ³)	532	495	510
Recycled/reused water as a percentage of total water consumed (%)	14	22	15
SOCIAL PERFORMANCE			
Average headcount at year end	33,559	32,147	32,835
Gross wage gap (%)	6.22	5.39	6.01
Average training hours per year/employee	11.81	15.13	15.24
People with disabilities in the workforce in Spain (%)	3.57	3.55	3.55
Number of fatal accidents (company employees and subcontractors)	5	0	5
Accident frequency rate	3.6	3.9	3.8
Local suppliers out of total (%)	93	90	86
Global customer satisfaction index (%)	86	98	97
Social contribution (millions of euros)	11	7	9

ACCIONA AROUND THE WORLD

...present in more than 40 countries on all five continents...



-  Energy
-  Construction
-  Concessions
-  Water
-  Services
-  Industrial
-  Trasmediterranea
-  ACCIONA Inmobiliaria
-  Other businesses

EUROPE

- | | | | | |
|----------------|---|---|---|---|
| Italy | * | 🔴 | 👤 | 👤 |
| Poland | * | 🏠 | 👤 | 🏠 |
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AFRICA

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| Algeria | | 🔴 | | 🚢 |
| Egypt | | 🔴 | | |
| South Africa | * | 🏠 | 🌐 | |
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ASIA AND OCEANIA

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| Australia | * | 🏠 | 🌐 | 🔴 |
| New Zealand | | 🏠 | | |
| United Arab Emirates | | 🏠 | 🔴 | 👤 |
| Qatar | | 🔴 | 👤 | |
| Saudi Arabia | | 🔴 | | |
| Oman | | 🔴 | 👤 | |
| Philippines | | 🔴 | | |

PERFORMANCE BY REGION

North America

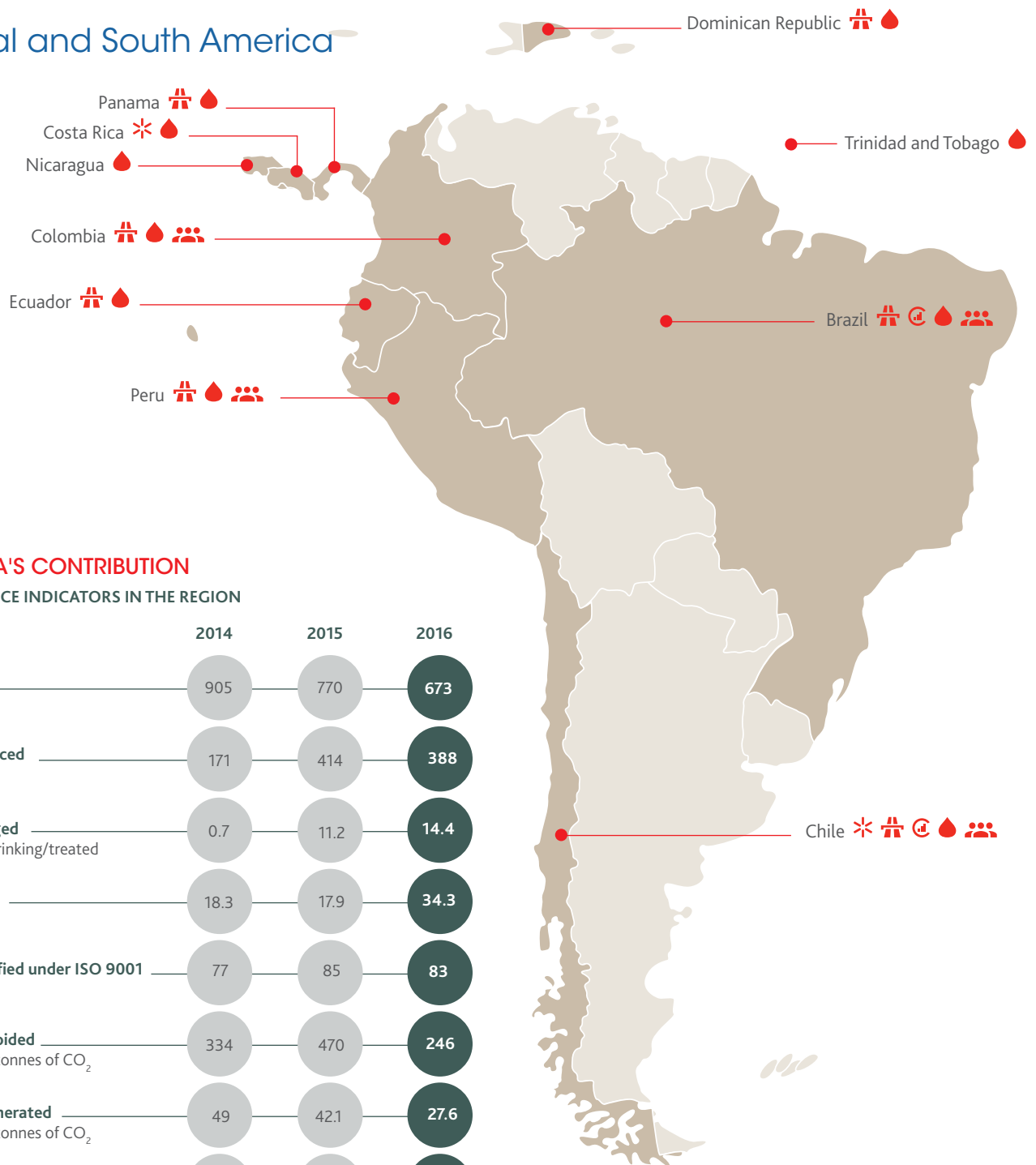


ACCIONA'S CONTRIBUTION

PERFORMANCE INDICATORS IN THE REGION

	2014	2015	2016		2014	2015	2016
Revenues € million	901	1,353	740	Emissions avoided thousands of tonnes of CO ₂	3,126	3,935	3,153
Energy produced total GWh	4,967	4,752	4,837	Emissions generated thousands of tonnes of CO ₂	28.6	18.01	18.6
Water managed desalinated/drinking/treated hm ³	5.6	0.8	1.3	Water footprint hm ³	1.3	-0.2	-0.2
Total R&D&I € million	4.9	37.7	12.1	Activity certified under ISO 14001 %	93	95	78
Activity certified under ISO 9001 %	93	95	78	Average equivalent headcount no. of workers	1,376	1,974	2,468

Central and South America



ACCIONA'S CONTRIBUTION

PERFORMANCE INDICATORS IN THE REGION

	2014	2015	2016
Revenues € million	905	770	673
Energy produced total GWh	171	414	388
Water managed desalinated/drinking/treated hm ³	0.7	11.2	14.4
Total R&D&I € million	18.3	17.9	34.3
Activity certified under ISO 9001 %	77	85	83
Emissions avoided thousands of tonnes of CO ₂	334	470	246
Emissions generated thousands of tonnes of CO ₂	49	42.1	27.6
Water footprint hm ³	-0.1	-0.9	2.4
Activity certified under ISO 14001 %	77	85	83
Average equivalent headcount no. of workers	5,210	4,423	5,141

Spain

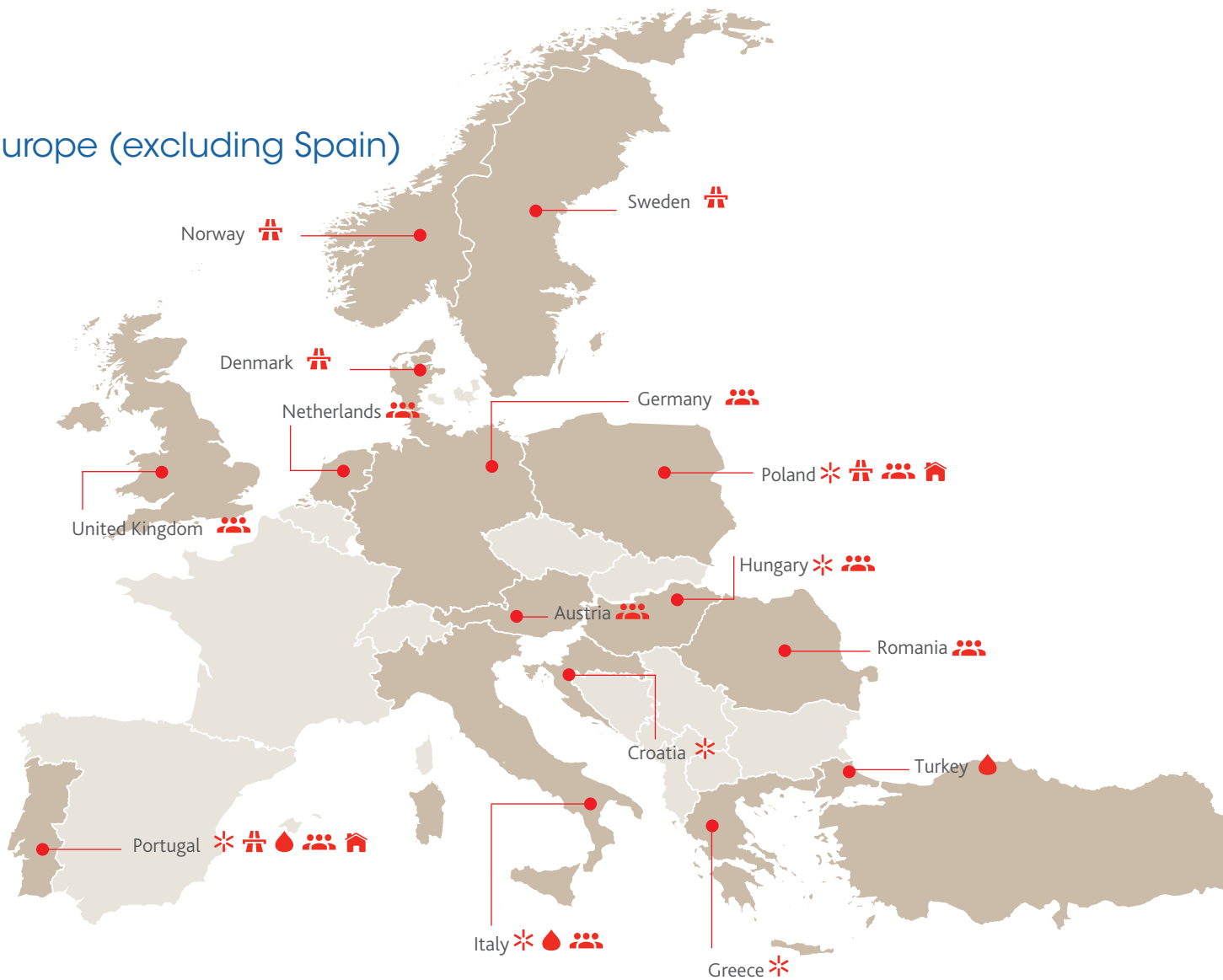


ACCIONA'S CONTRIBUTION

PERFORMANCE INDICATORS IN THE REGION

	2014	2015	2016		2014	2015	2016
Revenues € million	3,524	3,213	3,087	Emissions avoided thousands of tonnes of CO ₂	11,121	10,282	9,048
Energy produced total GWh	14,015	13,199	12,861	Emissions generated thousands of tonnes of CO ₂	376.4	446.9	466.9
Water managed desalinated/drinking/treated hm ³	394.6	400.3	535.2	Water footprint hm ³	357	315.7	403.9
Total R&D&I € million	134.2	97.8	55.2	Activity certified under ISO 14001 %	97	97	96
Activity certified under ISO 9001 %	100	100	99	Average equivalent headcount no. of workers	20,957	20,784	19,908

Europe (excluding Spain)

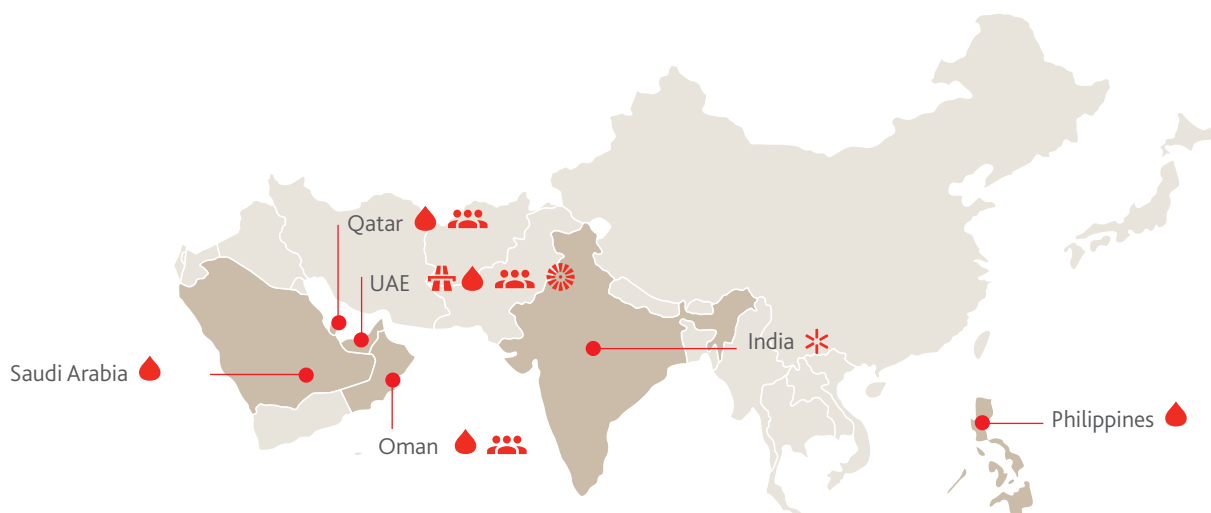


ACCIONA'S CONTRIBUTION

PERFORMANCE INDICATORS IN THE REGION

	2014	2015	2016		2014	2015	2016
Revenues € million	672	627	705	Emissions avoided thousands of tonnes of CO ₂	747	781	738
Energy produced total GWh	1,027	1,007	1,042	Emissions generated thousands of tonnes of CO ₂	24.8	13.9	137.4
Water managed desalinated/drinking/treated hm ³	130.3	145.9	145.2	Water footprint hm ³	128.1	143.7	142.9
Total R&D&I € million	9.7	15.5	35.9	Activity certified under ISO 14001 %	75	74	69
Activity certified under ISO 9001 %	89	88	82	Average equivalent headcount no. of workers	5,016	4,099	4,223

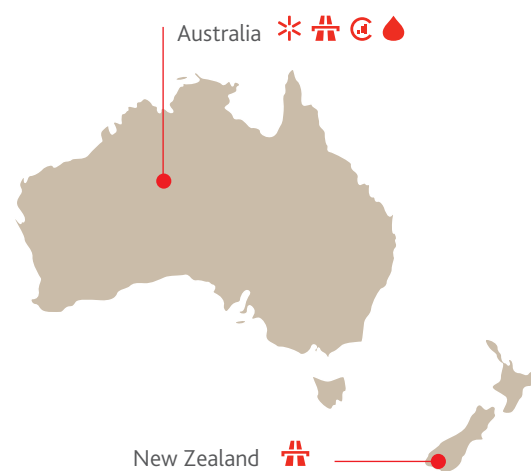
Asia and Oceania



ACCIONA'S CONTRIBUTION

PERFORMANCE INDICATORS IN THE REGION

	2014	2015	2016
Revenues € million	321	411	590
Energy produced total GWh	1,165	1,172	1,190
Water managed desalinated/drinking/treated hm ³	97	56.5	55.7
Total R&D&I € million	5.1	1.1	30.6
Activity certified under ISO 9001 %	80	69	68
Emissions avoided thousands of tonnes of CO ₂	948	968	1,058
Emissions generated thousands of tonnes of CO ₂	39	44.3	115.5
Water footprint hm ³	63.3	39.1	-21.7
Activity certified under ISO 14001 %	80	69	68
Average equivalent headcount no. of workers	260	291	480



Africa

Morocco    

Algeria  

Egypt 

Gabon  

South Africa   

ACCIONA'S CONTRIBUTION

PERFORMANCE INDICATORS IN THE REGION

	2014	2015	2016
Revenues € million	176	169	182
Energy produced total GWh	47	427	526
Water managed desalinated/drinking/treated hm ³	19.5	19.6	20.6
Total R&D&I € million	2.7	10.4	25.8
Activity certified under ISO 9001 %	0	24	28
Emissions avoided thousands of tonnes of CO ₂	63	714	571
Emissions generated thousands of tonnes of CO ₂	61.3	40	47
Water footprint hm ³	6.9	-2.7	-17.3
Activity certified under ISO 14001 %	0	24	28
Average equivalent headcount no. of workers	481	227	266

MATERIALITY ANALYSIS

Focus on the most relevant issues

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

(G4-18)

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

This study allows the company to understand the level of awareness about aspects relating to business strategy, identify the expectations and needs of interested parties and focus the strategy for communication in relation to sustainability. It combines the internal viewpoint of the different businesses and the external viewpoint of the stakeholders, thus meeting the requirements of the Global Reporting Initiative G4 framework.

In the analysis performed for the 2015 Sustainability Report, the relevant aspects were identified on the basis of the macro trends analysed during the design of the Sustainability Master Plan for each of ACCIONA's main lines of business (Energy, Construction, Water, Services and Industrial).

This document
is guided by the
criteria, principles
and content of the
GRI G4 framework

As an improvement for 2016, the study has been broadened to include other ACCIONA businesses (Bestinver, Grupo Bodegas Palacio 1894, ACCIONA Inmobiliaria and Trasmediterranea), thus identifying and prioritising the relevant aspects for these businesses. The Construction and Industrial matrices were also provided separately for the first time.

Methodology G4-18, G4-25, G4-26

1

Identification

The aspects identified in the 2015 Materiality Analysis have been reviewed and updated, with the aim of examining the most relevant aspects more deeply and widening the scope to include those that have arisen recently.

2

Prioritisation

Prioritisation of aspects based on a twofold analysis: relevance according to **external** sources (stakeholders, investors and press) and relevance of **internal** sources (analysis of the Sustainability Master Plan 2020 and consultation with ACCIONA's Sustainability Committees).

3

Validation

Review, validation and assessment of issues by businesses through meetings with their **Sustainability Committees**.

1. IDENTIFICATION OF MATERIAL ASPECTS (G4-18, G4-25)

The 2016 Materiality Analysis involves an expansion of the aspects identified in the previous year, updating these with reference to information sources for ACCIONA's business sectors: Sustainability Accounting Standards Board (SASB) sectoral Materiality Analyses for Renewable Resources & Alternative Energy, Water Utilities, Engineering & Construction Services, Services, Investment Banking and Brokerage, Alcoholic Beverages, Agricultural Products, Cruise Lines and Marine Transportation industries and for Real Estate Services and Real Estate Owners, Developers & Investment Trusts industries, as well as reports by think tanks such as the World Resources Institute, the European Union 2020 Energy Strategy and the Center for Energy and Environmental Policy Research. These sources helped to identify the nuances and particularities of these aspects for each business unit.

2. PRIORITISATION OF MATERIAL ASPECTS (G4-26)

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

a. External relevance given by investors and opinion leaders:

- Criteria and aspects assessed in the Dow Jones Sustainability Index survey.
- Expectations of investors in terms of social, environmental and corporate governance criteria.
- Press analysis: analysis of relevant aspects for stakeholders identified in different media.
- Consultation with international bodies and sector institutions: for each sector, the specific opinion leaders for that business area were identified in the main countries where ACCIONA operates and on which it wishes to place special focus. These opinion leaders include: World Wildlife Fund (WWF), Asociación Mexicana de Energía, Asociación de Empresas de Energías Renovables (APPA), American Wind Energy Association (AWEA), Canada Green Building Council, Australia Green Building Council, Water Association, Global Compact Chile, Canadian Water and Wastewater Association (CWWA), Asociación Nacional de Empresas de Agua y Saneamiento de México (ANEAS), International Solid Waste, United Nations, and Canada Green Building Council.

b. Internal relevance based on internal documents and stakeholders:

- Analysis of the Sustainability Master Plan 2020.
- Consultation with the Sustainability Committees of the businesses: the Committee members gave their views on the relevance of a selection of aspects.

3. VALIDATION OF MATERIAL ASPECTS (G4-18)

For the assessment and validation of the material aspects identified, a series of meetings (focus group) were held with the **Sustainability Committees** of each ACCIONA's business, in which the assessments made in the previous phase were debated and validated.

Results of the Materiality Analysis by business unit

The material aspects identified for the different divisions of ACCIONA are detailed below: Energy, Infrastructure (Construction, Water, Services and Industrial) and Other businesses (Bestinver, Grupo Bodegas Palacio 1894, ACCIONA Inmobiliaria and Trasmediterranea).

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

Until this Sustainability Report, the scope of the Materiality Analysis was confined to the major lines of business, although information was provided about the management of the most relevant ethical, social and environmental impacts of other businesses such as Bestinver, Grupo Bodegas Palacio 1894, Inmobiliaria and Trasmediterranea.

With regard to the key aspects identified in ACCIONA's businesses, ethics, anti-corruption and climate change mitigation are particularly relevant in all the main businesses. Innovation is extremely important in businesses such as Energy, Construction, Industrial and Water. Finally, it should be noted that risk management in sustainability and labour human rights are of greater relevance compared to the results from the previous year.

Material aspects for ACCIONA Energy (G4-19)



1. Climate change mitigation
2. Safety and quality of electricity supply
3. Sustainability risks management
4. Innovation
5. Ethics and anti-corruption
6. Investment in renewable energies
7. Human rights and labour rights / Health and safety
8. Regulatory frameworks, taxes and subsidies
9. Socioeconomic impact and local communities
10. Talent attraction and retention / Development of human capital
11. Sustainable water management
12. Responsible management of suppliers
13. Economic performance and fiscal transparency
14. Impacts on biodiversity
15. Climate change adaptation
16. Sustainability performance
17. Equality and diversity among employees
18. Waste management
19. Materials
20. Impact of the product life cycle

Material aspects for ACCIONA Infrastructure: Construction (G4-19)



1. Ethics and anti-corruption
2. Occupational health and safety
3. Climate change mitigation
4. Innovation and new business opportunities
5. Materials
6. Human rights and labour rights
7. Talent attraction and retention / Development of human capital
8. Sustainability risks management
9. Environmental management of the company
10. Sustainability performance
11. Sustainable water management
12. Responsible management of suppliers
13. Customer relationship management
14. Management of impact on local communities
15. Waste management
16. Equality and diversity among employees
17. Economic performance and fiscal transparency
18. Impacts on biodiversity
19. Socioeconomic impact of projects
20. Impact of product life cycle
21. Climate change adaptation

Material aspects for ACCIONA Infrastructure: Water (G4-19)



1. Ethics and anti-corruption
2. Sustainable water management
3. Quality of water supplied to the customer
4. Climate change mitigation
5. Innovation and new business opportunities
6. Sustainability risks management
7. Talent attraction and retention / Development of human capital
8. Occupational health and safety
9. Management of impact on local communities
10. Human rights and labour rights
11. Waste management
12. Economic performance and fiscal transparency
13. Sustainability performance
14. Socioeconomic impact of projects
15. Impacts on biodiversity
16. Responsible management of suppliers
17. Equality and diversity among employees
18. Environmental management of the company
19. Climate change adaptation
20. Impact of product life cycle
21. Materials

Material aspects for ACCIONA Infrastructure: Services (G4-19)



1. Ethics and anti-corruption
2. Climate change mitigation
3. Human rights and labour rights
4. Talent attraction and retention / Development of human capital
5. Occupational health and safety
6. Sustainability risks management
7. Environmental management of the company
8. Management of impact on local communities
9. Customer relationship management
10. Equality and diversity among employees
11. Economic performance and fiscal transparency
12. Waste management
13. Sustainability performance
14. Sustainable water management
15. Materials
16. Responsible management of suppliers
17. Innovation and new business opportunities
18. Impact of product life cycle
19. Socioeconomic impact of projects
20. Impact on biodiversity
21. Climate change adaptation

Material aspects for ACCIONA Infrastructure: Industrial (G4-19)



1. Ethics and anti-corruption
2. Talent attraction and retention / Development of human capital
3. Innovation and new business opportunities
4. Occupational health and safety
5. Materials
6. Climate change mitigation
7. Human rights and labour rights
8. Customer relationship management
9. Sustainability risks management
10. Sustainability performance
11. Responsible management of suppliers
12. Sustainable water management
13. Environmental management of the company
14. Management of impact on local communities
15. Equality and diversity among employees
16. Waste management
17. Economic performance and fiscal transparency
18. Impacts on biodiversity
19. Socioeconomic impact of projects
20. Impact of the life cycle of products
21. Climate change adaptation

Material aspects for Bestinver (G4-19)



1. Talent attraction and retention / Development of human capital
2. Equality and diversity among employees
3. Customer relationship management
4. Ethics and anti-corruption
5. Management of non-financial risks for assets
6. Sustainability risks management
7. Responsible management of suppliers
8. Innovation and new business opportunities
9. Economic performance and fiscal transparency
10. Sustainability performance

Material aspects for Grupo Bodegas Palacio 1894 (G4-19)



1. Climate change mitigation
2. Product safety and quality
3. Sustainable water management
4. Customer relationship management
5. Occupational health and safety
6. Talent attraction and retention / Development of human capital
7. Responsible management of suppliers
8. Environmental management of the company
9. Equality and diversity among employees
10. Climate change adaptation
11. Innovation and new business opportunities
12. Impact of product life cycle
13. Materials
14. Impact on biodiversity
15. Sustainability risks management
16. Economic performance and fiscal transparency
17. Waste management
18. Ethics and anti-corruption
19. Sustainability performance
20. Socioeconomic impact of projects

Material aspects for Inmobiliaria (G4-19)



1. Climate change mitigation
2. Environmental management of the company
3. Customer relationship management
4. Ethics and anti-corruption
5. Occupational health and safety
6. Management of impact on local communities
7. Talent attraction and retention / Development of human capital
8. Equality and diversity among employees
9. Responsible management of suppliers
10. Impact of product life cycle
11. Socioeconomic impact of projects
12. Sustainable water management
13. Economic performance and fiscal transparency
14. Sustainability performance
15. Climate change adaptation
16. Waste management
17. Innovation and new business opportunities
18. Sustainability risks management
19. Materials

Material aspects for Trasmediterranea (G4-19)



1. Occupational health and safety
2. Climate change mitigation
3. Customer relationship management
4. Management of impact on local communities
5. Impacts on biodiversity
6. Waste management
7. Equality and diversity among employees
8. Responsible management of suppliers
9. Sustainability risks management
10. Environmental management of the company
11. Innovation and new business opportunities
12. Economic performance and fiscal transparency
13. Impact of product life cycle
14. Talent attraction and retention/Development of human capital
15. Human rights and labour rights
16. Ethics and anti-corruption
17. Sustainability performance
18. Climate change adaptation
19. Sustainable water management
20. Socioeconomic impact of projects
21. Materials

Scope of the material aspects

The materiality matrices for each business unit contain brief definitions of the relevant aspects. For a more detailed description of the most important aspects, a table is added below with additional information about the definitions of the aspects with most relevant aspects for the different businesses. It is also indicated whether the material aspect has an external impact.

G4-19, G4-20, G4-21

MATERIAL ASPECTS WITHIN THE ORGANISATION				
ASPECTS	ACCIONA Infrastructure			
	ACCIONA Energy	ACCIONA Construction	ACCIONA Agua	ACCIONA Service
Climate change adaptation	■ Medium / low relevance	■ Medium / low relevance	■ Medium / low relevance	■ Medium / low relevance
Talent attraction and retention / Development of human capital	■ Medium / low relevance	<ul style="list-style-type: none"> ■ Employee assessment systems ■ Incentives linked to personal and corporate targets ■ Scholarships ■ Investment in employee training ■ Measurement of employee satisfaction ■ Employee turnover ■ Talent access / availability 	<ul style="list-style-type: none"> ■ Employee assessment systems ■ Incentives linked to personal and corporate targets ■ Scholarships ■ Investment in employee training ■ Measurement of employee satisfaction ■ Employee turnover ■ Talent access / availability 	<ul style="list-style-type: none"> ■ Employee assessment systems ■ Incentives linked to personal and corporate targets ■ Scholarships ■ Investment in employee training ■ Measurement of employee satisfaction ■ Employee turnover ■ Talent access/availability
Quality of water supplied to the customer	■ Not applicable	■ Not applicable	<ul style="list-style-type: none"> ■ Type of water treatment ■ Health and environmental risks: management of pathogens, disruptors, chemical compounds and new pollutants ■ Policies and management systems for minimising risks to health, environment and areas of hydric stress ■ Customer satisfaction 	■ Not applicable

Not applicable: aspect not identified in the study for the business unit.

G4-19, G4-20, G4-21

MATERIAL ASPECTS WITHIN THE ORGANISATION					Material aspects outside the organisation
ACCIONA Industrial	Bestinver	Grupo Bodegas Palacio 1894	Trasmediterranea	Inmobiliaria	
■ Medium / low relevance	■ Not applicable	<ul style="list-style-type: none"> ■ Conservation of ecosystems ■ Adaptation of infrastructures to extreme weather events ■ Adaptation of projects to extreme weather events 	■ Medium / low relevance	■ Medium / low relevance	✓
<ul style="list-style-type: none"> ■ Employee assessment systems ■ Incentives linked to personal and corporate targets ■ Scholarships ■ Investment in employee training ■ Measurement of employee satisfaction ■ Employee turnover ■ Talent access / availability 	<ul style="list-style-type: none"> ■ Employee assessment systems ■ Incentives linked to personal and corporate targets ■ Scholarships ■ Investment in employee training ■ Measurement of employee satisfaction ■ Employee turnover ■ Talent access / availability 	<ul style="list-style-type: none"> ■ Employee assessment systems ■ Incentives linked to personal and corporate targets ■ Scholarships ■ Investment in employee training ■ Measurement of employee satisfaction ■ Employee turnover ■ Talent access / availability 	■ Medium / low relevance	<ul style="list-style-type: none"> ■ Employee assessment systems ■ Incentives linked to personal and corporate targets ■ Scholarships ■ Investment in employee training ■ Measurement of employee satisfaction ■ Employee turnover ■ Talent access / availability 	✗
■ Not applicable	■ Not applicable	■ Not applicable	■ Not applicable	■ Not applicable	✓

G4-19, G4-20, G4-21

MATERIAL ASPECTS WITHIN THE ORGANISATION				
ASPECTS	ACCIONA Infrastructure			
	ACCIONA Energy	ACCIONA Construction	ACCIONA Agua	ACCIONA Service
Human rights and labour rights	<ul style="list-style-type: none"> Human rights policy Risk of child labour violations, disciplinary issues and working conditions Risk of discrimination involving gender / disability / vulnerable groups Risk of violations of freedom of union association, freedom to strike and freedom of expression 	<ul style="list-style-type: none"> Human rights policy Risk of child labour violations Risk of violations relating to disciplinary issues (safety) Risk of child labour violations: working hours / holidays / accommodation / pay / work-life balance Risk of discrimination involving gender / disability / vulnerable groups Risk of violations of freedom of union association, freedom to strike and freedom of expression 	<ul style="list-style-type: none"> Medium / low relevance 	<ul style="list-style-type: none"> Human rights policy Risk of child labour violations Risk of violations relating to disciplinary issues (safety) Risk of child labour violations: working hours / holidays / accommodation / pay / work-life balance Risk of discrimination involving gender / disability / vulnerable groups Risk of violations of freedom of union association, freedom to strike and freedom of expression
Economic performance and fiscal transparency	<ul style="list-style-type: none"> Medium / low relevance 	<ul style="list-style-type: none"> Medium / low relevance 	<ul style="list-style-type: none"> Medium / low relevance 	<ul style="list-style-type: none"> Assessment of economic value generated and distributed Growth of the organisation Fiscal transparency and responsibility
Sustainability performance	<ul style="list-style-type: none"> Medium/low relevance 	<ul style="list-style-type: none"> Link key employee remuneration to the company's sustainability performance Promote training in key sustainability issues Organise and receive awards related to sustainability 	<ul style="list-style-type: none"> Medium/low relevance 	<ul style="list-style-type: none"> Medium/low relevance
Ethics and anti-corruption	<ul style="list-style-type: none"> Internal anti-corruption policy Integrity in bids and tenders Code of Ethics and Code of Conduct Clean business context (legality, shadow economy, government corruption) Corporate Governance Legal compliance 	<ul style="list-style-type: none"> Internal anti-corruption policy Integrity in bids and tenders Code of Ethics and Code of Conduct Clean business context (legality, shadow economy, government corruption) Corporate Governance Legal compliance 	<ul style="list-style-type: none"> Internal anti-corruption policy Integrity in bids and tenders Code of Ethics and Code of Conduct Clean business context (legality, shadow economy, government corruption) Corporate Governance Legal compliance 	<ul style="list-style-type: none"> Internal anti-corruption policy Integrity in bids and tenders Code of Ethics and Code of Conduct Clean business context (legality, shadow economy, government corruption) Corporate Governance Legal compliance

Not applicable: aspect not identified in the study for the business unit.

G4-19, G4-20, G4-21

MATERIAL ASPECTS WITHIN THE ORGANISATION					
ACCIONA Industrial	Other businesses				Material aspects outside the organisation
	Bestinver	Grupo Bodegas Palacio 1894	Trasmediterranea	Inmobiliaria	
<ul style="list-style-type: none"> Human rights policy Risk of child labour violations Risk of violations relating to disciplinary issues (safety) Risk of violations of working conditions: working hours /holidays / accommodation /pay / work-life balance Risk of discrimination involving gender / disability / vulnerable groups Risk of violations of freedom of union association, freedom to strike and freedom of expression 	■ Not applicable	■ Not applicable	■ Medium / low relevance	■ Not applicable	✓
■ Medium / low relevance	■ Medium / low relevance	■ Medium / low relevance	<ul style="list-style-type: none"> Assessment of economic value generated and distributed Growth of the organisation Fiscal transparency and responsibility 	■ Medium / low relevance	✓
<ul style="list-style-type: none"> Link key employee remuneration to the company's sustainability performance Promote training in key sustainability issues Organise and receive awards related to sustainability 	■ Medium / low relevance	■ Medium / low relevance	<ul style="list-style-type: none"> Link key employee remuneration to the company's sustainability performance Promote training in key sustainability issues Organise and receive awards related to sustainability 	■ Medium / low relevance	✗
<ul style="list-style-type: none"> Internal anti-corruption policy Integrity in bids and tenders Code of Ethics and Code of Conduct Clean business context (legality, shadow economy, government corruption) Corporate Governance Legal compliance 	<ul style="list-style-type: none"> Internal anti-corruption policy Integrity in bids and tenders Code of Ethics and Code of Conduct Clean business context (legality, shadow economy, government corruption) Corporate Governance Legal compliance 	■ Medium / low relevance	■ Medium / low relevance	<ul style="list-style-type: none"> Internal anti-corruption policy Integrity in bids and tenders Code of Ethics and Code of Conduct Clean business context (legality, shadow economy, government corruption) Corporate Governance Legal compliance 	✓

G4-19, G4-20, G4-21

MATERIAL ASPECTS WITHIN THE ORGANISATION				
ASPECTS	ACCIONA Infrastructure			
	ACCIONA Energy	ACCIONA Construction	ACCIONA Agua	ACCIONA Service
Environmental management of the company	■ Medium / low relevance	<ul style="list-style-type: none"> ■ Environmental policy ■ Environmental management system ■ Establishment of targets and achievement of environmental targets (eco-efficiency, responsible use of resources) ■ Environmental management systems certification ■ Vulnerability to environmental regulation 	■ Medium / low relevance	<ul style="list-style-type: none"> ■ Environmental policy ■ Environmental management system ■ Establishment of targets and achievement of environmental targets (eco-efficiency, responsible use of resources) ■ Environmental management systems certification ■ Vulnerability to environmental regulation
Customer relationship management	■ Medium / low relevance	<ul style="list-style-type: none"> ■ Measurement of customer satisfaction ■ Mechanisms for gathering customer feedback 	■ Not applicable	<ul style="list-style-type: none"> ■ Measurement of customer satisfaction ■ Mechanisms for gathering customer feedback
Management of impact on local communities	<ul style="list-style-type: none"> ■ Project impact assessment ■ Dialogue with communities ■ Effects on the population ■ Environmental impact (noise, dust, visual impact, etc.) ■ Citizen safety 	■ Medium / low relevance	■ Medium / low relevance	<ul style="list-style-type: none"> ■ Dialogue with communities ■ Environmental impact (noise, dust, visual impact, etc.) ■ Public safety
Waste management	■ Medium / low relevance	■ Medium / low relevance	■ Medium / low relevance	<ul style="list-style-type: none"> ■ Updated waste management policy ■ Innovation in waste recycling ■ Research into new waste uses
Sustainability risks management	<ul style="list-style-type: none"> ■ Country / international expansion risk ■ Risk management systems ■ Climate change risks for the company ■ Environmental policy ■ Environmental management system / Certifications ■ Vulnerability to environmental and social regulation 	<ul style="list-style-type: none"> ■ Country / international expansion risk ■ Risk management systems ■ Risk detection and monitoring ■ Risk quantification ■ Economic risks of climate change for the company 	<ul style="list-style-type: none"> ■ Country / international expansion risk ■ Risk management systems ■ Risk detection and monitoring ■ Risk quantification ■ Economic risks of climate change for the company 	<ul style="list-style-type: none"> ■ Country / international expansion risk ■ Risk management systems ■ Risk detection and monitoring ■ Risk quantification ■ Economic risks of climate change for the company
Management of non-financial risks for assets	■ Not applicable	■ Not applicable	■ Not applicable	■ Not applicable

Not applicable: aspect not identified in the study for the business unit.

G4-19, G4-20, G4-21

MATERIAL ASPECTS WITHIN THE ORGANISATION					
ACCIONA Industrial	Other businesses				Material aspects outside the organisation
	Bestinver	Grupo Bodegas Palacio 1894	Trasmediterranea	Inmobiliaria	
■ Medium / low relevance	■ Not applicable	<ul style="list-style-type: none"> ■ Environmental policy ■ Environmental management system ■ Establishment of targets and achievement of environmental targets (eco-efficiency, responsible use of resources) ■ Environmental management systems certification ■ Vulnerability to environmental regulation 	<ul style="list-style-type: none"> ■ Environmental policy ■ Environmental management system ■ Establishment of targets and achievement of environmental targets (eco-efficiency, responsible use of resources) ■ Environmental management systems certification ■ Vulnerability to environmental regulation 	<ul style="list-style-type: none"> ■ Environmental policy ■ Environmental management system ■ Establishment of targets and achievement of environmental targets (eco-efficiency, responsible use of resources) ■ Environmental management systems certification ■ Vulnerability to environmental regulation 	×
<ul style="list-style-type: none"> ■ Measurement of customer satisfaction ■ Mechanisms for gathering customer feedback 	<ul style="list-style-type: none"> ■ Measurement of customer satisfaction ■ Mechanisms for gathering customer feedback 	<ul style="list-style-type: none"> ■ Measurement of customer satisfaction ■ Mechanisms for gathering customer feedback 	<ul style="list-style-type: none"> ■ Measurement of customer satisfaction ■ Mechanisms for gathering customer feedback 	<ul style="list-style-type: none"> ■ Measurement of customer satisfaction ■ Mechanisms for gathering customer feedback 	✓
■ Medium / low relevance	■ Not applicable	■ Not applicable	<ul style="list-style-type: none"> ■ Dialogue with communities ■ Population displacements ■ Environmental impact (noise, dust, visual impact, etc.) ■ Public safety 	<ul style="list-style-type: none"> ■ Project impact assessment ■ Dialogue with communities ■ Population displacements ■ Environmental impact (noise, dust, visual impact, etc.) ■ Public safety 	✓
■ Medium / low relevance	■ Not applicable	■ Medium / low relevance	<ul style="list-style-type: none"> ■ Updated waste management policy ■ Innovation in waste recycling ■ Research into new waste uses 	■ Medium / low relevance	✓
<ul style="list-style-type: none"> ■ Country / international expansion risk ■ Risk management systems ■ Risk detection and monitoring ■ Risk quantification ■ Economic risks of climate change for the company 	■ Medium / low relevance	■ Medium / low relevance	<ul style="list-style-type: none"> ■ Country / international expansion risk ■ Risk management systems ■ Risk detection and monitoring ■ Risk quantification ■ Economic risks of climate change for the company 	■ Medium / low relevance	×
■ Not applicable	■ Measurement of environmental, social and corporate governance risks	■ Not applicable	■ Not applicable	■ Not applicable	×

G4-19, G4-20, G4-21

MATERIAL ASPECTS WITHIN THE ORGANISATION				
ASPECTS	ACCIONA Infrastructure			
	ACCIONA Energy	ACCIONA Construction	ACCIONA Agua	ACCIONA Service
Responsible management of suppliers	■ Medium / low relevance	<ul style="list-style-type: none"> ■ Policy regarding commitments on social, environmental and ethical issues to suppliers and compliance measurement systems ■ Corrective measures in the event of non-compliance ■ Integration of sustainability criteria into the supplier policy ■ Local hiring ■ Supplier risk assessment ■ Water footprint and carbon footprint of suppliers ■ Green procurement / social criteria in procurement 	■ Medium / low relevance	■ Medium / low relevance
Sustainable water management	■ Medium / low relevance	<ul style="list-style-type: none"> ■ Access to water (catchment, consumption, sea water extraction, etc.) ■ Reduction of water consumption (reduction of water footprint) ■ Water contamination and associated impact (effluents, etc.) 	<ul style="list-style-type: none"> ■ Access to water (catchment, consumption, sea water extraction, etc.) ■ Reduction of water consumption (reduction of water footprint) ■ Water contamination and associated impact (effluents, etc.) 	■ Medium / low relevance
Equality and diversity among employees	■ Medium / low relevance	■ Medium / low relevance	■ Medium / low relevance	<ul style="list-style-type: none"> ■ Diversity and equal opportunities policy (initiatives) ■ Salary gap ■ Training on multiculturalism ■ Job insertion programmes for people at risk of social exclusion ■ Targets for employing people with disabilities ■ Work-life balance measures
Impact of the product life cycle	■ Medium / low relevance	■ Medium / low relevance	■ Medium / low relevance	■ Medium / low relevance

Not applicable: aspect not identified in the study for the business unit.

G4-19, G4-20, G4-21

MATERIAL ASPECTS WITHIN THE ORGANISATION					
ACCIONA Industrial	Other businesses				Material aspects outside the organisation
	Bestinver	Grupo Bodegas Palacio 1894	Trasmediterranea	Inmobiliaria	
<ul style="list-style-type: none"> Policy regarding commitments on social, environmental and ethical issues to suppliers and compliance measurement systems Corrective measures in the event of non-compliance Integration of sustainability criteria into the supplier policy Local hiring Supplier risk assessment Water footprint and carbon footprint of suppliers Green procurement / social criteria in procurement 	<ul style="list-style-type: none"> Medium / low relevance 	<ul style="list-style-type: none"> Policy regarding commitments on social, environmental and ethical issues to suppliers and compliance measurement systems Corrective measures in the event of non-compliance Integration of sustainability criteria into the supplier policy Local hiring Supplier risk assessment Water footprint and carbon footprint of suppliers Green procurement / social criteria in procurement 	<ul style="list-style-type: none"> Policy regarding commitments on social, environmental and ethical issues to suppliers and compliance measurement systems Corrective measures in the event of non-compliance Integration of sustainability criteria into the supplier policy Local hiring Supplier risk assessment Water footprint and carbon footprint of suppliers Green procurement / social criteria in procurement 	<ul style="list-style-type: none"> Policy regarding commitments on social, environmental and ethical issues to suppliers and compliance measurement systems Corrective measures in the event of non-compliance Integration of sustainability criteria into the supplier policy Local hiring Supplier risk assessment Water footprint and carbon footprint of suppliers Green procurement / social criteria in procurement 	✓
<ul style="list-style-type: none"> Access to water (catchment, consumption, sea water extraction, etc.) Reduction of water consumption (reduction of water footprint) Water contamination and associated impact (effluents, etc.) 	<ul style="list-style-type: none"> Not applicable 	<ul style="list-style-type: none"> Access to water (catchment, consumption, sea water extraction, etc.) Reduction of water consumption (reduction of water footprint) Water contamination and associated impact (effluents, etc.) 	<ul style="list-style-type: none"> Medium / low relevance 	<ul style="list-style-type: none"> Medium / low relevance 	✗
<ul style="list-style-type: none"> Medium / low relevance 	<ul style="list-style-type: none"> Diversity and equal opportunities policy (initiatives) Salary gap Training on multiculturalism Job insertion programmes for people at risk of social exclusion Targets for employing people with disabilities Work-life balance measures 	<ul style="list-style-type: none"> Diversity and equal opportunities policy (initiatives) Salary gap Training on multiculturalism Job insertion programmes for people at risk of social exclusion Targets for employing people with disabilities Work-life balance measures 	<ul style="list-style-type: none"> Diversity and equal opportunities policy (initiatives) Salary gap Training on multiculturalism Job insertion programmes for people at risk of social exclusion Targets for employing people with disabilities Work-life balance measures 	<ul style="list-style-type: none"> Diversity and equal opportunities policy (initiatives) Salary gap Training on multiculturalism Job insertion programmes for people at risk of social exclusion Targets for employing people with disabilities Work-life balance measures 	✗
<ul style="list-style-type: none"> Medium / low relevance 	<ul style="list-style-type: none"> Not applicable 	<ul style="list-style-type: none"> Medium / low relevance 	<ul style="list-style-type: none"> Analysis of the full life cycle of products and services Environmental impact in each stage of the development of products and services Circular economy 	<ul style="list-style-type: none"> Analysis of full life cycle of products and services Environmental impact in each stage of the development of products and services Circular economy 	✓

G4-19, G4-20, G4-21

MATERIAL ASPECTS WITHIN THE ORGANISATION				
ACCIONA Infrastructure				
ASPECTS	ACCIONA Energy	ACCIONA Construction	ACCIONA Agua	ACCIONA Service
Impacts on biodiversity	■ Medium / low relevance	■ Medium / low relevance	■ Medium / low relevance	■ Medium / low relevance
Socioeconomic impact of projects	<ul style="list-style-type: none"> ■ Generation of wealth in society ■ Creation of local employment ■ Local suppliers 	■ Medium / low relevance	■ Medium / low relevance	■ Medium / low relevance
Innovation and new business opportunities*	<ul style="list-style-type: none"> ■ Implementation of new technologies ■ Existence of a sustainable innovation roadmap ■ Maximisation of innovation value ■ Report on the company's investments in R&D (measurable R&D targets) ■ Working with third parties 	<ul style="list-style-type: none"> ■ Existence of a sustainable innovation roadmap ■ Implementation of new technologies ■ Report on the company's investments in R&D (measurable R&D targets) ■ Working with third parties 	<ul style="list-style-type: none"> ■ Existence of a sustainable innovation roadmap ■ Implementation of new technologies ■ Report on the company's investments in R&D (measurable R&D targets) ■ Working with third parties 	■ Medium / low relevance
Investment in renewable energies	<ul style="list-style-type: none"> ■ New investment opportunities ■ Collaboration in accordance with strategic criteria ■ Stable frameworks that ensure the profitability of the investment ■ Public-private collaboration 	■ Not applicable	■ Not applicable	■ Not applicable
Materials	■ Medium / low relevance	<ul style="list-style-type: none"> ■ Labelling and certification of materials ■ Use of recycled materials ■ Savings in the use of materials ■ Management of hazardous materials 	■ Medium / low relevance	■ Medium / low relevance

Not applicable: aspect not identified in the study for the business unit.

* During the prioritisation process, ACCIONA Energy decided to rename the aspect "Innovation and new business opportunities" to "Innovation", and to include the part relating to new business opportunities in the aspect "Investment in renewable energies". The reason for this change is that because of the nature of the business, the new business opportunities correspond to the investment in renewable energies.

G4-19, G4-20, G4-21

MATERIAL ASPECTS WITHIN THE ORGANISATION					
ACCIONA Industrial	Other businesses				Material aspects outside the organisation
	Bestinver	Grupo Bodegas Palacio 1894	Trasmediterranea	Inmobiliaria	
■ Medium / low relevance	■ Not applicable	■ Medium / low relevance	■ Biodiversity policy ■ Camera-trap mechanisms ■ Effects and impacts caused to ecosystems and biodiversity by the company ■ Diversity protection actions (deforestation, animal species)	■ Not applicable	✓
■ Medium / low relevance	■ Not applicable	■ Medium / low relevance	■ Not applicable	■ Generation of wealth in society ■ Creation of local employment ■ Local suppliers	✓
■ Existence of a sustainable innovation roadmap ■ Implementation of new technologies ■ Report on the company's investments in R&D (measurable R&D targets) ■ Working with third parties	■ Medium / low relevance	■ Medium / low relevance	■ Existence of a sustainable innovation roadmap ■ Implementation of new technologies ■ Report on the company's investments in R&D (measurable R&D targets) ■ Collaboration with third parties	■ Medium / low relevance	✓
■ Not applicable	■ Not applicable	■ Not applicable	■ Not applicable	■ Not applicable	✓
■ Labelling and certification of materials ■ Use of recycled materials ■ Savings in the use of materials ■ Management of hazardous materials	■ Not applicable	■ Medium / low relevance	■ Medium / low relevance	■ Medium / low relevance	✓

G4-19, G4-20, G4-21

MATERIAL ASPECTS WITHIN THE ORGANISATION				
ACCIONA Infrastructure				
ASPECTS	ACCIONA Energy	ACCIONA Construction	ACCIONA Agua	ACCIONA Service
Regulatory frameworks, taxes and subsidies	<ul style="list-style-type: none"> Regulatory frameworks that promote and provide security in renewable investments Long-term plans Carbon pricing policies Impact on financial results Legislation on regulation of the tariff deficit Legislation on social tariffs for vulnerable consumers 	<ul style="list-style-type: none"> Not applicable 	<ul style="list-style-type: none"> Not applicable 	<ul style="list-style-type: none"> Not applicable
Climate change mitigation	<ul style="list-style-type: none"> Policy on climate change Reduction of greenhouse gas emissions Energy efficiency Offsetting of emissions Business strategy Actions in the fight against climate change 	<ul style="list-style-type: none"> Policy on climate change Reduction of greenhouse gas emissions Energy efficiency Offsetting of emissions 	<ul style="list-style-type: none"> Policy on climate change Reduction of greenhouse gas emissions Energy efficiency Offsetting of emissions 	<ul style="list-style-type: none"> Policy on climate change Reduction of greenhouse gas emissions Energy efficiency Offsetting of emissions
Safety and quality of supply	<ul style="list-style-type: none"> Satisfaction of demand from industrial and commercial customers Commitment to the customer Supply capacity Diversification of the electrical generating mix through the use of renewables Innovation in production technologies Infrastructure condition (maintenance) 	<ul style="list-style-type: none"> Not applicable 	<ul style="list-style-type: none"> Not applicable 	<ul style="list-style-type: none"> Not applicable
Occupational health and safety	<ul style="list-style-type: none"> Health and safety awareness-raising and training Health and safety certified suppliers Reduction of work-related accidents 	<ul style="list-style-type: none"> Employee health risks and mitigation measures Health and safety awareness-raising and training Health and safety certified suppliers Reduction of work-related accidents Deaths due to work-related accident 	<ul style="list-style-type: none"> Employee health risks and mitigation measures Health and safety awareness-raising and training Health and safety certified suppliers Reduction of work-related accidents Deaths due to work-related accident 	<ul style="list-style-type: none"> Employee health risks and mitigation measures Health and safety awareness-raising and training Health and safety certified suppliers Reduction of work-related accidents Deaths due to work-related accident

Not applicable: aspect not identified in the study for the business unit.

G4-19, G4-20, G4-21

MATERIAL ASPECTS WITHIN THE ORGANISATION					
ACCIONA Industrial	Other businesses				Material aspects outside the organisation
	Bestinver	Grupo Bodegas Palacio 1894	Trasmediterranea	Inmobiliaria	
■ Not applicable	■ Not applicable	■ Not applicable	■ Not applicable	■ Not applicable	✓
<ul style="list-style-type: none"> ■ Policy on climate change ■ Reduction of greenhouse gas emissions ■ Energy efficiency ■ Offsetting of emissions 	■ Not applicable	<ul style="list-style-type: none"> ■ Policy on climate change ■ Reduction of greenhouse gas emissions ■ Energy efficiency ■ Offsetting of emissions 	<ul style="list-style-type: none"> ■ Policy on climate change ■ Reduction of greenhouse gas emissions ■ Energy efficiency ■ Offsetting of emissions 	<ul style="list-style-type: none"> ■ Policy on climate change ■ Reduction of greenhouse gas emissions ■ Energy efficiency ■ Offsetting of emissions 	✓
■ Not applicable	■ Not applicable	<ul style="list-style-type: none"> ■ Commitment to the customer ■ Fulfilment of customer demand ■ Innovation in production technologies ■ Responsible marketing and labelling ■ Description of strategies for managing the use of genetically modified organisms (GMOs) 	■ Medium / low relevance	■ Medium / low relevance	✓
<ul style="list-style-type: none"> ■ Employee health risks and mitigation measures ■ Health and safety awareness-raising and training ■ Health and safety certified suppliers ■ Reduction of work-related accidents ■ Deaths due to work-related accident 	■ Not applicable	<ul style="list-style-type: none"> ■ Employee health risks and mitigation measures ■ Health and safety awareness-raising and training ■ Health and safety certified suppliers ■ Reduction of work-related accidents ■ Deaths due to work-related accident 	<ul style="list-style-type: none"> ■ Employee health risks and mitigation measures ■ Health and safety awareness-raising and training ■ Health and safety certified suppliers ■ Reduction of work-related accidents ■ Deaths due to work-related accident 	<ul style="list-style-type: none"> ■ Employee health risks and mitigation measures ■ Health and safety awareness-raising and training ■ Health and safety certified suppliers ■ Reduction of work-related accidents ■ Deaths due to work-related accident 	✓

ACCIONA'S COMMITMENT

Real solutions to global challenges

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

Challenges and opportunities in the near future

POPULATION GROWTH

According to data from the United Nations, by 2030, the planet will need 40 % more water and 50 % more energy as a result of population growth (estimated at 21 %), especially in emerging economies. This growth, together with the population trend of living in large cities, will be linked to an increase in emissions related to climate change, and will have a direct impact on resource shortages.

RESILIENT INFRASTRUCTURES

The agglomeration of the population in cities will not only directly impact water quality, but will also create a new world context of needs and redistribution of supplies. The implementation of resilient urban environments and the creation of inclusive cities, as specified in the Sustainable Development Goals adopted by the United Nations are two of the main needs that urban populations need to see met.

WATER SHORTAGES

In addition to causing further shortages, particularly in areas with water stress, the increase in water consumption will also have a direct impact on water quality. According to the *United Nations World Water Development Report 2016*, there will be an increasing decline in the quality of water supplied in coming years as a result of the increase in unsustainable urban planning and urban development. Inadequate water supply and pollution will be some of the risks with the greatest social and economic impact in 2025.

CLIMATE CHANGE MITIGATION

The energy sector is the greatest contributor to climate change, as it is responsible for 68 % of all emissions. Therefore, investing in renewable energy, energy efficiency and other low-carbon technologies will be essential in meeting the population's new needs and minimising the negative impact on the environment and on future generations.

The commitment to decarbonisation of the economy, from both the public and private perspectives, will be essential to reaching the goal set at the Paris climate conference (COP21) and the subsequent COP22, held in Marrakesh, in relation to limiting global warming to 2 °C below pre-industrial temperatures.

ACCIONA's response: Sustainability Master Plan 2020




ACCIONA's sustainability strategy is developed through the Sustainability Master Plan (SMP). By taking stock of the achievements and challenges experienced over the five years of the previous SMP, spanning 2010-2015, the company has defined a new sustainability strategy with a time horizon reaching to 2020.

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



- In **Society**, the aim is to collaborate in improving people's lives. To this end, work is being carried out in the areas of social impact management, dialogue and leadership, social action and volunteering.
- In relation to **Climate Change**, ACCIONA accepts that mitigation is one of its main strategic objectives. It is worth mentioning the company's commitment to become carbon neutral starting in 2016, reducing and offsetting its CO₂ emissions.
- Within the **Environment** area, the company sets goals to offer environmentally sustainable solutions through its business, thus ensuring answers are found to challenges such as water stress.
- In **Corporate Governance**, goals are set in relation to human rights, ethics, corporate governance, risk management and transparency.
- In the area of **People**, goals have been set related to health and safety at work, development and incentives, diversity and inclusion and training.
- In **Value Chain**, the company has objectives in place to reinforce mitigation of environmental risks, social values and corporate governance in its supply chain, and among shareholders and customers.
- In the area of **Innovation**, besides its commitment to maintaining an innovation over sales figure that is higher than average in Europe, ACCIONA has set targets in the fields of collaborative and operational innovation.



The Sustainability Master Plan 2020 (SMP 2020) established **targets and commitments** for 2020. These targets are designed to be accomplished through ongoing work throughout the 2016-2020 period. The progress, initiatives and rate of fulfilment throughout 2016 is shown below.

SMP Area	2020 Targets and commitments	Progress in 2016
 SOCIETY	Enhance the Social Impact Management (SIM) of the company's business activity	<ul style="list-style-type: none"> ■ SIM procedure updated ■ SIM implemented in 82 projects ■ Specific training for the businesses ■ Socioeconomic impact: coal and natural gas comparison in Mexico and South Africa and measurement of the energy impact at El Romero Solar (Chile); two selected projects for Infrastructure to apply the measurement methodology
	Enhance the company's Social Action Plan	<ul style="list-style-type: none"> ■ 2016 social contribution: 9 million euros ■ Implementation of EduPack in Mexico and Colombia ■ ACCIONA Microenergía: has installed 3,900 third generation solar home systems Oaxaca (Mexico); launch of the pilot project Luz en Casa Amazonia in Peru
	Continue playing a leading role in international initiatives and to keep on developing the company's relationship with its stakeholders	<ul style="list-style-type: none"> ■ Participation in forums and debates at international and national level: Corporate Leaders Group (CLG), United Nations Global Compact LEAD (Steering Committee), Caring for Climate (Steering Committee), World Business Council for Sustainable Development (WBCSD), Sustainable Energy for All (SE4All, member of the Advisory Board), World Bank, World Economic Forum, Spanish Green Growth Group (Grupo Español para el Crecimiento Verde), among others
	Volunteering: to foster employees' commitment to sustainable development	<ul style="list-style-type: none"> ■ Participation in diverse initiatives in 2016 by more than 1,000 ACCIONA volunteers (Volunteer Day, ACCIONA Microenergía Foundation, Princesa de Girona Foundation, Exit Foundation and Let's donate! Campaign)
 CLIMATE CHANGE	Carbon neutrality: to reduce and offset our emissions	ACCIONA has become carbon neutral (net balance of zero emissions)
	Design and prepare the climate change risk maps	The document containing the Analysis of Environmental Risks linked to climate change was drafted and distributed to affected areas of ACCIONA and its supply chain
	Prepare and implement climate change risk management and adaptation plans in the business strategy	The analysis of environmental risks linked to climate change was conducted for ACCIONA and its supply chain
	Provide training to the company on the risks of climate change and how to manage them	Training elements were created about climate change as part of the basic sustainability course for the entire company that is being developed
 ENVIRONMENT	Eco-efficiency in operations: progress with a circular economy programme	<ul style="list-style-type: none"> ■ Definition of the Waste Management Programme 2016-2020 ■ Creation of a portfolio of Life Cycle Analysis projects carried out at the company in recent years
	Improve water consumption efficiency	<ul style="list-style-type: none"> ■ Water consumption dropped by 7 % compared to 2015 ■ Measurement of water consumption related to the activity of 100 % of suppliers ■ Analysis of environmental risks linked to water resources for ACCIONA and its supply chain
	Neutral biodiversity footprint	<ul style="list-style-type: none"> ■ The results of the activities in the Biodiversity Compensation and Enhancement Programme were monitored and analysed ■ Technical advice in preparing the initial steps of the Neutral Biodiversity Footprint common assessment methodology

SMP Area	2020 Targets and commitments	Progress in 2016
 CORPORATE GOVERNANCE	Ethics: <ul style="list-style-type: none"> ■ Adapt the Code of Conduct to the most advanced practices ■ Provide an international Crime Prevention and Anti-Corruption Model for 100 % of business activities 	<ul style="list-style-type: none"> ■ Review and approval by the Board of Directors of the Code of Conduct ■ Implementation of the Crime Prevention and Anti-Corruption Model in Mexico and validation underway in Chile and Brazil ■ Training for group managers and directors on the Crime Prevention and Anti-Corruption Model ■ Strengthening of the due diligence process with third parties
	Implement a programme of respect, protection and remediation of human rights in all activities and markets	Completion of the diagnostic study of human rights in accordance with the controls established under Global Compact Self-Assessment Tool and the Danish Institute for Human Rights standards
	Adopt the most advanced best corporate governance practices	<ul style="list-style-type: none"> ■ The policy regarding communications and contact with shareholders, institutional investors and voting advisors was approved and published by the Board of Directors ■ The operational reports by the Board Committees were published and placed at the shareholders' disposal for the General Shareholders Meeting
	Include management of non-financial risks (human rights, climate change, anti-corruption and environmental risks, among others) as part of business management	A method was designed to prepare sustainability risk maps that take country-specific risk indicators into account in relation to environmental, social and corporate governance issues; financial consequences, risk materiality for each business, reputational impact and the management methods being established for each risk
	Transparency: <ul style="list-style-type: none"> ■ Progress in the company's non-financial reporting at global and local levels ■ Adopt policies that enhance fiscal transparency 	<ul style="list-style-type: none"> ■ Internal review of the annual financial and non-financial reporting that the company discloses to the public. Improvement measures were identified, aimed at clearer, more efficient reporting ■ Annual publication of tax information by country ■ Reporting of relevant fiscal issues to the Board of Directors
 PEOPLE	Safety: to bring the frequency rate down by 15 % to below the figure for 2015	The frequency rate for own employees dropped by 4.7 %
	Healthy ACCIONA: provide employees access to health programmes and healthy habits	<ul style="list-style-type: none"> ■ Dissemination of the Health and Well-being Plan through communication campaigns in Spanish, and also in Brazil and Portugal (total 16 countries) ■ Winners of the Estrategia NAOS Award during its 9th edition for the promotion of sustainable and healthy work ■ Participation in audio-visual media to disseminate information about safe, healthy, sustainable practices in the workplace
	Development and incentives: Establish specific programmes to attract, recognise and retain talent in all countries with more than 300 own employees	<ul style="list-style-type: none"> ■ Design of a new talent identification process that will supplement the current one (Performance Status) ■ Junior talent attraction programme, ACCIONA Hace Cantera launched for the main countries ■ Launch of the Emerging Talent pilot programme for the Infrastructure Division, with excellent results ■ Accomplishment of the goal to reach 94 % completion of the performance evaluation
	Diversity and inclusion: Establish diversity plans in all countries with more than 300 own employees, with specific objectives depending on the country's circumstances	<ul style="list-style-type: none"> ■ Increase in female directors and managers, reaching 12.73 % and 19.73 %, respectively ■ All the company's lines of business in Spain are covered by equality plans ■ Ratio of equivalent employment of people with disabilities in Spain: 3.55 % of the workforce in this country
	Training: provide employees with knowledge about and skills related to sustainability in order to perform their jobs in harmony with the company's strategy	<ul style="list-style-type: none"> ■ Three new courses launched at the Corporate University: <ul style="list-style-type: none"> ● People and Sustainable Values: 3,943 people registered ● Anti-Corruption Course: 1,738 people registered ● Criminal Compliance. Zero Tolerance towards Crime: 5,274 people registered ■ Development of a sustainability training course for employees

SMP Area	2020 Targets and commitments	Progress in 2016
 VALUE CHAIN	Mitigate environmental, social and corporate governance risks in the supply chain and to create new sustainable solutions	<ul style="list-style-type: none"> ■ The risk map was created for 10,065 bidders in relation to 4,353 processes awarded in PROCUR-e (606 for more than EUR 100,000) ■ Certified external sources monitored the integrity variable of the main suppliers (3,995) ■ Design of the proposed No Go Policies in relation to supplier contracting ■ Measurement of the carbon footprint in 100 % of the supply chain for the third year in a row ■ Supplier training: five initiatives were launched for the five available courses
	Mitigate environmental, social and corporate governance risks in relationships with partners: consortia, joint ventures and temporary joint ventures	<ul style="list-style-type: none"> ■ The assessment work in relation to environmental, social and corporate governance performance of partners began. Meetings were held between the Sustainability Department, Compliance Department and Infrastructure and Energy divisions to progress with the assessment. ■ Strengthening of the due diligence process with third parties
	Clients: <ul style="list-style-type: none"> ■ Generate long-term loyalty and trust among clients based on ACCIONA's commitment to sustainability ■ Define No Go Policies with sustainability criteria (third party due diligence) 	<ul style="list-style-type: none"> ■ Meetings with clients (city councils, regional governments, foundations, NGOs, companies and chambers of commerce) to discuss topics such as execution of projects, proposals for needs or presentation of the Social Impact Management methodology ■ Progress is expected in the next few years
 INNOVATION	Maintain an innovation over sales figure that exceeds the European average, to preserve ACCIONA's innovative leadership	Verification of an innovation figure of EUR 193.9 million, which represents an innovation intensity (to sales) ratio of 3.2, higher than the European average
	Collaborative innovation: collaborate with third parties to develop innovative technologies that guarantee the company's business sustainability	<ul style="list-style-type: none"> ■ Creation and start-up of I'MNOVATION, the new communications channel ■ Technical configuration of the new collaborative innovation platform and the hardware usability and functionality test. ■ Design and launch of e-learning, the new creativity and innovation course for employees
	Operational innovation: create and improve efficient processes that generate savings of at least EUR 75 million (EUR 15 million per year)	Savings of EUR 27.7 million thanks to enhancements in operational innovation processes through 87 initiatives

Governance in matters of Sustainability

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

FUNCTIONS OF THE SUSTAINABILITY COMMITTEE

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

The issues covered in the meetings held in 2016 were as follows:

- Monitoring, approval and analysis of the advances made in the Sustainability Master Plan 2015.
- Approval of the Sustainability Report 2015.
- Approval of the Sustainability Master Plan 2020.
- Presentation of the internal dissemination campaign on the launch of the Sustainability Master Plan 2020.
- Approval of the annual objectives for 2016 and monitoring the advances for the year.
- Presentation of the results of the Dow Jones Sustainability Index 2016.

Since 2012, the content of the Sustainability Report that is published annually by ACCIONA is submitted to the review and approval of the General Shareholders' Meeting. Thus, all topics relating to sustainability were brought to the attention of the General Shareholders' Meeting. Shareholders have the chance to make statements on the initiatives and the company's social, environmental and corporate governance performance, described in the Sustainability Report. This way they inform the Board of Directors of their opinion on the subject. In May 2016, the General Shareholders' Meeting approved ACCIONA's Sustainability Report 2015 with the favourable vote of 99.99 % of the shareholders' capital attending the Meeting.

The Sustainability Department reports directly to the Sustainability Committee of the Board of Directors and to one of the members of the Management Committee, who is the corporate responsible for sustainability.

In this regard, the Sustainability Department is the corporate unit within ACCIONA responsible for coordinating and putting into practice the initiatives and commitments of the SMP 2020, the implementation of which involves different company areas, both corporate and business.

With the aim of reaching the goals of the SMP 2020, the Sustainability Department and the different business divisions have continued to work together, agreeing on objectives and monitoring them through the business' Sustainability Committees. In 2016, meetings were held with the Energy, Construction, Water, Services and Industrial divisions, as well as with the Bestinver, ACCIONA Inmobiliaria, Grupo Bodegas Palacio 1894 and Trasmediterranea businesses.

In these Committees, the issues covered have been the balance of achievement of the 2015 goals, the setting of 2016 goals and their monitoring, variable remuneration linked to sustainability, emissions offsetting model or the presence in international bodies that strengthen ACCIONA's commitment to the fight against climate change, among other things.

In addition to the Sustainability Committees at the businesses, there are sustainability liaison officers in Australia, Brazil, Chile and Mexico. This allows direct knowledge of the social and environmental context in different international markets.

ACCIONA and the Sustainable Development Goals

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

This section outlines the company's contribution to the Sustainable Development Goals through its operations and activities in 2016. These include diverse voluntary activities that have an immediate positive impact on society and help in the progress toward each of the 17 goals.

Many of the impacts described help accomplish more than one goal, but to make the table easier to understand, they have been placed in the goal that is most impacted.

ACCIONA group's contributions to achieve the SDGs

SDG	ACTIONS AND OUTCOMES IN 2016
 1 NO POVERTY	<ul style="list-style-type: none"> ■ 2.2 % of the company's social contribution was invested in accomplishing SDG 1. ■ Luz en Casa, ACCIONA Microenergía Foundation: using solar home systems, according to the impact measurement of the pilot projects (600 households in Cajamaraca and 180 in Oaxaca), consumers saved a total of EUR 730,00 in alternative energy sources.
 2 ZERO HUNGER	<ul style="list-style-type: none"> ■ 5th year in a row of the donation campaign for the Food Bank: 4,000 kg of food collected in 2016. ■ Support for the State Food Programme in South Africa, benefiting approximately 6,000 primary school children in the vicinity of the Gouda wind farm and the Sishen photovoltaic plant.
 3 GOOD HEALTH AND WELL-BEING	<ul style="list-style-type: none"> ■ 3.3 % of the company's social contribution was invested in accomplishing SDG 3. ■ Dissemination of the Health and Well-being Plan in a total of 16 countries, as well as involvement in audio-visual media to promote safe and healthy habits. ■ 50 Social Impact Management projects in implementation phase and monitoring of measures that contribute to the well-being of communities. ■ Luz en Casa, ACCIONA Microenergía Foundation: 15,800,000 hours of electric lighting that minimised the use of alternative polluting methods (kerosene, candles, wood).
 4 QUALITY EDUCATION	<ul style="list-style-type: none"> ■ 17.2 % of the company's social contribution was invested in accomplishing SDG 4. ■ Luz en Casa in Peru and Mexico, ACCIONA Microenergía Foundation: 500,000 additional hours for doing homework. ■ Volunteer Day: dissemination about sustainable development with more than 600 volunteers and 13,000 students. ■ Training given to a total of 14,081 students through the Corporate University in 2016.
 5 GENDER EQUALITY	<ul style="list-style-type: none"> ■ Approval of the Policy on the Selection of Directors aimed at ensuring that at least 30 % of the total members of the Board are female by 2020 (this figure is currently 27.27 %). ■ Increase in female directors and managers, reaching 12.73 % and 19.73 %, respectively. ■ All the company's lines of business in Spain are covered by equality plans. ■ Luz en Casa in Peru, ACCIONA Microenergía Foundation: at least 600 women are members of Photovoltaic Electrification Committees, and one Luz en Casa Centre micro-franchisee.
 6 CLEAN WATER AND SANITATION	<ul style="list-style-type: none"> ■ 6.7 % of the company's social contribution was invested in accomplishing SDG 6. ■ Water footprint: positive impact of 510 hm³ on the planet. ■ Measurement, for the second year in a row, of total water consumption related to the activity of 100 % of its suppliers. ■ In 2016, ACCIONA desalinated, made drinkable and purified 772 hm³ of water.
 7 AFFORDABLE AND CLEAN ENERGY	<ul style="list-style-type: none"> ■ 8.4 % of the company's social contribution was invested in accomplishing SDG 7. ■ Production of clean, emissions-free energy for some six million households around the world. ■ Luz en Casa, ACCIONA Microenergía Foundation: access to affordable electricity with solar home systems for 11,400 low-income households (46,000 people), in rural isolated communities.

SDG	ACTIONS AND OUTCOMES IN 2016
	<ul style="list-style-type: none"> ■ 3.55 % of the workforce in Spain are employees with disabilities. ■ Analysis of human rights risks in the countries in which the company operates. ■ 99 % of the workforce in the different countries are covered by collective bargaining agreements. ■ The frequency rate for own employees dropped by 4.7 %. ■ Luz en Casa Centres, ACCIONA Microenergía Foundation: trained local technicians and electricity provided to users with small businesses contributed to employment and economic growth. ■ 86 % of all suppliers are local suppliers.
	<ul style="list-style-type: none"> ■ 1.9 % of the company's social contribution was invested in accomplishing SDG 9. ■ Innovation figure of EUR 193.9 M in 2016.
	<ul style="list-style-type: none"> ■ Internal initiatives to raise awareness regarding disabilities, equality, gender and age diversity, among others. ■ Participation and collaboration in a number of projects related to social and occupational integration of diverse groups: <ul style="list-style-type: none"> ● Coach Project by the Exit Foundation ● Sponsoring Talent Project, led by the Princesa de Girona Foundation ● Norte Joven ● Carmen Pardo-Valcarce Foundation ● Cooperation with victims of gender violence ■ Luz en Casa, ACCIONA Microenergía Foundation: continued to mitigate the imbalance between rural and urban areas by reducing the number of people in rural communities who did not have access to electricity.
	<ul style="list-style-type: none"> ■ Development of dwellings designed under strict BREEAM building standards for sustainability. ■ Diverse sustainable construction projects bearing LEED certification.
	<ul style="list-style-type: none"> ■ Enhancement of the supplier risk map in PROCUR-e (improved integrity, OHS, environment, CR and sustainability, among others) and design of No Go Policies. ■ Drafting of the Waste Management Programme 2016-2020 to foster the circular economy. ■ Approval of the 2015 Sustainability Report by the General Shareholders' Meeting with 99.99 % of votes. ■ ACCIONA is present in diverse sustainability indexes, including: DJSI World, DJSI Europe, CDP Climate A List 2016, Water A List 2016 and Supplier Climate A List.
	<ul style="list-style-type: none"> ■ 21.1 % of the company's social contribution was invested in accomplishing SDG 13. ■ ACCIONA has been a carbon neutral company since 2016. ■ Eight Clean Development Mechanism (CDM) projects associated with the fight against climate change. ■ 14.8 million tonnes of CO₂ in the atmosphere avoided ■ Calculation, for the third year in a row, of greenhouse gas emissions by suppliers and encouraging a reduction in their emissions. ■ Luz en Casa, ACCIONA Microenergía Foundation: managed to avoid issuing 2,400 tonnes of CO₂.
	<ul style="list-style-type: none"> ■ Participation by Trasmediterranea in the Great Seabed Cleaning initiative on the coasts of Ceuta and Melilla. ■ Optimisation of a wetland eco-system in Toledo (Spain) using renewable technology in collaboration with the Foundation for Ethology and Biodiversity Research (FIEB).
	<ul style="list-style-type: none"> ■ 9.5 % of the company's social contribution was invested in accomplishing SDG 15. ■ Control and monitoring of facilities located adjacent to or within 428 facilities in protected areas and unprotected areas of high biodiversity value. ■ Protection and restoration of 168 hectares in the vicinity of its projects in 2016. ■ Promotion of planting trees in especially affected zones of seven countries.
	<ul style="list-style-type: none"> ■ Approval by the Board of Directors of ACCIONA's Anti-Corruption Action Regulations. ■ Approval by the Board of Directors of a revised version of the Code of Conduct.
	<ul style="list-style-type: none"> ■ Participation in different international organisations and initiatives in the promotion of sustainable development, including: Corporate Leaders Group (CLG), United Nations Global Compact, Sustainable Energy for All, World Business Council for Sustainable Development, World Economic Forum, World Bank Group, Spanish Green Growth Group (Grupo Español para el Crecimiento Verde). ■ Collaboration with Spanish technology centres such as Consejo Superior de Investigaciones Científicas (CSIC) and Centro de Investigaciones Energéticas, Medioambientales y Tecnológicas (CIEMAT), among others. ■ Luz en Casa, ACCIONA Microenergía Foundation: collaboration with the Spanish Cooperation agency and local and regional governments in Peru and Mexico and other organisations.

SOCIETY

Commitment and dialogue with stakeholders



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

CHALLENGES 2016		PROGRESS IN 2016
Update the Social Impact Management (SIM) procedure and carrying out training activities.	➤	<ul style="list-style-type: none"> ■ Updated procedure and annexes agreed upon with the businesses, including new advances, two communication alternatives with communities. ■ Continuous training by businesses.
Extend the Socioeconomic Impact Measurement methodology to ACCIONA Infrastructure and consolidating it in ACCIONA Energy.	➤	<ul style="list-style-type: none"> ■ Energy: coal and natural gas comparisons in Mexico and South Africa. Measuring the impact at the El Romero Solar photovoltaic plant (Chile). ■ Infrastructure: two projects selected, Kathu and the Metro in Quito. Data compilation of both to begin the calculation.
Carry out periodic volunteering initiatives for employees.	➤	<p>Launching of five volunteering initiatives: Volunteer Day, ACCIONA Microenergía Foundation, Princesa de Girona Foundation, Exit Foundation and the Let's Donate! campaign. One-off initiatives carried out by the business divisions.</p>
Participate actively in work groups that help to achieve the Sustainable Development Goals (SDGs).	➤	<ul style="list-style-type: none"> ■ Participating in a working group organised by the Seres Foundation and London Benchmarking Group (LBG). ■ Consultations with the communities that have been carried out in all projects where the customer has allowed it.
ACCIONA Microenergía Foundation: increase the number of users in Mexico and improving service quality in Peru.	➤	<p>In Mexico, the number of users increased with 3,900 new supplies, and in Peru the average annual response time improved to 3.72 days.</p>
Develop the Mexico/Chile University workshop.	➤	<p>At the request of the Catholic University of Chile, ACCIONA is elaborating an agreement to participate in the new headquarters for sustainability, in Villarrica in the region of Araucanía.</p> <p>Dismissal of ACCIONA Mexico's offer for the development of a sustainability course by the Monterrey Institute of Technology.</p>

CHALLENGES 2017



Improve the degree of implementation of the methodology phases of Social Impact Management.



Extend the measurement of socioeconomic impact to other projects.



Social Action: develop a global scope sustainability programme.



Carry out periodic volunteering initiatives for employees.



Participate in leading forums with stakeholders.

Through its own methodology, the company **analyses the social impact** of its project on people

HIGHLIGHTS IN 2016

» Implementation of the Social Impact Management methodology across 82 projects in 23 countries in 2016

» Over 1,000 volunteers in more than 14 countries and EUR 9 million in social contributions

» The ACCIONA Microenergía Foundation installed 3,900 third-generation solar home systems in Oaxaca (Mexico), and launched the Luz en Casa Amazonia pilot project in Peru

» ACCIONA, an IBEX 35-indexed company with the best results on Twitter and Facebook

» Drafting and forwarding of regulatory proposals, aimed at improving the competitive position of renewable energies with regard to polluting technologies

Impact of ACCIONA's projects

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

Phases of ACCIONA's Social Impact Management methodology

Social risk characterisation

From the earliest phases, in the design and tender phase, ACCIONA is aware of the degree of social risk of the project through the characterisation of social risk.

Identification and assessment of impacts

Once the activity has started, the sociodemographic characteristics of the local population within the area of influence are analysed; the positive, negative, real or potential social impacts that can be given as a result of the project activities are identified and assessed.

Proposed measures and dialogue with communities

Proposal of the most appropriate measures that can be taken to manage social impacts arising from the project and dialogue with local communities and other stakeholders.

Implementation and monitoring of measures

Launch of the measures identified with a view to managing the social impact arising from the project, and offering added value to communities.

There are many positive impacts generated in the development of projects: recruitment of local staff, prioritisation of the local purchase of products and services or the training of workers, improvement of living conditions, increase in workers' incomes, etc.

The SIM methodology also focuses on mitigating the possible negative impacts that may occur. These include:

- Impact on basic services and supplies in communities: electricity, water, education, health or communications.
- Alteration of basic rights such as property, education or health.
- Disruption in the continuity of the economic activities of the local communities or the economic sector.
- Impact on minority groups and more vulnerable sectors of the population, such as indigenous people, people with low incomes, children, elderly individuals or women, etc.
- Impact on the rights of direct or subcontracted employees.
- Inconveniences caused such as noise, vibration or dust.

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

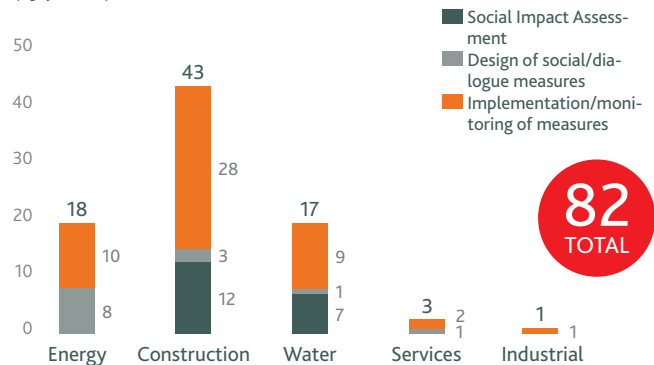
Implementation of Social Impact Management methodology

	2013	2014	2015	2016
No. of projects	7	20	47	82
No. of countries	6	12	18	23

In this respect, the tender stage identifies the level of social risk thereof, depending on the type of project or service and country. In 2016, out of the 82 projects mentioned, the characterisation

of social risk was carried out in a total of 20 projects. Not all have continued with the later phases.

Status of implementation of SIM methodology as of December 2016 (by phases)



The main social measures implemented to mitigate the negative impacts and to enhance the positive ones in 2016 have involved informative campaigns about the project, the improvement of infrastructure, and education and health campaigns.

During 2016, the entire methodology was revised with the aim of further adapting it to the needs of communities, businesses and customers. As a result, the scope of implementation has been updated, the processes have been simplified and two types of communication/dialogue with the communities have been identified depending on the customer's requirements or type of project.

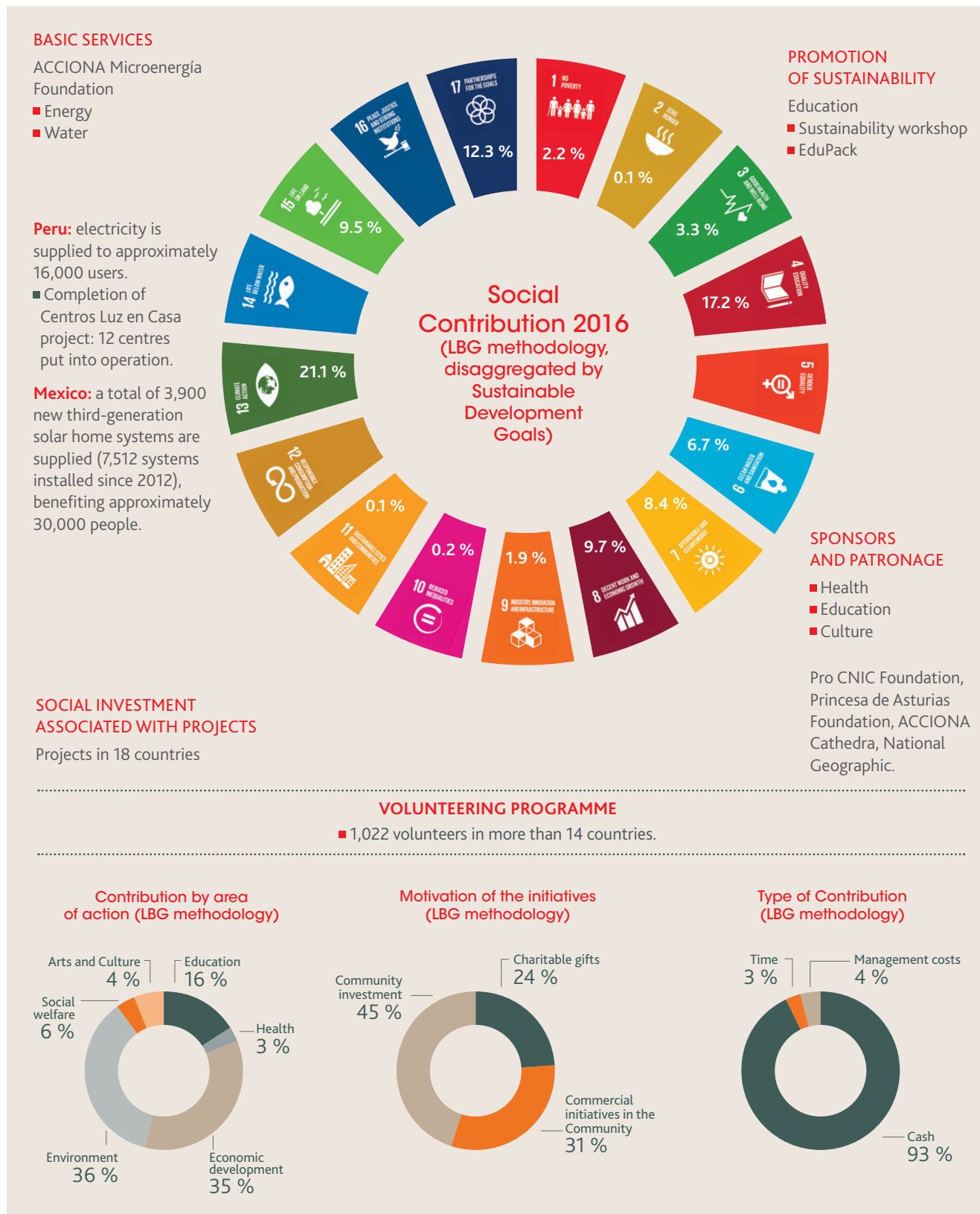
The objectives for 2017 are to increase the number of projects in which the methodology is implemented and to continue training the research, business development and local teams.

ACCIONA's Social Commitment

ACCIONA understands its role as key player in contributing to the sustainable development of society in the countries in which it operates, and contributes to improving people's quality of life. In the framework of the Sustainability Master Plan 2020, ACCIONA aims to align 100 % of the social contribution with its Social Action Plan. In 2016, the company's social contribution reached EUR 9 million, equivalent to 5.67 % of the dividend for 2016 (data published in point 29 of the Proposal for the distribution of the Consolidated Financial Statements).

Since 2010, ACCIONA measures and assesses its social action, applying the international methodology of the London Benchmarking Group (LBG), which allows for an overview and a comparison of results with other companies. For the first time, and one year after the adoption of the Sustainable Development Goals, ACCIONA has assessed the social contribution according to the 17 objectives.

Social Action Plan 2016



Benefits associated with social investment projects.

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

Benefits for the company

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

ACCESS TO BASIC SERVICES:

ACCIONA Microenergía FOUNDATION

The ACCIONA Microenergía Foundation aims to provide access to the basic services related to ACCIONA's business lines to isolated rural communities in developing countries with no prospects of accessing these services. Since 2009, provides access to solar home systems to communities in the regions of Cajamarca (Peru) and, since 2012, in the state of Oaxaca (Mexico).

2016 was marked by two important milestones for the Foundation's activity: the achievement of 7,500 installations supplied in Oaxaca and the completion of the project to implement the Centros Luz en Casa in Cajamarca (Peru).

Mexico

In 2016, the **Luz en Casa Oaxaca programme** in Mexico supplied a total of 3,900 third-generation solar home systems (GSHS) to many families in the region. This milestone meant that since 2012, basic electricity has been supplied to 7,512 homes that had no prospects of accessing this service. In this way, the goal of the Public-Private Partnership for Development formed with the Government of the State of Oaxaca, the Spanish Agency for International Development Cooperation (AECID) and its Mexican counterpart to provide electricity to those homes in towns with a population of less than 100 inhabitants in the State of Oaxaca was accomplished.

Peru

The Foundation completed the project to implement the **Centros Luz en Casa** in Cajamarca (Peru). The project, named 'Rural Electrification of Supply and Service Centres', was carried out in collaboration with the Technical University of Madrid and the ICAI Engineers for Development Foundation and was co-financed by the Spanish Agency for International Development Cooperation (AECID). This initiative has helped to develop the franchise-based Centros Luz en Casa, which have trained local entrepreneurs to manage the supply of quality, ultra-efficient and affordable electric devices to isolated rural communities. A total of 12 centres have been set up in the Cajamarca area, two during 2016. This model is presented as the basis of sustainability for the Foundation's future projects.

In short, the Foundation continues to expand its reach and impact, bringing basic energy to more disadvantaged people in isolated rural communities. This is possible thanks to an efficient business model, a continuous networking process with other organisations and the generous support of corporate and external volunteers. Once again, the ACCIONA Microenergía Foundation has been able to consolidate and increase the impact of its activity.

Most significant impacts of the Luz en Casa programmes during 2016:

7 AFFORDABLE AND CLEAN ENERGY 	<p>The Luz en Casa rural electrification programmes provided access to affordable electricity to 11,400 low-income households (46,000 people) in isolated rural communities.</p>	8 DECENT WORK AND ECONOMIC GROWTH 	<p>12 Centros Luz en Casa: locally trained and hired technicians and electricity supply provided to small businesses users contributed to employment and economic growth.</p>
1 NO POVERTY 	<p>The 46,000 users of Luz en Casa saved €730,000 by avoiding the purchase of batteries, candles and kerosene.</p>	10 REDUCED INEQUALITIES 	<p>Luz en Casa continued to mitigate inequality between urban and rural areas by reducing the number of people without access to electricity in rural communities.</p>
3 SALUD Y BIENESTAR 	<p>Luz en Casa provided 15,800,000 hours of electric lighting that minimised the use of harmful alternative methods (candles, kerosene, wood).</p>	12 RESPONSIBLE CONSUMPTION AND PRODUCTION 	<p>Luz en Casa prevented the emission of around 2,400 t of CO₂ and the uncontrolled dumping of 10.9 t of batteries.</p>
4 QUALITY EDUCATION 	<p>The children of Luz en Casa used 500,000 extra hours to do their homework, increasing their primary school enrolment by 0.4 years and increasing the number of children enrolled in secondary school by 11 %.</p>	17 PARTNERSHIPS FOR THE GOALS 	<p>ACCIONA Microenergía counted on the cooperation of the Spanish Cooperation (Cooperación Española) and the regional and local governments of Cajamarca, Loreto and Oaxaca, and developed its activities along with organisations associated with the Mesa de Acceso Universal a la Energía (a group of organisations aiming to provide universal access to energy), the Latin American Platform for Sustainable Energy and Equity (PLESE) and the Rural Electrification Alliance (ARE).</p>
5 GENDER EQUALITY 	<p>Luz en Casa worked with at least 600 women who were members of the Photovoltaic Electrification Committees and one Centro Luz en Casa micro-franchisee.</p>		

SPONSORSHIP AND PATRONAGE

ACCIONA's commitment towards society is embodied through sponsorship, patronage and collaborations channelled through agreements with relevant institutions representative of society. The aim of these activities is to benefit initiatives with greater repercussions for everyone and which are considered priorities in the fields of health, education and culture.

With regard to health, ACCIONA maintained its active participation on two fronts in 2016:

- In the Pro CNIC Foundation, created to channel the private contribution to the National Cardiovascular Research Centre (CNIC). Through this foundation, companies join forces and channel their commitment to scientific research on heart disease.
- Furthermore, it has also collaborated with other entities such as the Fero Foundation (oncological research) and the Intheos

Foundation (fostering and bringing advances in cancer research patients), among others.

With regard to education and culture, the following activities stand out from 2016:

- Activities organised by the ACCIONA Cathedra, in collaboration with SUR, School of Artistic Professions, have continued for the training of professionals working in the arts. Launched in 2014, through this collaboration ACCIONA has awarded ten scholarships to enable access to training for Spanish and Latin American students.
- Collaboration in Traslántica, the photography and visual arts forum of PhotoEspaña in Latin America.
- ACCIONA joins forces with National Geographic to promote the fight against climate change.

ACCIONA JOINS FORCES WITH NATIONAL GEOGRAPHIC TO PROMOTE THE FIGHT AGAINST CLIMATE CHANGE

ACCIONA and National Geographic España have signed a collaboration agreement to promote the fight against climate change, informing the public of the need to seek and implement solutions that will help slow it down.

The agreement includes ACCIONA's support for the National Geographic Channel's release of the show **Years Of Living Dangerously** in Canada, Chile, Mexico, Australia and Spain, five countries with important iconic projects in infrastructure and renewable energy developed by ACCIONA and based on sustainability criteria. The format features first-person stories of how climate change is affecting everyday life, narrated by renowned journalists and Hollywood celebrities.

PROMOTION OF SUSTAINABILITY

Sustainability workshop

The Sustainability workshop programme aims to give girls and boys a better understanding of global sustainability problems and their influence in sustainable development. In this regard, children aged 10 to 16 approach topics such as water conservation and quality, energy saving and efficiency, or town planning, mobility and sustainable building.

During 2016, Mexico continued to implement modules on Sustainability, Renewable Energy, Smart Cities, Waste and Water in several schools in the state of Oaxaca.

EduPack

EduPack was created in 2014 with the aim of providing a solution that adapts to the educational needs of the communities where ACCIONA operates. These initiatives can be implemented individually or jointly, directly in schools, education centres or local communities, provided they are in areas of influence of a project being carried out by ACCIONA.

In 2016, EduPack was launched in Mexico, in the area of influence of the project carried out by ACCIONA Infrastructure in Ciudad del Carmen, Compostela and Canal, and in the Riohacha area of Colombia.

 <p>SUSTAINABILITY WORKSHOP</p>	<p>The Sustainability Workshops is aimed at promoting education on sustainability issues. Aimed at teachers and children aged 10 to 16, it hopes to give new generations a better understand of the problems of the future.</p>
 <p>COMPETITION AND SCHOLARSHIP</p>	<p>The goal is to help explaining sustainability values to students and teachers and to incentivise these students to better interpret the sustainability principles, as well as giving awards to the best students in their last school year to enable them to continue their studies at university or higher education centres.</p>
 <p>ROAD SAFETY EDUCATION</p>	<p>It is essential for everyone to travel safely and smoothly on public roads in any situation, not only as drivers but also as pedestrians, learning to value individual and collective life, strengthening the rules of coexistence and fostering attitudes of respect and solidarity.</p>

CORPORATE VOLUNTEERING

Part of ACCIONA's Social Action Plan is the Volunteer programme, which aims to generate a culture of collaboration and solidarity to raise awareness among staff regarding the needs of other social groups.

Throughout 2016, more than 1,000 ACCIONA volunteers participated in different initiatives, among which the following stand out:

ACCIONA Volunteer Day

In 2016, for the fifth consecutive year, ACCIONA organised a day of corporate volunteering in which ACCIONA employees hosted workshops on sustainability and climate change to schoolchildren aged 6 to 10. This year, more than 600 volunteer employees joined the initiative and over 13,000 students benefited from the workshops. The workshops were held in over 100 schools in 14 countries: Australia, Brazil, Canada, Qatar, Colombia, Chile, Costa Rica, Greece, India, Spain, Mexico, Poland, Portugal and South Africa.

Let's donate! Campaign

For the fifth consecutive year, ACCIONA launched Let's donate!, a solidarity campaign that aims to collect food and toys from employees to donate them to the Food Bank and the Spanish Red Cross. This year, with the support of 80 volunteers who helped organise the campaign, they were able to send 4,000 kg of food and 27 boxes of new toys. ACCIONA made an additional donation equal to the amount donated by its employees.

Exit Foundation

In 2016, 21 volunteers from ACCIONA took part in the Coach project, an initiative led by the Exit Foundation to improve the employability of young people at risk of social exclusion aged 16 to 19, by means of coaching and mentoring activities.

Princesa de Girona Foundation

For the fourth consecutive year, 26 volunteer mentors from ACCIONA took part in the Apadrinando el Talento (Sponsoring Talent) project, led by the Princesa de Girona Foundation. The aim is to improve the employability of qualified young people from difficult environments, to guarantee equal opportunities in accessing the employment market through a series of mentoring sessions. ACCIONA is the leading company when it comes to pairing mentors and young people, including all those participating in the programme since 2013.

Similarly, other voluntary initiatives have been promoted by ACCIONA employees in different countries such as Canada, Chile, Colombia, Brazil, Peru, Poland, etc.

ACCIONA'S SOCIOECONOMIC IMPACT

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

In 2016, the Energy division worked on new calculations of the socioeconomic impact in the solar plant of El Romero, Chile, and also made comparisons from the objective results of the socioeconomic impact in Mexico and South Africa with other non-renewable technologies: coal plants and natural gas (for more information see the chapter on ACCIONA Energy's Commitment).

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

Dialogue and leadership

LEADING ORGANISATIONS AND INITIATIVES

ACCIONA actively participates in international initiatives that reinforce its commitment to sustainable development, fighting climate change and the dissemination of these materials.

ACCIONA AT COP22

In November 2016, ACCIONA actively participated in the climate summit in Marrakesh (COP22) in different events with organisations such as the World Bank, Corporate Leaders Group, Carbon Pricing Leadership Coalition and Caring for Climate (an initiative by the United Nations), among others. This meeting was key to the implementation of the Paris Agreement, adopted in 2015, during COP21. The topics discussed focused mainly on analysing emission reduction commitments of countries, different effective climate change mitigation and adaptation measures, such as the implementation of carbon pricing, and the generation of renewable energy.

UNITED NATIONS GLOBAL COMPACT

Since 2005, ACCIONA has been an active member of the United Nations Global Compact, and follows the Ten Principles of the Global Compact relating to human rights, labour rights, environment and anti-corruption rights.

Commitment to the Global Compact initiative is firm: ACCIONA belongs to the Steering Committees of the Global Compact 'LEAD' and the Caring for Climate initiative. It is also part of the Advisory Board of the Sustainable Energy for All initiative, and participated in the launch of the Decade of Sustainable Energy for All (2014-2024) in Latin America and the Caribbean. It also participates in meetings with the Spanish Global Compact Network.

In 2016, ACCIONA participated in the publication Global Compact Yearbook 2016, which publishes the best practices of companies regarding sustainability issues.

WORLD ECONOMIC FORUM

In January 2016, during the World Economic Forum (WEF) event in Davos, ACCIONA's Chairman, José Manuel Entrecanales, took part in the launch of the working group Carbon Pricing Corridors, an initiative promoted by CDP and the We Mean Business Coalition (WMB). This initiative consists of global leading companies, and aims to establish a carbon price that provokes a necessary change to promote the transition to a low-carbon economy and follow the efforts of the private industry in the fight against climate change.

CORPORATE LEADERS GROUP

ACCIONA joined the Corporate Leaders Group (CLG) in 2009. This is a group of European business leaders where the common goal of member companies is their conviction that there is an urgent need to develop new policies with a long-term approach to fight climate change. During 2016, the company took part in numerous meetings and work groups and the drafting of several publications organised by this group. These include the meeting held in January at ACCIONA's headquarters, where the group's strategy was discussed in the medium and long term.

SPANISH GREEN GROWTH GROUP

With the support of the Corporate Leaders Group (CLG), ACCIONA participated in the creation of the Spanish Green Growth Group (Grupo Español para el Crecimiento Verde) and is a member of the Board since its inception in May 2015. This group comes from a desire to collaborate with companies and governments to create a roadmap (Barcelona Declaration) towards a low-carbon economy, and aims to lead initiatives in the medium or long term and demonstrate the commitment to incorporate climate policies into business strategies, ultimately as a green growth model in Spain should be.

In 2016, ACCIONA actively participated in working groups of circular economy, finance, climate change policies and energy transition for the publication of a common roadmap of Spanish companies in these fields.

WORLD BUSINESS COUNCIL FOR SUSTAINABLE DEVELOPMENT (WBCSD)

Throughout 2016, ACCIONA continued participating – together with other industry companies – in the initiatives **Scaling Up Renewables in the electricity mix and Power Purchase Agreements**, which seek to promote renewable energies within the **Low Carbon Technology Partnerships initiative (LCTPi)**. This initiative brings together more than 150 companies and 70 partners to accelerate development and transition towards the use of low-carbon technologies, strengthening the goals for reducing emissions and accelerating the development of technology to keep global temperature rise under 2 °C.

Furthermore, ACCIONA participates in the European Union project WISE Power, which aims to improve local support for wind energy projects and encourage the participation of local communities in their planning and development (for more information see the chapter on ACCIONA Energy's Commitment).

INTERNAL AND EXTERNAL DISSEMINATION OF THE SUSTAINABILITY PRINCIPLES

In September 2016, ACCIONA presented to all employees the new Sustainability Master Plan 2020, developing a wide internal dissemination campaign and with the direct participation of the company's Chairman.

Furthermore, during 2016, ACCIONA was present in forums, debates and meetings with different organisations and also collaborated in many publications, consolidating the company's position and encouraging an external debate regarding sustainability practices. Among these, the following are worth noting:

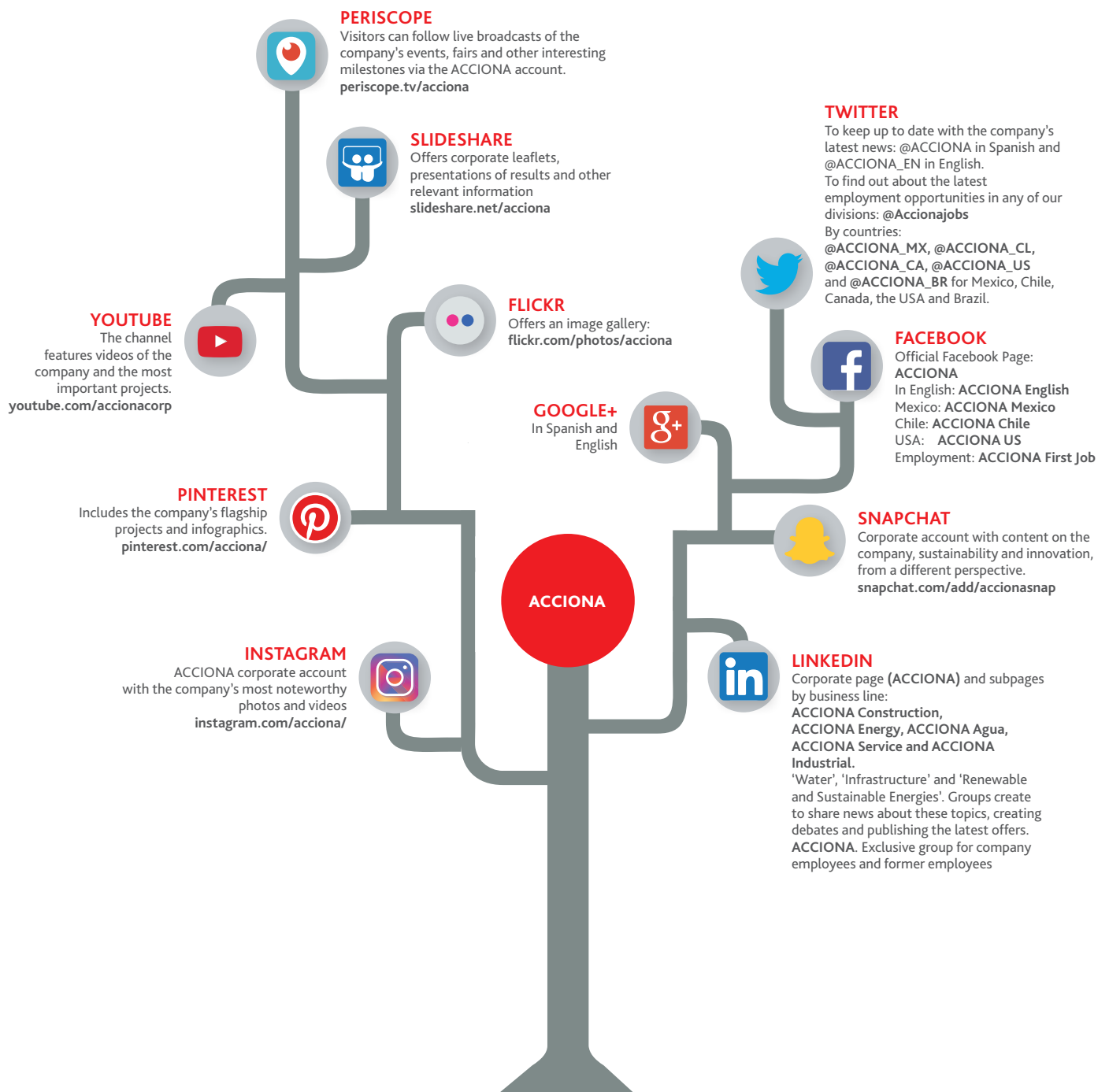
- Social media events on the occasion of World Water Day and Earth Day.
- Media interviews and articles in different media outlets: written press and blogs.
- Participation in various international and Spanish publications.

ACCIONA IN SOCIAL MEDIA

ACCIONA continues to strengthen and expand its digital presence and is exploring new online communication methods with a strong commitment towards audiovisual formats. Some data confirming these developments are:

- The number of ACCIONA's followers in all social media channels grew by 83 % in 2016 compared to 2015. In total, its community comprises more than 662,000 users.
- ACCIONA's Spanish Facebook page grew by 168 %, from 62,600 to 176,564 followers (December 2016). Similarly, LinkedIn has exceeded 150,000 followers and Twitter is up to 90,000.

ACCIONA's presence in social media includes:



SUSTAINABILITY

For all

WEBSITE FOR THE DISSEMINATION OF SUSTAINABLE DEVELOPMENT

In 2016, the website 'Sustainability for all' confirmed the exponential growth that kicked off in 2014. Subscribers have increased from less than 1,000 to more than 19,000, confirming that the contents published are of great interest to the general public.

With nearly 4 million visits and over 37 million page views, 'Sustainability for all' closed its best year-to-date.

In its fourth year, the website continued to publish articles and stories related to sustainability challenges, offering a public

space for dialogue on how to combine economic and social development with the preservation of natural resources. The website consists of five sections that offer training and updated information in a simple, accessible and practical format, which focuses on reflecting on how we wish to live in the future, the limits of natural resources and what future alternatives could be used to solve the greatest challenges to social progress.

The dissemination of content is extended through the use of tools and social media.

STAKEHOLDER ENGAGEMENT (G4-24, G4-25, G4-26 and G4-27)

Communication and dialogue are the basis of ACCIONA's relationship with its stakeholders, namely the individuals and organisations directly or indirectly involved in the activity of the company. As part of its sustainability vision, ACCIONA wants to meet the needs of stakeholders and manage their expectations. To do this, it maintains an ongoing dialogue with the various groups in order to enrich its knowledge.

Its relationship with stakeholders is forged via two main paths:

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

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

Governments and Regulatory Bodies (G4-26 and G4-27)

To be effective and successful, any public policy must be based on transparency and dialogue with stakeholders. Public participation in the adoption process for any regulatory initiative is key in order for the interests of all those affected by the measures in question to be duly weighted and reflected.



Therefore, ACCIONA is involved in the development of public policies in the areas and industries in which it operates, through proposals or appeals on procedures for public information and participating in forums, associations and various groups, providing knowledge, ideas, initiatives and experiences acquired over the years, always with the objective that the regulatory framework of each industry is geared towards sustainable growth and development, be it social, economic or environmental.

2016 has been a particularly interesting and active year for ACCIONA, which worked both individually and in collaboration with other actors and stakeholders in various initiatives in the fields of energy, infrastructure, water and services, among which the following stand out:

In terms of energy

In the intense energy debate that is taking place in Spain, at European and international level, ACCIONA maintains that safety of supply can be reconciled with responsible progress and environmental care through a greater development of non-contaminating local resources. To do this, it always promotes before governments and regulatory bodies the support and encouragement of growth and competitiveness of clean technologies and the eradication of the disadvantages thereof regarding polluting technologies.

The regulatory framework on energy in Spain is under continuous development and revision since the reform on industry standards that began in 2013. ACCIONA's activity is intense in this area, particularly with regard to the regulation of renewable energy, a field in which it is considered that there is still some leeway to achieve a regulatory framework to fully deploy these environmentally friendly sources of energy.

ACCIONA has continued working, either individually or through collaborations with other companies and associations in the sector, in the drafting and forwarding of regulatory proposals, aimed at improving the competitive position of renewable energies compared to more polluting conventional technologies.

In this regard, should be highlighted the participation of high level ACCIONA representatives in events hosted by renowned organisations and media outlets, such as the Forum on corporate engagement to sustainability or the debate on policy proposals on renewable energy, among many others.

With regard to regulations in the Spanish energy industry, some of the major achievements of the group in 2016 included the progressive onboarding of renewable energies in the electricity market through the increasing integration of wind energy as a system setting service provider (with nearly 2,000 MW of wind power enabled by the System Operator) or the recognition by the independent regulatory authority (CNMC) of the possibility of hydroelectric plants of the former special energy production regime to provide a power availability service equal to that of the plants under the old ordinary regime.

As regards the EU regulatory energy framework, ACCIONA was also actively involved in making proposals and by participating, both directly and jointly through European associations, in consultations of the European Commission such as those relating to capacity mechanisms and regulations that make up the Clean Energy Package.

At EU level, ACCIONA sponsors and promotes events that can be used to discuss the future of the Energy Union. Some examples where ACCIONA has been heavily involved are the public hearing on energy costs and EU industrial competitiveness held by the European Parliament, and the participation and collaboration with EUFORES at the 16th Interparliamentary Meeting held at the Danish Parliament.

There have also been outstanding achievements in the field of EU regulation, as several claims by ACCIONA related to the Clean Energy Package have been included in the Commission's proposals, issued in late November 2016. These include providing safety and stability to the legal framework on renewable energy by implementing the prohibition of unfavourable retroactive changes, or the proposal for a market design geared more towards the inclusion and participation of renewable energies.

ACCIONA participates in industry associations to promote renewable energy, both regionally and in Spain (AEE, APPA, UNEF and Protermosolar), at European level (WindEurope, ESTELA and EUFORES) and internationally (GWEC).

Regarding to Infrastructure, Water and Services

One of the regulatory tasks of this legislature is the transposition into national law of European public procurement directives, which coincides with a global debate on infrastructure policy and public works and its financing.

In this context, ACCIONA maintains a dialogue with public administrations and stakeholders that aims to ensure that the transposition of directives translates into an attractive legal framework for investment, which streamlines the implementation of a sustained and sustainable process of generating hiring growth in all economic, social and environmental aspects. Accordingly, ACCIONA advocated the necessity that, among the award criteria, quality, innovation and environmental and social aspects are always taken into consideration.

In the field of water, ACCIONA's actions focus on submitting proposals, comments, arguments on procedures for public information policy projects, etc., in addition to encouraging the discussion and analysis of best practices. In this context, ACCIONA took part in the process of drafting the Royal Decree that modifies the regulations regarding the public water domain, specifically defending a fair balance between the need to preserve resources (environmental flows) and respecting hydroelectric exploitation contracts.

In the regulation of the rail sector, the company continues to be involved in developing Spanish regulations, forwarding proposals geared towards improving the design of the market liberalisation model. ACCIONA faces the start of a new stage of passenger transport in Spain, where competition is consolidated as the foundation for an efficient, economically sustainable model that is geared towards providing the best service to consumers.

Similarly, ACCIONA is involved in associations such as SEOPAN, in the field of infrastructure; the Private Railway Companies Association, in the field of railway transport; and AGA and AEAS, to promote and defend the common interests of the service companies related to the complete water cycle.

Investors and analysts

(G4-26 and G4-27)

During 2016, ACCIONA maintained open and ongoing communication with the capital markets, and in particular with the community of analysts and investors who follow the value of the company. The main goal of this is to present and explain the strategy and development of ACCIONA both globally and in each of its business lines, under the economic and regulatory environment in which it operates. This communication effort is intended to provide information that would allow analysts to carry out their work and investors to facilitate their decision-making process.

The following actions stand out in 2016, which encompass around 500 contacts with investors and analysts:

- Participation in 15 conferences (Madrid, London, Paris and New York), where meetings with an average of around 10 investors each were held.
- 10 roadshows in various countries and cities (Madrid, Bilbao, Barcelona, London, Paris, Germany, Belgium, Italy and Switzerland) to visit investors, who have also been welcomed at ACCIONA's offices.
- Organising events for analysts to deal with specific issues such as the regulation of renewable energy, or to review in detail quarterly and annual results.
- Four presentations on ACCIONA's results in an open dialogue with the market.

Regarding the development of the markets in the year, the IBEX 35 remained flat, up 0.4 % on the year, while the first part was marked by more uncertainty and therefore greater volatility (drop in oil prices, Brexit), being the second most stable half year.

The investment community showed an interest in different issues that were important throughout the year:

- The effect of different key factors – such as low electricity prices in Spain – or heavy investments – both in the Energy division as in other areas – in the development of the results and the financial leverage ratio, as well as in achieving the financial targets set for this year.
- Diversification of ACCIONA's financial structure through major project refinancing operations, strengthening corporate liquidity and new issues in the capital market. These actions have helped transform the financing sources, optimising cash management and achieving significant financial savings.
- The award of new projects in Energy (Chile, Mexico and Australia) and Infrastructure (Denmark, New Zealand, Dubai), securing growth for years to come.
- In addition, during 2016 the market also closely followed the company's strategic focus and any possible divestments.

This helped to improve the assessment that analysts perform on the company.

Media (G4-26 and G4-27)

Communication and dissemination are a key element in ACCIONA'S transformation work. In this sense, the company's transparency and dissemination policy includes in its methodology the periodic review of its strategic and tactical role, in order to improve processes, increase efficiency and focus on objectives. This review was carried out throughout 2016, focusing on:

- Improved planning and activity assessment metrics.
- The development of the structure and projection in line with the company's business priorities.
- Providing relevant information for knowledge management and the creation of corporate culture.

The results of this review will become clear in 2017 and will set a qualitative leap from which to design the strategy for the coming financial years.

During 2016, at operational level, the generation of contents intensified and the audiovisual and broadcasting objectives were expanded, both for television and radio as for social media, which is increasingly adopting this format. The increased presence of ACCIONA in social media has become a goal in itself in response to the growing importance it has reached in decision making processes.

In addition to purely business and financial information, the communication of actions and policies directly linked to sustainability values are a priority, in line with their importance in the corporate strategy. Besides boosting specific information in all ACCIONA communications, the aim is to reinforce the concepts of innovation, sustainability and fighting climate change in a cross-cutting way. In this regard, it is worth mentioning that information focused on ACCIONA's initiatives to fight climate change, one of the three strategic objectives of the Sustainability Master Plan 2020. A key milestone was the announcement of the company's decision to be carbon neutral in 2016 and the commitment to invest at least EUR 2 billion in renewable energy by 2020.

Employees (G4-26 and G4-27)

ACCIONA puts at the disposal of its employees tools and processes to facilitate communication and dialogue. Some of these are included below along with the company's milestones of 2016.

- Internal communication inbox: this inbox regularly receives messages and questions from employees, which are dealt individually, either answering directly or referring to the request, incident or comment to the departments responsible for the different issues raised. In 2016, a total of 570 messages were handled.
- Corporate intranet (Interacciona): employees can comment on or 'like' the information published by the company. In 2016, a total of 452 comments and 8,702 'likes' were received.
- InteraccionaTV: corporate video channel integrated into the corporate intranet. This space is used to store and display videos for employees. In 2016, a total of 192 videos were uploaded to the platform, with total views amounting to 11,757.
- Emailing platform: in 2016, a total of 476 communications were sent from Internal Communication to the company's employees via the corporate emailing platform. These communications include those aimed at all employees, but also communications segmented by groups, languages, countries and divisions, provided these are managed in a corporate manner.
- Main newsletters: sent weekly by email through the corporate platform, this is the weekly Flash which is edited in Spanish. The English version, E-news, is published monthly and is a compilation of the company's communications in English. A total of 56 weekly Flash newsletters and 12 monthly E-news newsletters were sent.
- Meeting points: meetings or encounters are held where, regardless of physical presence, employees from specific groups or different countries are invited to participate live via video streaming through the intranet. In 2016, 14 broadcasts took place, which were viewed by a total of 6,800 connected users.

The company promotes multichannel use to enhance its reach in terms of internal communication with employees. This is all structured through communication plans, an instrument that allows for the improvement of content performance from different divisions, businesses, departments, functions, etc. Thanks to this multichannel model, global communication becomes possible for relevant issues such as the SMP 2020 and the Code of Conduct, among others.

Regarding the internationalisation of the company, note that during 2016 a new area was enabled within the corporate intranet for Canada, which provides employees in this country with an area to post news and specific services. This is all in addition to other areas that already exist in other countries where ACCIONA operates, such as Brazil, Mexico, Australia, etc.

During 2016, Internal Communication and the ICT department worked together in the definition and development of a new intranet platform, the new Interacciona. A transformation of the corporate intranet for all ACCIONA employees with company email. The new intranet is thought, conceived and designed to enable collaborative work, document and knowledge management as well as participation in the online platform and employee interaction.

Customers (G4-26 and G4-27)

During this year, the company continued to promote communication and dialogue with customers of its main business lines by holding meetings with them.

At these meetings, the company's strategy is shared and the needs and expectations of customers are identified in relation to the product or service provided, as well as their satisfaction with them.

In Infrastructure, it should be highlighted the meetings with city councils, regional governments, foundations, NGOs and chambers of commerce.

A broad range of topics were discussed during these meetings:

- Presentations on the implementation of solutions and projects.
- Meetings to tackle business needs and concerns.
- Presentation of the Social Impact Management methodology and its application to communities.

Several meetings were held with carriers in Trasmediterranea.

Local communities (G4-26 and G4-27)

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

Every business deploys specific channels so that they can be adapted to the circumstances of each particular community and project.

Below are some examples within the projects of ACCIONA's different business lines; more information can be found in the specific business chapters:

Follo Line (Norway)

ACCIONA Construction included an action plan in this project based on continuous dialogue with local agents, through periodic meetings with representatives of the inhabitants in the neighbouring area and other means of communication such as occasional informational campaigns, sending of newsletters, creation of a project-specific website and a visitors' centre with personalised services. The centre provides visitors with an interactive educational experience that guides them through the project's design and construction, its relationship with the local environment and its benefits.

Environmental improvement of the Metropolitan Area of San José (Costa Rica)

ACCIONA Agua was awarded the contract for the construction of secondary networks and the reinforcement of existing ones in the south of San Jose by the Costa Rican Institute of Aqueducts and Sewers (AyA). Prior to the execution of the project, and as a communication strategy by AyA, community meetings were held (with an attendance of 927 people), as well as house to house communications about the project (location of the works and activity) to explain to the neighbours the work to be carried out, dates and times of intervention, safety measures to be taken into consideration and to ensure residents had access to their homes.

CLIMATE CHANGE

Carbon neutral



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

CHALLENGES 2016

To be a carbon neutral company.



PROGRESS IN 2016

Achievement of carbon neutrality in 2016, becoming a company with a net-zero emissions balance and having offset the generation of emissions that could not be reduced through the cancellation of certified carbon credits.

The company has achieved carbon neutrality by **improving in energy efficiency**, increasing electricity consumption from renewable resources and offsetting emissions through the purchase of CO₂ emission allowances

CHALLENGES 2017



Maintain its status as a carbon neutral company in 2017.



Promote the company's **plan to reduce emissions**, as part of the Sustainability Master Plan 2020.

HIGHLIGHTS IN 2016

» 14.8 million tonnes of CO₂ avoided thanks to its energy generation activities from exclusively renewable sources

» Third consecutive year measuring the greenhouse gas emissions from 100 % of its supply chain

Fighting climate change – a strategic priority for ACCIONA

The fight against climate change is a strategic priority for ACCIONA, which is stronger than ever this year – if that is possible – thanks to the carbon neutrality commitment made by the company under its new Sustainability Master Plan 2020 (SMP 2020).

ACCIONA's activities are carried out based on a low-carbon business portfolio, which enables it to:

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

ACCIONA also extends its commitment to fight climate change to the entire value chain through:

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

MEETING THE SMP 2020'S CARBON NEUTRALITY OBJECTIVE

Since ACCIONA committed to carbon neutrality at the Paris climate conference, the company has taken the necessary steps to address this milestone through its new SMP 2020, developing a **Carbon Offsetting Model** in which 100 % of the emissions that is unable to reduce will be offset voluntarily.

Through this, the 817,204 t CO₂e generated in 2016 have been offset through the purchase of certified carbon credits.

Offsetting consists of accounting the generated emissions as a direct cost in each company's businesses through an external verification of the emissions. For ACCIONA, this means that the consideration of an internal carbon price, not only includes a probable risk in the valuation of future investments but also constitutes a real cost to be considered in any business operation.

ACCIONA'S COMMITMENT IN THE FIGHT AGAINST CLIMATE CHANGE

ACCIONA has a climate change policy approved by its Board of Directors, which sets out the company's commitment and principles to combat this threat. ACCIONA considers critical to lead the transition to low-carbon business models, which reduce or mitigate the effects of climate change. To this end, it wants to promote the adoption of ambitious global objectives to reduce emissions, in addition to the development of projects, products and services that contribute to the reduction of GHGs. ACCIONA plays a fundamental role in this objective, facilitating access to renewable energy, water and sustainable environmental infrastructures, and promoting energy saving.

Risks and opportunities associated with climate change

ADAPTATION TO AND MANAGEMENT OF CLIMATE RISKS AT ACCIONA

The management of the risks associated with climate change is part of the company's general risk management strategy and is promoted by its Board of Directors.

As is the case for environmental risks, it is carried out through the application of a methodology that is used to identify, assess and inform ACCIONA's decision-making bodies of potential events that could have an impact on the company and its centres. Through this, action policies and tolerance thresholds are established that provide a reasonable guarantee of the achievement of objectives.

The climate risk management process covers the following aspects:

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

**ACCIONA
committed to
carbon neutrality
at the Paris climate
summit**

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

The climate risk management process involves all of the company's businesses and is conducted annually.

In particular, it is important to note the performance in 2016 of an environmental risk analysis associated with climate change for ACCIONA and its supply chain. Based on the methodology of the Intergovernmental Panel on Climate Change (IPCC), analysis has been conducted on the interrelationship between the most significant dangers, and the exposure of ACCIONA and its suppliers (according to the activities in each country), in addition to the vulnerability to each danger.

MITIGATION OF CLIMATE CHANGE THROUGH BUSINESS

Through its different businesses, the company contributes to the mitigation of climate change. For example, through electricity generation from renewable sources, ACCIONA Energy contributes to the displacement of fossil fuels in countries' electricity mix.

In the case of Infrastructure, solutions are offered in the area of energy efficiency by optimising consumption and offsetting CO₂ emissions (for more information see the "ACCIONA Energy's Commitment and ACCIONA Infrastructure's Commitment chapters").

In 2016, ACCIONA avoided the emission of 14.8 million tonnes of CO₂ thanks to its energy generation activity from renewable sources.

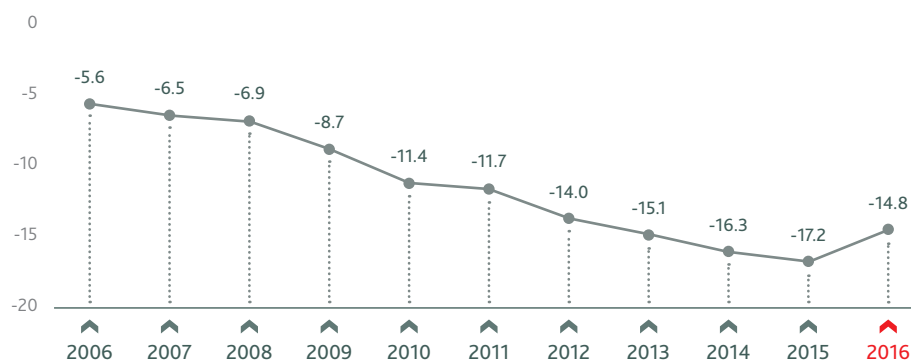
Weekly trends in emissions avoided by ACCIONA as a result of renewable production are indicated by an emission meter on the company's website:

<https://www.acciona.com/emissions-meter>

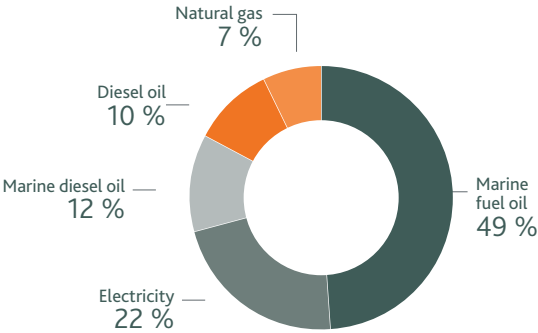
ENERGY CONSUMPTION THAT PRIORITISES RENEWABLES

In 2016, the company's energy consumption was 15,998 TJ, 41 % of which was from renewable sources. The company's energy intensity from fossil fuels was 1.59 TJ/€M of sales, while the energy intensity from renewable sources was 1.09 TJ/€M of sales. The energy consumption ratio of ACCIONA's buildings totalled 191 kWh/m².

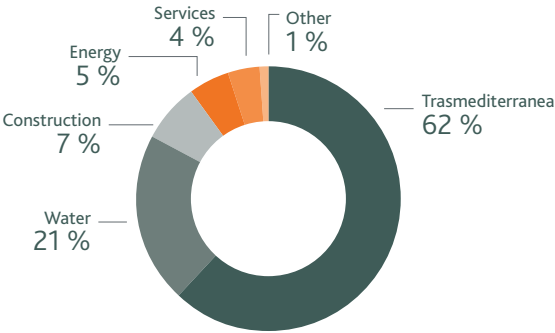
Million tonnes of CO₂ avoided



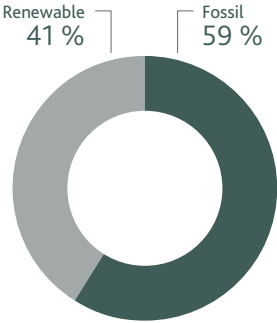
Fossil energy consumption by source



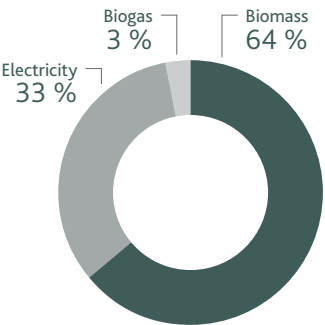
Fossil energy consumption by business



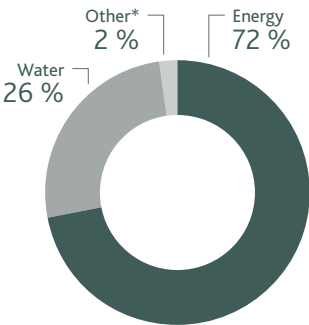
Energy consumption



Renewable energy consumption by source



Renewable energy consumption by business



* Others include: the rest of ACCIONA Infrastructure and Other businesses.

The company guarantees its customers **long-term savings** through the execution of an energy management contract

THIRD-PARTY ENERGY CONSUMPTION

The most significant energy consumption outside of the organisation, calculated in accordance with the company's scope 3 categories, is as follows:

External energy consumption (GJ)

Type		2014	2015	2016
Upstream leased assets		3,098,024	1,910,837	2,376,162
Downstream leased assets		8,337	Incorporated to internal energy consumption	Incorporated to internal energy consumption
Employees commuting		448,162	681,871	696,541
Business travel		227,058	231,023	239,899
Waste generated in operations		380,344	199,381	293,148
End of life treatment of sold products		2,444	11,744	1,235
Use of sold products		N/A	21,005	6,437
Investments		N/A	N/A	308,264
Suppliers: 100 % of the purchase of goods and services	Coal	3,407,828	5,102,071	3,514,295
	Oil	20,284,487	23,106,810	14,501,044
	Natural gas	5,206,782	755,234	4,187,832
	Electricity (renewable)	913,848	1,385,922	764,932
	Electricity (nuclear)	660,496	778,273	302,826
Total		34,637,811	34,163,165	27,192,615

N/A: not available

CARBON NEUTRALITY: REDUCING AND OFFSETTING OUR EMISSIONS

One of the most ambitious objectives of the SMP 2020 is for ACCIONA to achieve carbon neutrality since 2016. All emissions that the company has been unable to reduce through the application of reduction strategies have been offset through the purchase of certified carbon credits.

The carbon neutrality commitment represents a challenge for all the company's businesses, which must be met to boost reduction efforts even further.

CALCULATION OF EMISSIONS GENERATED

The emissions generated are calculated according to the criteria defined in the GHG Protocol, under the financial control scheme.

This year, for the first time, ACCIONA has also consolidated as a CO₂ equivalent its CH₄, N₂O and SF₆ emissions, which has had an impact on the final emissions figure by an additional 2 %.

The conversion factors used are those indicated by:

- The Intergovernmental Panel on Climate Change (IPCC), in the 2006 IPCC Directives for GHG inventories.
- The International Energy Agency and Red Eléctrica de España (the Spanish electricity system operator).
- Department for Environment, Food and Rural Affairs of the United Kingdom.
- The European Environment Agency.

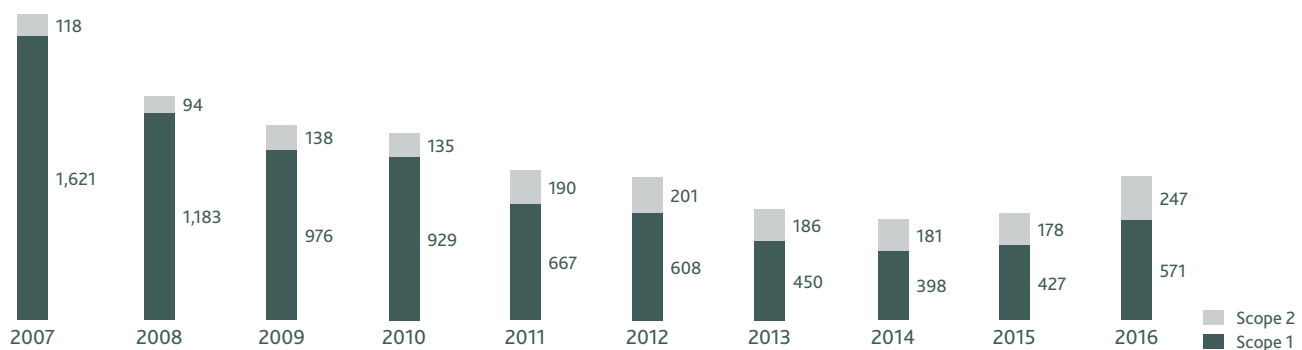
EMISSIONS GENERATED (SCOPES 1 AND 2)

The total CO₂e emissions from scopes 1 and 2 generated in 2016 were 817,204 tonnes, 570,601 t CO₂e of which correspond to scope 1, and 246,603 t CO₂e to scope 2 Market-based (and 395,272 t CO₂ of scope 2 Location-based).

The rise in scope 1 emissions was mainly driven by the increased business activity of Trasmediterranea, while the increase in scope 2 emissions was primarily due to desalination activities in countries suffering from water stress, in which electricity supply from renewable sources is not possible yet.

Trend of emissions generated

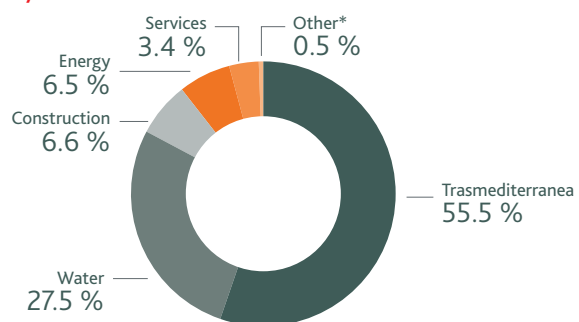
(thousands of tonnes of CO₂)



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

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

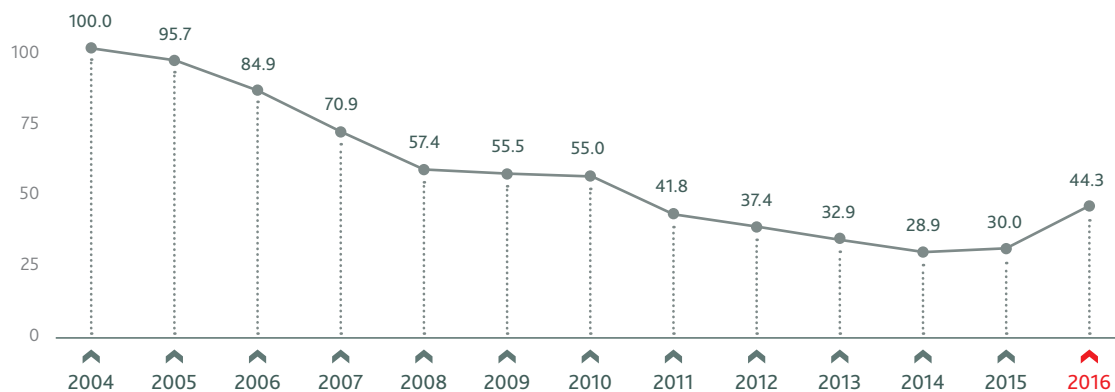
Percentage of CO₂ emissions by business line



* Other businesses include: Industrial, ACCIONA Inmobiliaria and Grupo Bodegas Palacio 1894.

ACCIONA's carbon intensity was 136.7 t CO₂e/€M of sales (scopes 1 and 2). As for the company's buildings, the ratio of CO₂ emissions was 30 kg CO₂e/m².

CO₂e intensity index (t CO₂e/sales with a base of 100 in 2004)



The categories consolidated under the Suppliers heading have **reduced their emissions by 30 % compared to 2015**

SCOPE 3 EMISSIONS

The scope 3 emissions analysed by ACCIONA cover the following categories: leased assets to the organisation, employees commuting, business trips, waste generated by the company and from the products it sells, use of products sold by the organisation, investments, and supplier-purchases of goods and services.

It is important to highlight the drop in emissions mainly due to the categories consolidated under the Suppliers heading, which have been reduced by 30 % compared to the same figure the previous year.

For the third year running, ACCIONA has calculated and analysed the GHG emissions produced throughout its supply chain, being some of its conclusions that only 17 % of the emissions generated are due to direct suppliers of ACCIONA, or that the decrease in emissions observed has been mainly due to the higher volume of purchases made to sectors with fewer specific emissions.

Also in relation to the supply chain, during the past year the company made progress in the development of the SCO2PE by ACCIONA programme, based on collaboration with suppliers to promote the reduction of emissions in the supply chain.

Scope 3 emissions (t CO₂)

Categories		2013	2014	2015	2016
Upstream leased assets		192,609	226,499	144,587	182,917
Downstream leased assets		463	534	Incorporated into scopes 1 and 2	Incorporated into scopes 1 and 2
Employees commuting		29,417	32,651	0	50,545
Business travel		13,959	16,352	0	16,927
Waste generated in operations		16,948	28,183	14,774	22,057
End of life treatment of sold products		150	181	870	93
Use of sold products*		-	-	1,666	488
Investments		-	-	-	15,865
Suppliers: 100 % of the purchase of goods and services	Purchased goods and services	515,013	912,036	957,028	632,060
	Capital goods	-	144,911	347,264	411,865
	Fuel consumption	81,994	163,885	104,145	105,595
	Electricity consumption	10,828	-	-	-
	Upstream transportation and distribution	66,981	288,632	487,056	164,759
TOTAL (t CO ₂)		928,363	1,813,864	2,042,474	1,603,171

* Sale of homes in the ACCIONA Inmobiliaria area

THE EUROPEAN UNION'S CO₂ EMISSIONS TRADING SYSTEM

ACCIONA has five solar thermal installations subject to the EU emissions trading system, which use natural gas as an auxiliary source of energy. These facilities use the best available techniques for minimising their CO₂ emissions into the atmosphere.

Facilities subject to the EU emissions trading system

Facility	Emissions verified in 2016 (tonnes of CO ₂)	Emission allowances acquired in 2016
Termosolar Alvarado	2,696	4,500
Termosolar Palma del Río I	556	0
Termosolar Palma del Río II	540	300
Termosolar Majadas	2,889	0
Termosolar Orellana	1,220	800

OTHER EMISSIONS

Overall NO_x emissions in 2016 totalled 12,298 tonnes, SO_x totalled 2,888 tonnes and PM10 totalled 795 tonnes. The rises in these figures were primarily due to the increased activity of Trasmediterranea. SF₆ emissions totalled 0.18 tonnes. Lastly, biogenic emissions amounted to 437.654 t of CO₂.

Other emissions (t)

	2013	2014	2015	2016
PM10	599	565	641	795
NO _x	9,087	8,681	9,590	12,298
SO _x	2,040	1,935	2,237	2,888

SPECIFIC PLANS TO REDUCE ENERGY CONSUMPTION AND EMISSIONS IN ALL BUSINESSES

To achieve the emissions reduction objectives, the company's Sustainability Master Plan 2020 considers for the preparation of plans and programmes to assess and implement measures in the area of energy efficiency (for more information see the ACCIONA Energy's Commitment, ACCIONA Infrastructure's Commitment and Other businesses' Commitment chapters).

ENERGY EFFICIENCY FOR CUSTOMERS

Energy efficiency plays a fundamental role in the fight against climate change and, in line with its corporate strategy, ACCIONA also passes this on to its customers.

For more than five years, the company has had a distinctive offer with high added value in the range of energy services it provides (certified according to standard ISO 50001). Assuming part or all of the initial investment, the company guarantees its customers long-term savings through the execution of an energy management contract.

Similarly, in many projects undertaken by ACCIONA across all its business lines, economically viable design and technical modifications are proposed to customers, resulting in energy savings or improved output during operation.

SUSTAINABLE MOBILITY

During 2016, ACCIONA carried out initiatives in the field of sustainable mobility in various areas, as described below.

Promotion of sustainable mobility in the company

This involved an increase in the number of charge points for electric vehicles in ACCIONA's main head offices. The number of points where employees can charge their electric vehicles in the company was extended to a total of 28.

In addition, ACCIONA actively participated in the promotion of alternative means of transport to private vehicles, such as bicycles, for commutes to work. As a result, during European Mobility Week an internal campaign had an impact on the use of this means of transport, obtaining an increase in the number of employees who choose this option in their commuting to work.

Promoting sustainable mobility among its interest group

In this area, it is worth highlighting the participation for the third year running of the ACCIONA 100 % EcoPowered in the prestigious Dakar rally. It remains the only electric vehicle to date to have taken part in the rally. The ACCIONA 100 % EcoPowered successfully completed its journey around the demanding stages of the challenge, also demonstrating the viability of the electric vehicle in extremely demanding conditions.

In relation to its customers, it is important to note the sustainable mobility recommendations as part of the Guide to planning sustainable events created and distributed by ACCIONA Productions and Design. In the third chapter, corresponding to the area of Mobility and Transport work, the company discusses, explains and illustrates in detail the considerations to be taken into account in terms of mobility for the organisation of a sustainable event.

ACCIONA also participated in the Madrid Sustainable Mobility Week initiative, for which it provided Madrid City Council with three models of electric vehicles to use daily in maintenance works in the capital's most iconic green areas.

PARTICIPATION IN THE CARBON MARKETS

ACCIONA actively participates in the development of projects associated with the fight against climate change, and supports the transfer of clean technologies through the use of flexible mechanisms, such as the Clean Development Mechanism (CDM). In 2016, ACCIONA undertook eight CDM projects in Mexico, India, Chile and Costa Rica, making up almost 750 MW of renewable power installed.

ACCIONA also plays a role in the voluntary carbon market through the Verified Carbon Standard (VCS) programme, with two wind power projects in the US with a joint capacity of 255 MW.

The 702,672 plantations made by ACCIONA in 2016 will absorb more than 3,000 tonnes of CO₂ equivalent¹

ORGANISATION OF CARBON NEUTRAL EVENTS

ACCIONA Productions and Design (APD) tackles large-scale international projects in the area of organisation and theme selection for museums, exhibitions, shows and/or conferences. As a differentiating factor, since 2011 the company has also offered its customers the organisation of carbon neutral events.

The Corporation has continued to hold carbon neutral events with other interest groups, including, in 2016, the executive management meeting, the training and management committees of EROM (Services) and open days with strategic suppliers.

EMISSIONS AVOIDED THROUGH OUR PLANTATIONS

Throughout 2016, the company carried out projects involving restoration of affected areas and landscape integration that required the planting of various types of trees, shrubs and flowers in a total of seven countries.

Green areas and tree nurseries have also been created and maintained, and plantations have been developed in areas that are degraded or lacking in vegetation, in order to increase the diversity of native vegetation and to support local species.

2016 ACCIONA plantations

Type	No. of specimens
Trees	163,770
Shrubs and flowers	538,902
Total specimens planted	702,672

¹ Source: Carbon Sinks, Climate Change Office of the Ministry for the Environment, considering the maritime pine (*Pinus pinaster*) as a typical tree, and based on the assumption that shrubs absorb one tenth as much as a tree.

ENVIRONMENT

Protection of natural resources



Focused on prevention and with the overall goal of decreasing the environmental impact of its activities, in 2016 ACCIONA focused its actions on the integrated management of environmental risks, water shortage and water stress, operational eco-efficiency, the promotion of the circular economy and the conservation of biodiversity.

CHALLENGES 2016		PROGRESS IN 2016
Improve efficiency in operations.	➤	Identification of measures associated with the reduction of consumption and the reuse of water; minimisation and improvement of the quality of discharges; energy efficiency; waste reduction, reuse, recycling and recovery; optimisation in the use of resources and the use of recycled materials.
Prepare the document containing the waste management programme through to 2020 with the identification of pilot experiences.	➤	Definition of the Waste Management Plan 2016-2020 for the promotion of circular economy in ACCIONA.
Create a portfolio of Life Cycle Analysis (LCA) projects.	➤	Creation of a portfolio of 50 LCAs corresponding to 19 projects.
Develop plans to monitor and reduce water consumption in 10 production sites with intensive use of water resources.	➤	Consolidation of 41 measures related to water consumption reduction and reuse.
Apply the water risk management methodology for at least one company activity.	➤	Methodology applied to 100 % of the Grupo Bodegas Palacio 1894 business.
Highlight biodiversity-related actions.	➤	Publication of the report ACCIONA, <i>Global Commitment to Biodiversity</i> , which presents highlighted actions of the company in the field of biodiversity conservation.

In 2016, ACCIONA provided its employees with a total of **55,860 hours' training** on environmental issues

CHALLENGES 2017



Make progress in the company's environmental risk management.



Make progress in the deployment within the organisation of the waste management plan for the promotion of circular economy.



Encourage the global promotion of purification, treatment and/or desalination in regions affected by water stress.



Supervise the company's action and compensation plans regarding biodiversity.

HIGHLIGHTS IN 2016

» Positive water footprint of 510 hm³, a figure equivalent to the annual domestic consumption of more than 10 million inhabitants

» Development of the Waste Management Plan 2016-2020 for the promotion of circular economy in ACCIONA

» 61% increase in environmental training for employees compared to the previous year

» Development of the first methodological document for the calculation of the biodiversity footprint

Value creation through the environmental variable

The preservation and respect for the environment is one of ACCIONA's basic pillars of action. The company has four specific policies approved by the Board of Directors: Environmental Policy, Biodiversity Policy, Climate Change Policy and Water Policy. These come together to form the ACCIONA Policy Book, which reflects the commitments and policies applicable to the company in economic, social and environmental matters (available from the company website:

<https://www.acciona.com/sustainability/environment>.

Compliance with the commitment to the environment is promoted by the Chairman and the Board of Directors, and is followed by Senior Management. Therefore, it is applicable to all lines of business and countries in which the company operates, and is also transferred to the circle of value and open to assessment by third parties.

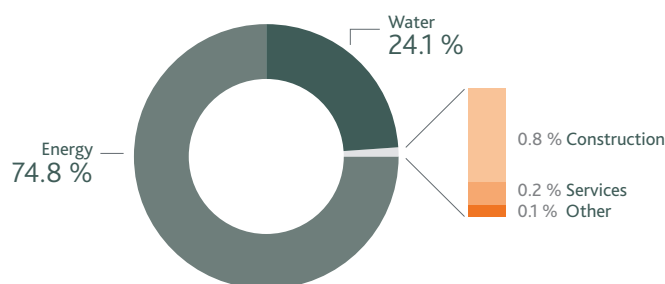
INVESTMENT AND ENVIRONMENTAL COST

42 % of the group's total sales and 72 % of EBITDA are based on businesses included in what the United Nations Environmental Programme (UNEP) defines as the "Green Economy".

In 2016, ACCIONA devoted 3,037 million euros to environmental activities, including for the first time operating expenses in renewable energies and desalination investment and expenses. Environmental expenditure rose to 2,438 million euros, whereas investment increased to 599 million euros. Of this total sum:

- 61 million euros derive from management (prevention, reduction or correction) of the environmental impact generated by the company's activity (57 million euros in expenses and 4 million euros in investment).
- 2,976 million euros derive from carrying out mainly environmental business (2,381 million euros in expenditure and 595 million euros in investment). This expenditure is relevant due to the strategic orientation of the business itself and is focused on managing the environmental impact generated by other actors, whose management is part of ACCIONA's business.

Breakdown of ACCIONA's financial environmental figures, by business line



'Other' comprises: Grupo Bodegas Palacio 1984, ACCIONA Inmobiliaria, Trasmediterranea and Corporate.

In 2016, ACCIONA obtained tax relief of EUR 0.7 million due to carrying out actions that promote environmental respect and protection.

FUNCTIONAL STRATEGIC STRUCTURE

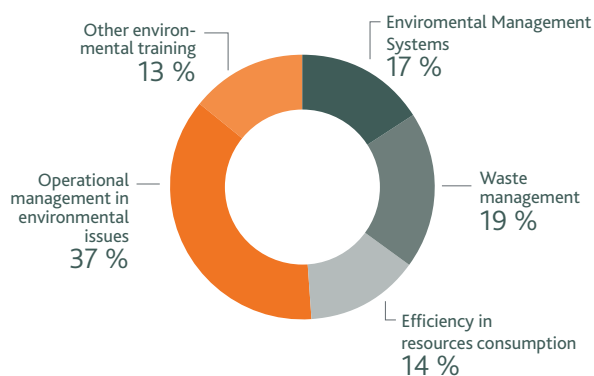
One of the keys to the ACCIONA business is being able to rely on specific, qualified staff at all functional, hierarchical and geographic levels of the company. This means that top quality and experience can be employed at all times in pursuing the company's business, always according to the strictest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

As specified in the Sustainability Master Plan 2020, the development of strategic initiatives and fulfilment of goals in the areas of Environment and Climate Change are referred to the Sustainability Committee of the Board of Directors, in such a way that guarantees the integration of the environmental variable and the application of the environmental policies and principles in the company's business operations (more information in the Sustainability Governance section of ACCIONA's Commitment).

ENVIRONMENTAL TRAINING

In 2016, ACCIONA strengthened its commitment to training employees in environmental matters. A total of 55,860 training hours have been provided on topics such as waste management, efficient use of natural resources, environmental management systems and operational management of the environment. This figure represents a 61% increase compared to the previous year.

Percentage of training hours in 2016, by subject



Total hours of environmental training by division in 2016

Line of business	Hours
Energy	1,894
Infrastructure	53,241
Construction	9,715
Water	34,456
Services	5,242
Industrial	3,828
Other businesses*	430
Trasmediterranea	295
TOTAL	55,860

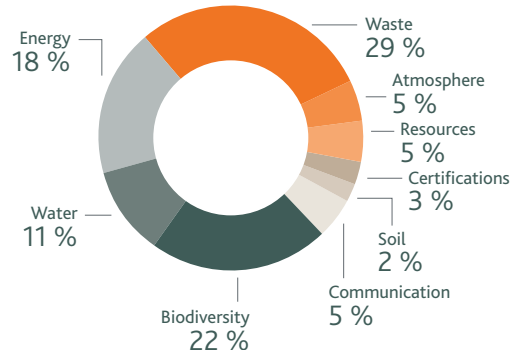
*Other businesses include Grupo Bodegas Palacio 1894, ACCIONA Inmobiliaria and Corporate.

GOOD PRACTICES AND UNIQUE ENVIRONMENTAL ACTIONS

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

In 2016, 460 environmental actions were identified, analysed and valued in the different lines of business, of which 26 % correspond to Construction, 25 % to Water, 20 % to Energy, 19 % to Services and 10 % to Industrial, Trasmediterranea, Grupo Bodegas Palacio 1894 and ACCIONA Inmobiliaria.

Main fields of environmental actions analysed



Integrated Environmental Management

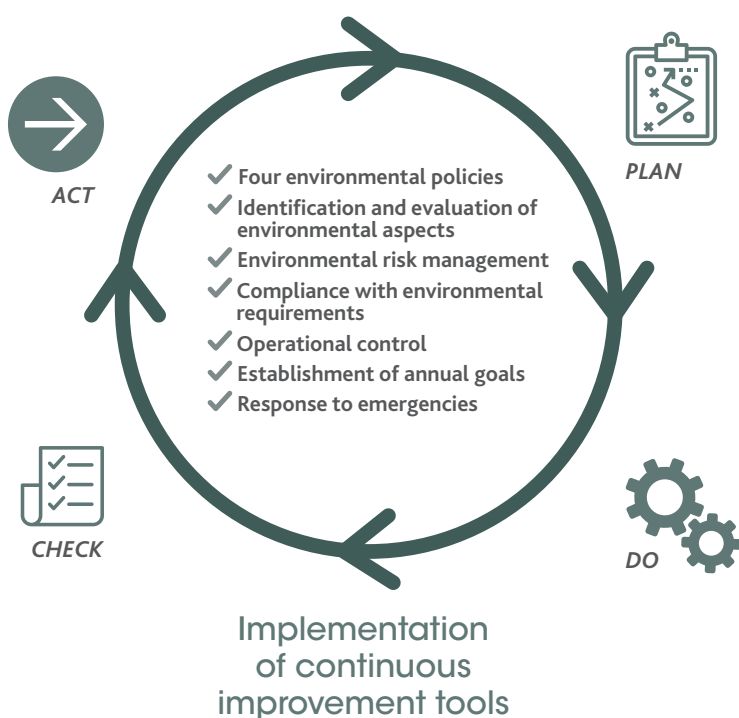
PRINCIPLES FOR A SUCCESSFUL ENVIRONMENTAL MANAGEMENT

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

In this respect, ACCIONA's environmental management systems are verified and certified by accredited independent entities in accordance with the ISO 14001 standard. In 2016, 87% of revenue was certified.

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

- **Identification, assessment and minimisation of the environmental impact** that can be caused when carrying out the company's business.
- **Analysis of environmental risks** through regulated technical procedure that quantifies the risk of an accident that will result in environmental damages or will cause a negative environmental effect on ACCIONA's activities.
- **Identification and verification of legal requirements** by an online legal regulations and requirements tool that makes it possible to manage compliance of administrative obligations and other commitments acquired, besides those legally required. In 2016, there were 638 sites registered with the tool.
- **Operational control** by means of the corporate tool Métrica, that compiles the quantitative environmental information of each centre, making it possible to manage the environmental performance of the processes, set goals and define strategies.



The environmental management systems are **certified** by accredited independent entities

- **Registration and classification of environmental near-misses** at all ACCIONA sites and facilities. An environmental near-miss is any incident that does not result in damage to the environment but has the potential to do so. In 2016, the company recorded 177 environmental near-misses, such as effluent and fires. Of these, 26 incidents have resulted in significant spills with a total volume of 593 m³, related to small spills of contaminated water, minor oil and thermal fluid leaks and limited spills of chemical substances, among others. All cases were resolved satisfactorily by adopting corrective measures.
- **Implementation of continuous improvement tools** by groups and programmes to improve, identify and disseminate lessons learned and best practices.
- **Establishment of annual environmental goals** in all of ACCIONA's businesses, taking as reference the continuous identification of the most significant environmental aspects in the management systems and the Sustainability Master Plan.

ENVIRONMENTAL IMPACT ASSESSMENT AND MANAGEMENT

In 2016, 10 ongoing projects have been subject of Environmental Impact Assessments (EIA):

- Six of them are being processed by the competent public Administrations of Chile, Mexico and Spain.
- Four of them have obtained favourable environmental impact statements in Chile, Costa Rica and Spain.

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

Additionally, ACCIONA has also carried out 289 Environmental Monitoring Plans (EMPs) centres and facilities under construction, operation and maintenance.

Furthermore, the company has also carried out specific environmental monitoring in 195 facilities with more than 338 complementary studies.

Environmental Risk Management at ACCIONA

Environmental Risk Management is integrated in the company's general risk management strategy and is promoted by its Board of Directors.

To do this, a procedural methodology is applied, to identify, assess, prioritise and notify to ACCIONA's decision-making bodies of any potential environmental events that may impact on the company and its centres, as well as those generated by the company and its centres that may impact on the environment.

Thus, action policies and tolerance thresholds are established to provide reasonable assurance about the goals being achieved.

The environmental risk management process includes the evaluation of present and future scenarios (short-, medium- and long-term), for which the probability of occurrence and consequences for the company and/or for the environment is analysed, focusing especially on:

- Risks to ACCIONA posed by climate change (see more information in the Climate Change chapter).
- Risks to the company posed by water resources.
- Risks ACCIONA's activity poses to the environment.

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

Sustainable management of water resources as a strategic goal

Throughout its history, ACCIONA covered the supply needs of more than 90 million people in over 30 countries worldwide through its integrated water management cycle, responding to one of the largest environmental challenges faced by humanity.

POSITIVE WATER FOOTPRINT ON THE PLANET

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

In 2016, ACCIONA's water footprint generated a positive impact on the planet of 510 hm³, a figure equivalent to the annual consumption of a population of more than 10 million people (based on the average consumption per person in Spain).

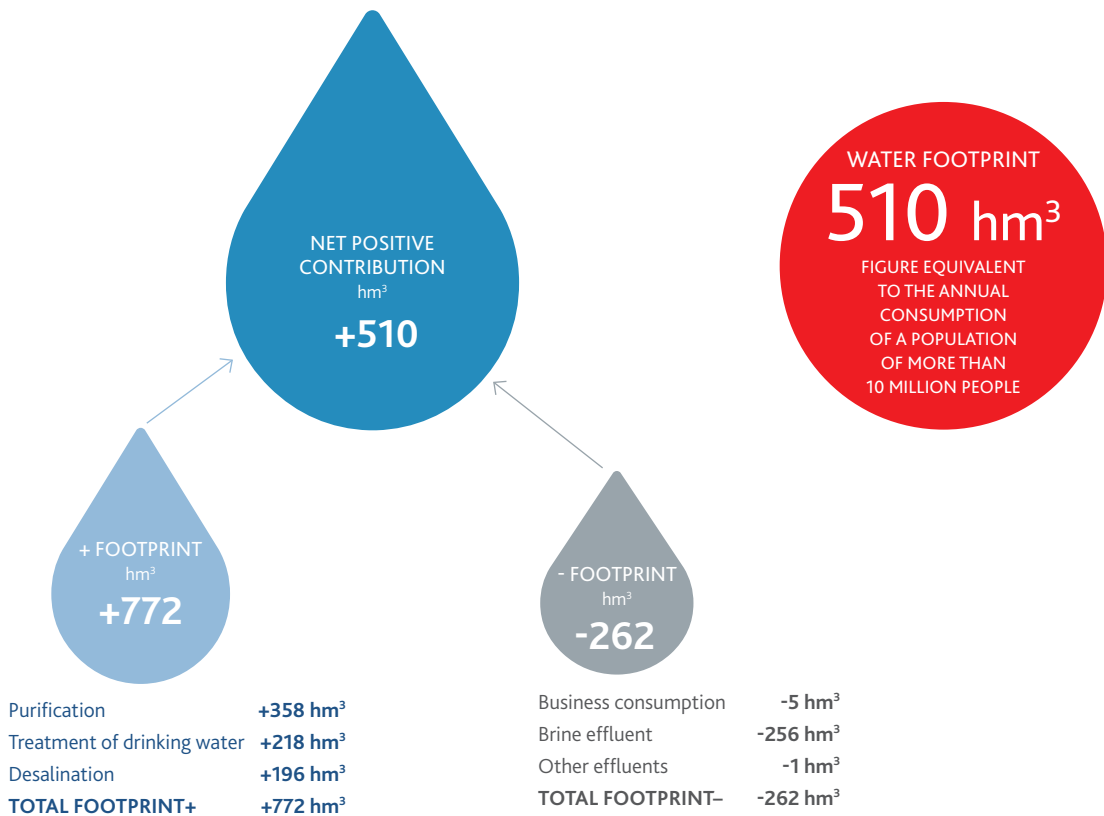
ACCIONA's water footprint trends by world region (hm³)

	Spain	Europe (excluding Spain)	North America (Canada, US and Mexico)	Central and South America	Africa	Asia and Oceania
2016	403.9	142.9	-0.2	2.4	-17.3	-21.7
2015	310.2	143.7	-0.2	-1	-0.7	39.1
2014	357	118.1	1.3	-1	-6.9	63.3
2013	375.6	160.4	2.1	-0.7	-4.3	29.3
2012	264.9	165.3	0.4	-0.6	-3.8	-0.1

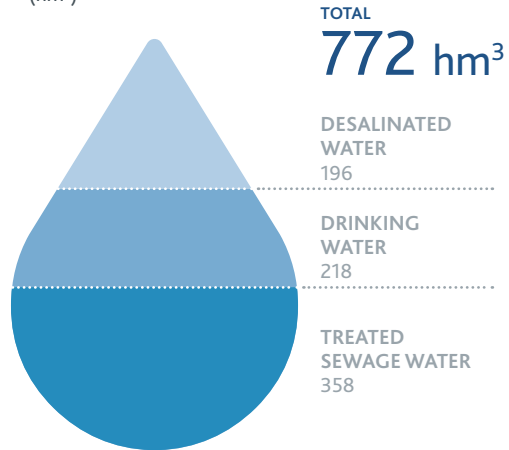
ACCIONA Agua is the line of business that contributes most to the entire group's water footprint, mainly due to the water treatment and purification activities that bring about an improvement in the quality of the water, and do not significantly affect the water resource reserves (see more information in the ACCIONA Infrastructure's Commitment chapter).

The improvement of the water footprint in 2016 is mainly due to the increase in the purification activity of the company, motivated by the full consolidation of ATLL (the upstream water concession in the Barcelona region).

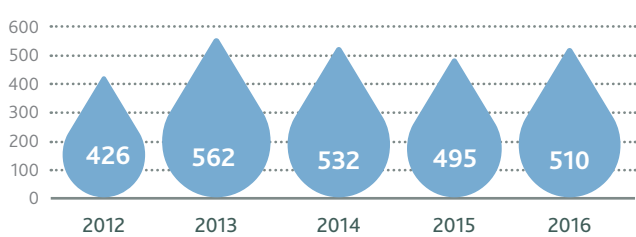
Balance of ACCIONA's water footprint



Water volume managed by ACCIONA (hm³)

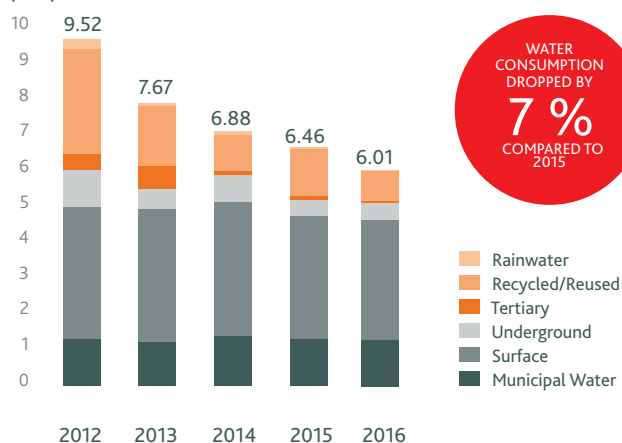


ACCIONA's positive water footprint trends (hm³)



ACCIONA's water consumption trends

(hm³)



Furthermore, ACCIONA has continued its commitment to using water from recycled, reused, tertiary systems or rainwater, amounting to 15% of the company's total consumption.

WATER TRANSFERS BY ACCIONA

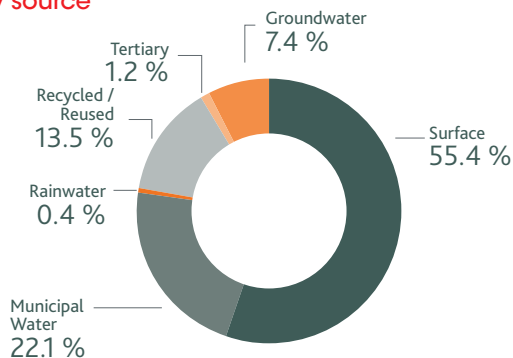
Certain facilities of the company use water in a way that does not imply consumption, given that once it is used, the water resource is returned to the place where it was collected. This process is carried out in the same quality conditions, and does not significantly affect surrounding ecosystems. Water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

Water transfers by ACCIONA

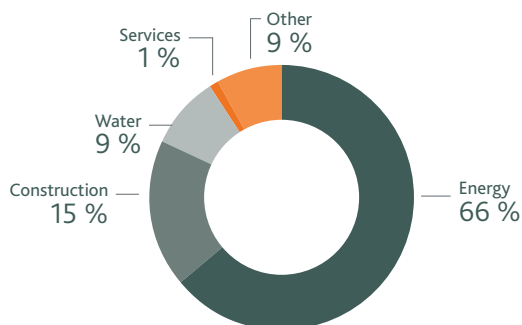
(hm³)

	2016
Surface for refrigeration returned to source	21.3
Turbined in hydroelectric plants	28,097
Tertiary for refrigeration returned to intake at WWTPs	2.9
Groundwater and runoff water at sites	3.8
TOTAL	28,125

Water consumption by source



Distribution of water consumption by line of business

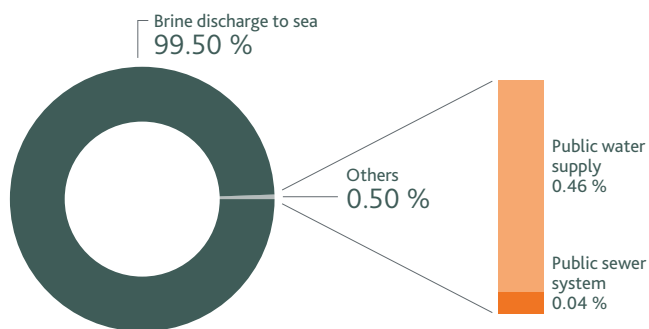


ACCIONA'S DISCHARGES

More than 99 % of the volume of ACCIONA discharges corresponds to the brine from desalination plants, with a total volume of brine returned to sea of 256 hm³.

Discharges to public sewer systems and to the hydraulic public domain have dropped by 4 % compared to 2015 and in compliance with the specifications of the corresponding discharges authorisations.

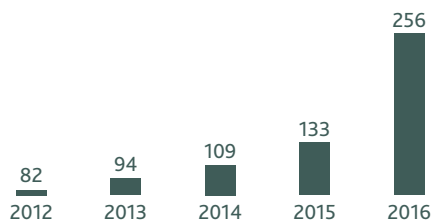
Distribution of discharges by type



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

Brine discharges trends

(hm³)



15 % of the total water consumed by ACCIONA is **recycled**, from tertiary networks and rainwater

ACCIONA MEASURES THE TOTAL WATER CONSUMPTION OF ITS SUPPLIERS

For the second consecutive year, ACCIONA has measured the total consumption of water associated to the activity of 100 % of its suppliers. The analysis, based on the information corresponding to more than 140 countries and 57 economic sectors, confirms the company as a leader in researching supply chain impacts.

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

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

WATER-RELATED RISKS AND OPPORTUNITIES

The water risk management process involves all of the company's businesses and is carried out on an annual basis. This process includes the assessment of the following risks:

- Physical risks: water availability and quality, extreme weather events (such as droughts and flooding), water stress, interannual and seasonal variability of rainfall, among others.
- Regulatory risks: tariff changes, abstraction licences and discharges authorisations, regulation of river basins, among others.
- Other risks: impact on the supply chain, impact on habitats and ecosystems, social conflicts, improved water accessibility and sanitation and impact on other stakeholders.

In the process of identifying and assessing water-related risks, different variables of exposure are analysed and different tools are used, such as: i) tools to monitor consumption and discharges, ii) identification of consumptions in the supply chain, iii) maps of water risks provided by reference organisations, iv) tools for identifying legal requirements, v) procedures for social impact management, and vi) procedures for environmental management as well as the experience of the company's qualified staff.

Consumption of municipal, surface and groundwater in 2016

Country	Water consumption (m ³)
Spain**	3,972,621.15
USA**	420,644.56
Italy**	147,073
Brazil**	100,344.34
Canada**	93,840.71
South Africa*	71,778
Chile**	67,707.35
Mexico**	62,247.49
Ecuador and Galapagos Islands**	47,525.57
Qatar*	43,288
Poland*	26,272.37
Colombia**	16,476.34
Peru**	12,985.35
Australia**	9,159.46
Dominican Republic**	2,400
Nicaragua	2,288.88
Morocco*	1,867
Germany**	1,851.34
Panama**	1,350
India*	1,285.22
Portugal**	488.4
Costa Rica**	402
Gabon**	345
Andorra	270
Croatia	66
Turkey**	13.26

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

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

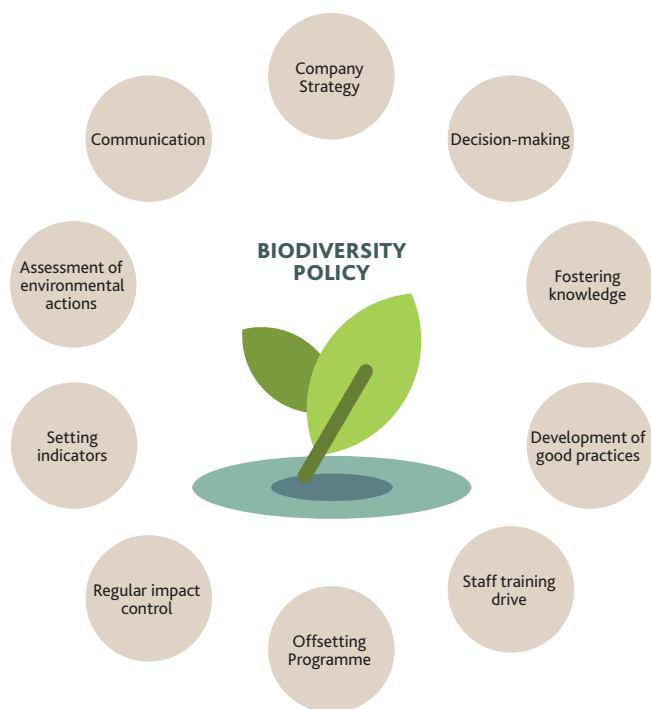
The main opportunities derived from the company's activity with regard to water resources are materialised through the ACCIONA Agua division. Nowadays, ACCIONA Agua takes its water purification, treatment and desalination solutions to areas of the world that suffer from major water deficiencies (see more information in the ACCIONA Infrastructure's Commitment chapter).

Environmental protection and biodiversity

In the meeting held during the tenth Conference of the Parties in 2010 in Japan, the Convention on Biological Diversity (CBD) approved the Strategic Plan for Biodiversity 2011-2020, with the aim of inspiring large-scale actions for all countries and stakeholders to safeguard biological diversity.

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

In each of the phases relating to the design, construction, operation and maintenance of its activities, ACCIONA identifies and assesses possible impacts on biodiversity in order to adequately manage these activities. Environmental monitoring plans are also established to control and implement preventive and corrective measures associated to the project.



PANEL OF ENVIRONMENT AND BIODIVERSITY EXPERTS

ACCIONA has a panel of environment and biodiversity experts that has been working with the company since 2011. This year, it has continued monitoring and analyzing the results of actions started in previous years that are included in the framework of the Biodiversity Offsetting and Improvement Programme. Furthermore, this panel has provided technical advice in the development of the first steps of the common assessment methodology of ACCIONA's Biodiversity Footprint, a goal of the SMP 2020.

Additionally, it has assessed environmental prevention and conservation actions carried out by ACCIONA in those countries where it operates.

MAIN ACTION LINES IN 2016

Biodiversity Offsetting and Improvement Programme

In 2012, the OECD estimated that climate change may become the main factor behind the loss of biodiversity in 2050. Aware of it, ACCIONA promotes an innovative programme that consists of designing and executing volunteering initiatives that go beyond administrative environmental requirements, whose aim is to improve the situation of specific threatened species and/or ecosystems. These actions promote biodiversity and social progress, and set ACCIONA apart on a global scale in terms of its effective commitment to sustainability.

Aware that its activities can affect biodiversity, **ACCIONA identifies and assesses** these possible effects

CREATION OF A NEW ECOSYSTEM - WETLAND - USING RENEWABLE ENERGIES

ACCIONA, in collaboration with the Foundation for Research in Ethology and Biodiversity (FIEB) proceeded in 2014 to the creation of a wetland with its associated bankside vegetation, with the aim of increasing the environmental richness and biodiversity of this area where water availability is a constraining factor for a significant number of animal and plant species.

The wetland area receives water from an existing aquifer, which is extracted using the energy generated by solar panels. From this area, it filters through to deep layers and returns to the aquifer, thus forming a closed ecological system. This initiative can be extrapolated to any area where there is a nearby source of water.

Throughout 2016, the system has been optimised, achieving a very permanent water layer even in the summer months, when there is very little rainfall and temperatures soar. Thanks to the continuous provision of water, a vegetation border is maintained around the wetland area, made up mainly of reeds and willows.

Ash trees and poplars have also been planted around it. The wetland area is visited frequently by different bird species, including mallards, grey herons, black-winged stilts and kentish plovers, among others. Also highlight the presence of natterjack toads, peregrine falcons and viperine water-snakes.

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

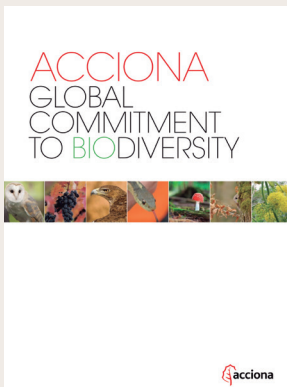
Continuing the project started in 2012 in collaboration with the Fundación Oso Pardo (Brown Bear Foundation), in 2016 ACCIONA carried out again actions to enrich the mountain areas of Palencia and Cantabria inhabited by brown bears, by planting fruit trees in one of the two remaining bear habitats in the Cantabrian Mountains, estimated to be home to a total of 40 bears, according to the last census carried out.

In 2016, a total of 5,500 fruit trees were planted, which together with those planted in previous years make a total of more than 20,000 trees of different species – cherry trees, apple trees, whitebeams, european black pines, alder buckthorns and rowans – distributed across several groves to cover a larger enriched territory.

Different scientific studies point out that the reproductive success and the survival of bear cubs seem to be linked to food, and therefore a greater diversity of food resources is crucial for their recovery. Thus, the availability of food – both in terms of variety and quantity – for brown bears, an endangered species, is improved.

These actions promote biodiversity and CO₂ absorption levels in Cantabria, while contributing to the recovery of one of the country's most symbolic animal species.

ACCIONA, GLOBAL COMMITMENT TO BIODIVERSITY



In its commitment to the principles established in its biodiversity policy, the company highlights and provides information on relevant conservation-related actions that it carries out in its lines of business, promoting and disseminating a culture of conservation of biodiversity and the environment. In this regard, it has published the

report *ACCIONA, Global Commitment to Biodiversity*, which presents some of the best and most interesting biodiversity practices connected to ACCIONA's activities, as well as actions that stand out within the company's Biodiversity Offsetting and Improvement Programme.

Best business practices in biodiversity linked to the development of ACCIONA's activity

ACCIONA, aware that its activities can affect biodiversity, identifies and assesses the nature of these possible effects in each of the phases of design, construction, operation and maintenance of its activities.

In all projects and activities, a preliminary analysis of the environment is conducted, considering the existence of protected areas, the presence of protected fauna and flora and proximity to water sources. Furthermore, environmental monitoring plans are established to control and implement preventative and corrective measures associated with the project (examples in the ACCIONA Energy's Commitment and ACCIONA Infrastructure's Commitment chapters).

INDICATORS OF BIODIVERSITY PERFORMANCE

Protected areas and non-protected areas with high biodiversity value

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

Location of facilities in areas of high biodiversity value

Line of business	No. of protected areas and non-protected areas of high biodiversity value	Area of the facilities in protected areas and non-protected areas of high biodiversity value (ha)	No. of adjacent protected areas and not protected areas of high biodiversity value
Energy*	176	505.21	1
Infrastructure	99	1,309.64	34
Construction	41	1,213.71	17
Water	41	48.27	17
Services	17	47.66	0
Other**	12	26.13	1
TOTAL	287	1,840.97	36

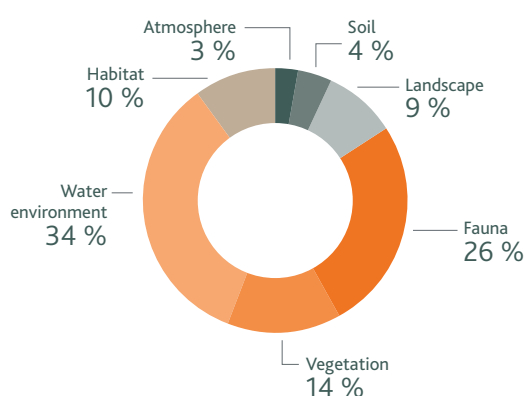
* Surface area of reservoirs is not included.

** Includes Grupo Bodegas Palacio 1894 and Trasmediterranea.

Identification and assessment of the most significant impacts

ACCIONA has facilities that are located in protected areas and non-protected areas of great value for biodiversity, or that are adjacent to them. In these locations, the most significant impacts for each of the facilities are identified and assessed.

Nature of impacts



The assessment took into account the species affected, the surface area of the facility within the protected area, the duration of the impacts, and whether they were reversible or irreversible.

Protected species

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

The following table shows the number of species and their category of protection according to the Red List of the IUCN. Furthermore, it takes into account the species that are not included in this list but are protected by national catalogues, a total of 33 species.

Number of protected species affected by ACCIONA's facilities

Protection category	IUCN Red List	No. of species
CR	Critically endangered	1
EN	Endangered	3
VU	Vulnerable	10
NT	Near threatened	13
LC	Least concern	119
Other national catalogues		33
TOTAL		179

Restoration and protection of habitats

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

En 2016, ACCIONA protected and restored 168 hectares in the areas surrounding its projects and, in almost all cases, the success of the measures carried out were verified by independent external professionals.

Water bodies affected significantly by water abstraction or discharges

ACCIONA requires water abstraction to carry out its activities, especially in the production of renewable electrical energy in hydroelectric plants, and to supply drinking water through its Drinking Water Treatment Plants (DWTPs) and in the execution of its works. Therefore, the company and the environmental administration establish prevention measures to minimise any impacts on species that may be present in river ecosystems, such as respect for the regime of environmental flows and the technical requirements established by the administration itself.

For more information, see chapters on Commitment of ACCIONA Energy and ACCIONA Infrastructure

Treatment of the main risks and opportunities associated with biodiversity

ACCIONA, aware that biodiversity is in itself a key natural property of high value, promotes its appreciation and conservation.

This year, the company has strengthened the treatment of the main environment and biodiversity-related risks and opportunities by approving a set of regulatory documentation, including the environmental responsibility procedure. This procedure, which covers every kind of facility or project for any country where the company operates, deepens on the risks that ACCIONA's activity may cause accidentally to the natural environment of any receiver. The procedure contemplates any defect of operation, maintenance, design, material, equipment, process or external factor in the analysis of risks to the environment, including biodiversity.

Facilities in protected areas and non-protected areas of high biodiversity value in 2016

Facility	Protected Area (PA) affected by the facilities	Geographic location
Maritime Transport (11)	NatP	Spain
Wind farm (45)	SIC, IBA, SPA, NatP, BR, NM,	Spain
Electricity line (7)	SIC, SPA, IBA	Spain
WWTP (12)	BR, SIC, SPA, NP	Spain
WWTP (1)	NP	Italy
Integral service (3)	SPA, SIC, NP, PR	Spain
Seawater desalination facility (6)	SPA, SCI, BR, NP, PL, Ramsar	Spain
Drinking water treatment plant (2)	SCI	Spain
Photovoltaic (2)	SCI, SPA	Spain
Pumping station (15)	NatP	Spain
Construction (2)	NR, SIC	Mexico
Construction (4)	NR	Spain
Linear infrastructure (roads) (2)	NR	Mexico
Linear infrastructure (roads) (12)	SAC, SIC, PL, SPA	Spain
Linear infrastructure (roads) (1)	PPA (PERMANENT PRESERVATION AREA)	Brazil
Linear infrastructure (tunnel) (3)	PL, SIC, SPA	Spain
Hydraulic Infrastructure (6)	SIC, SPA, SAC, HIC, NR	Spain
Road maintenance (3)	SPA, SIC	Spain
Linear infrastructure (roads) (1)	NR	Gabon
Habitat improvement (17)	SIC, NM, PL, SAC	Spain

Note: SAC: Special Area of Conservation; SIC : Site of Community Importance; SPA: Special Protection Area for birds; HIC: Habitat of Community Interest; BR: Biosphere Reserve; IBA: Important Bird and Biodiversity Area; NP: National Park; NatP: Natural Park; NM: Natural Monument; NR: Nature Reserve; PL: Protected Landscape.

Waste Management and Promotion of Circular Economy

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

Similarly, the company advocates the use of tools to assess its impact on the entire value chain and the selection of products and processes that most respect the environment.

WASTE MANAGEMENT PLAN 2016-2020 FOR THE PROMOTION OF CIRCULAR ECONOMY

This Plan is created under the framework of regulatory development at world level as regards the circular economy, which makes evident the need for action to achieve progress towards an economic model based on the production of goods and services, that reduces consumption and waste of raw materials, water and sources of energy.

The Plan covers the main types of waste dealt with at ACCIONA, and aims to establish a general strategy in the waste policy to promote a circular economy model within the organisation, to be implemented progressively based on pilot experiences. Objectives and methods are set in order to produce less waste in the company and reincorporate into the production chain the materials (and/or energy) contained therein, applying the circular economy criteria. In this approach, certain stages in the waste management hierarchy take on a leading role: prevention in generation, preparation for reuse, recycling and other kinds of waste recovery (including energy).

Non-hazardous waste which the Plan focuses on specifically are: debris, soil, dehydrated sludge, slag, ash, plant remains and pre-treatment waste. These types of waste amount to more than 99% of the weight of the waste generated. Also included are the two types of waste that account for around 80 % of hazardous waste: Marpol I waste (waste made up of hydrocarbons generated by ships) and contaminated soil.

Trends for main consumptions of resources by division

	Unit	2013	2014	2015	2016
Energy					
Biomass	t	389,752	-	336,589	343,212
Sulphuric acid	l	78,224	73,696	90,761	45,837
Sodium hydroxide	l	43,663	25,109	29,480	20,888
Sodium hypochlorite	l	80,203	51,375	42,883	46,376
Hydrochloric acid	l	79,609	56,858	62,689	59,368
HTF (Solar thermal)	kg	53,080	49,008	147,800	117,220
Infrastructure					
Construction					
Wood (total)	t	121,615	17,251	2,151	1,348
Certified wood (FSC or similar)	t	1,039	288	491	654
Soil reused from another project	m ³	934,014	858,448	484,163	618,612
Concrete and mortar	m ³	1,808,076	1,483,011	942,991	1,864,459
Cement	t	232,900	253,783	234,729	104,447
Aggregates and breakwaters (natural)	t	6,337,446	7,031,239	3,468,341	6,018,093
Aggregates from recycled material	t	469,752	394,783	73,217	20,542
Steel	t	291,406	188,610	678,755	283,213
Concessions					
Lubricants	kg	15	867	2,160	1,824
Paints	kg	48	19,982	2,527	19,318
Metals	kg	-	2,250	2,833	10,426
Water					
Sulphuric acid	m ³	141	307	1,446	3,099
Sodium hypochlorite	t	1,440	3,878	3,238	4,801
Polyelectrolyte	t	367	530	554	641
Calcium hydroxide	t	873	1,429	2,670	2,537
Carbon dioxide	t	566	3,431	3,769	4,469
Aluminium sulfate	t	1,463	1,719	585	704
Services					
Oils	l	37,123	44,189	42,153	31,528
Subsoil	kg	595,000	29,240	163,855	695,074
Chemical cleaning consumables	kg	26,489	262,334	292,346	183,290
Industrial					
Wiring	m	63,015	675,520	8,500	278,516
Pipes and ducts	m	3,552	-	-	56,857
Other businesses*					
Lubricants	l	705,208	613,672	710,978	927,696

*Includes Grupo Bodegas Palacio 1894 and Trasmediterranea.

REUSE AND RECYCLING OF GENERATED WASTE

ACCIONA promotes procedures and processes aimed to minimise, separate, reuse, recycle and recover waste. In addition to the measures and best practices that are already implemented, ACCIONA develops new innovative technologies in its research centres. Thus, of the 12,603,924 t of waste generated by the company (12,590,645 t of non-hazardous waste and 13,279 t of hazardous waste), a total of 4,706,003 t are recovered.

Management of waste*

	% Landfill			% Recycling			% Reuse		
	2014	2015	2016	2014	2015	2016	2014	2015	2016
Debris	62	72	75	15	25	20	23	3	5
Soil	60	59	63	0	0	4	40	41	33
Ash	0	0	0	100	100	100	0	0	0
Slag	0	0	0	100	100	100	0	0	0
Dehydrated sludge	28	19	15	8	7	26	64	74	59
Pre-treatment waste	-	60	93	-	38	2	-	2	6
Plant remains	-	-	5	-	-	23	-	-	72
Marpol I waste	-	-	0	-	-	100	-	-	0

* Percentages of the management calculated over the base of the waste generated, for which the management is known, that in 2016 were: 99 % debris, 98 % soil, 100 % ash; 100 % slag; 71 % dehydrated sludge; 54 % waste; 91 % plant remains y 100 % Marpol I waste.

LIFE CYCLE ANALYSIS

The Life Cycle Analysis (LCA) is a standardised methodology that is applied to evaluate the environmental impact of a process, product or service throughout its life, from the purchase of raw materials, to transport, construction and use until the end of its useful life.

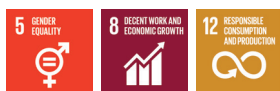
Since 2016, ACCIONA has had a LCA portfolio that serves as a benchmark for using tools for evaluating the environmental sustainability of the company's actions and projects. The portfolio currently has 50 LCAs corresponding to 19 projects, into which the company's new actions will be incorporated as they take place.

Environmental sanctions and fines

During 2016, the company received 19 environmental fines and sanctions for a total value of 53,647 euros. Among the total amount for the sanctions closed in 2016, there are 3 exceeding 5,000 euros, for the amounts of 29,613 euros (ACCIONA Energy), 6,000 euros and 6,010 euros (ACCIONA Construction).

CORPORATE GOVERNANCE

Ethics, integrity and transparency



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

CHALLENGES 2016		PROGRESS IN 2016
Implement the Crime Prevention and Anti-Corruption Model in three ACCIONA key markets.	➤	Definition of the risk matrix and controls for the implementation of Crime Prevention and Anti-Corruption Model in Mexico.
Launch the training programme on crime prevention and anti-corruption for key employees (Spain and three key markets).	➤	Training for managers and directors on the Crime Prevention and Anti-Corruption Model.
Validate and update the gaps and controls in human rights.	➤	Completion of the human rights diagnosis following the controls established by the UN Global Compact Self- Assessment Tool and the Danish Institute for Human Rights.
Comply with recommendations 4 and 6 of the Spanish Good Governance Code of the listed companies by publishing on the website: <ul style="list-style-type: none"> ■ the policy regarding communications and contact with shareholders, institutional investors and voting advisors; and ■ the operational reports of the Audit and Appointments and Remuneration Committees, the report on related operations and the report on the auditor's independence. 	➤	Approval and publication by the Board of Directors of the policy regarding communication and contacts with shareholders, institutional investors and voting advisors. When calling the General Meeting of Shareholders, the publication and provision to shareholders of operational reports of the Board Committees.
Develop a governance story to provide all of the members of the Board of Directors and Senior Management with training on supervision of sustainability risks management.	➤	Inception of the preliminary study of the governance story published by other companies.

CHALLENGES 2016

PROGRESS IN 2016

Design a methodology for risk maps creation.



Design of a methodology for mapping sustainability risks which takes into account ESG country risk indicators, economic and financial consequences, materiality of risks for each business, reputational impact and the management process for each risk.

Create the first corporate map for 2016: consolidating and updating the environmental, social and corporate government risks maps.



The development of the first map of environmental, social and governance risks is postponed to 2017 following the company's timetable for general risk maps.

Design a training on risks for different levels in the organisation.



Launch of an anti-corruption training for managers and directors.

Reviewing the reporting model and propose a new model.



Internal revision on financial and non-financial information and its reporting.

Develop the strategic fiscal goals within the framework of the group's fiscal strategy approved by the Board of Directors on 26 November 2015, in order to create value for shareholders and provide reassurance to stakeholders and full alignment with the business strategy.



Reporting of relevant fiscal aspects to the Board of Directors.

With regard to fiscal governance, make progress in providing information regarding policies and risk management control, as well as in fiscal transparency providing information on the group's tax contributions by geographical regions (country by country reporting), to add value to the contribution to society by paying taxes.



The group has published annual tax information by country since 2014.

CHALLENGES 2017



Implement a plan to improve the coverage of partial controls identified in the diagnosis of human rights risks.



Obtain sustainability risk maps for ACCIONA's core businesses.



Progress in implementing a Governance Risk & Compliance tool for managing the controls established by the internal regulations.

HIGHLIGHTS IN 2016

» The Sustainability Report 2015 was approved by the General Shareholders' Meeting with the favourable vote of 99.99 % of the capital attending the Meeting

» ACCIONA confirms its presence in the stock indices: DJSI World, DJSI Europe; CDP Climate A List 2016, Water A List 2016 and Supplier Climate A List

THE COMPANY WORKS TO ADOPT THE MOST ADVANCED CORPORATE GOVERNANCE PRACTICES

THROUGH:

The approval by the Board of Directors of the revised Code of Conduct and the action procedures on anti-corruption

An international Crime Prevention and Anti-Corruption Model in 100 % of its activities

Expansion of the scope of human rights diagnosis, intensifying the analysis of procedures and business policies

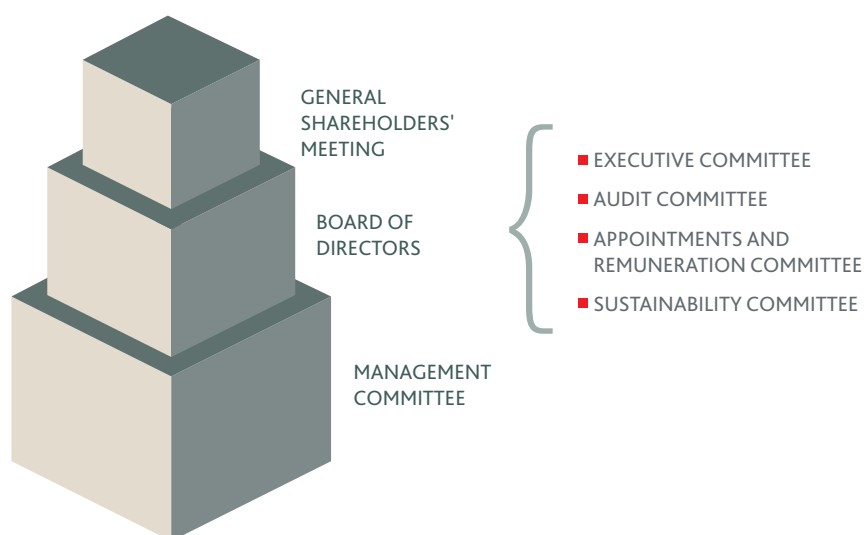
Transparency in the company's non-financial information

Corporate Governance

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

The organisation is governed by the good governance recommendations established for listed companies by the Spanish National Securities Market Commission (CNMV), that are published in the Code of Good Governance of listed companies, as well as by the best national and international practices regarding this field.

ACCIONA Governance Structure



Find out more about the governing bodies:

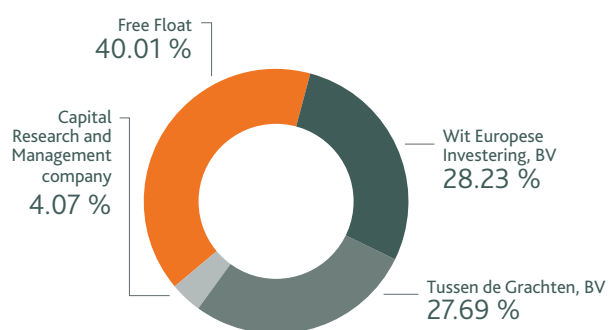
<http://www.acciona.com/shareholders-investors/corporate-governance/>

SHAREHOLDERS AND GENERAL SHAREHOLDERS' MEETING

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

Significant hareholdings

(as at the date of preparation of this Report)



The company's Articles of Association do not place any restrictions on the exercise of voting rights by shareholders, nor do they impose a maximum limit on the exercise of voting rights. There are also no legal or statutory restrictions on the acquisition or transfer of holdings in the share capital.

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

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

At the General Meeting of Shareholders held in May 2016, different issues were addressed; such as the application of the income of financial year 2015, the re-election of auditors, the renewal of the Board of Directors, the approval of the Sustainability Report 2015, the delegation to the Board (within five years) of the power to increase share capital and to issue debentures, bonds and other securities under the limits set by the General Meeting and, in both cases, with the ability to exclude, in whole or in part, the preferential subscription right to the limit of 20 % of the share capital. All of these were approved by an ample majority of at least 91.94 % of the capital present or represented in the Shareholders Meeting.

BOARD OF DIRECTORS

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

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

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

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

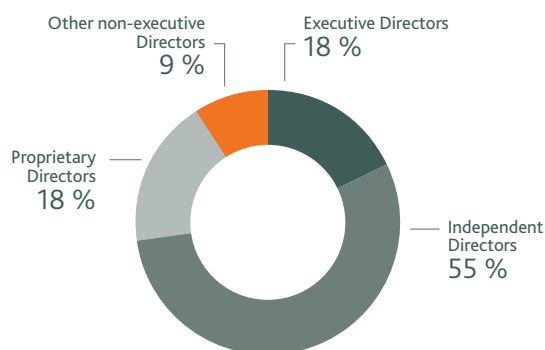
The members of the Board will remain in office for a term of three years and may be re-elected once or several times.

ACCIONA's Board of Directors comprises eleven members:

- Nine of whom are non-executive directors, of these: six are independent directors; one belongs to the category of other non-executive directors and the remaining two are proprietary directors.
- Two of the eleven members are executive directors.

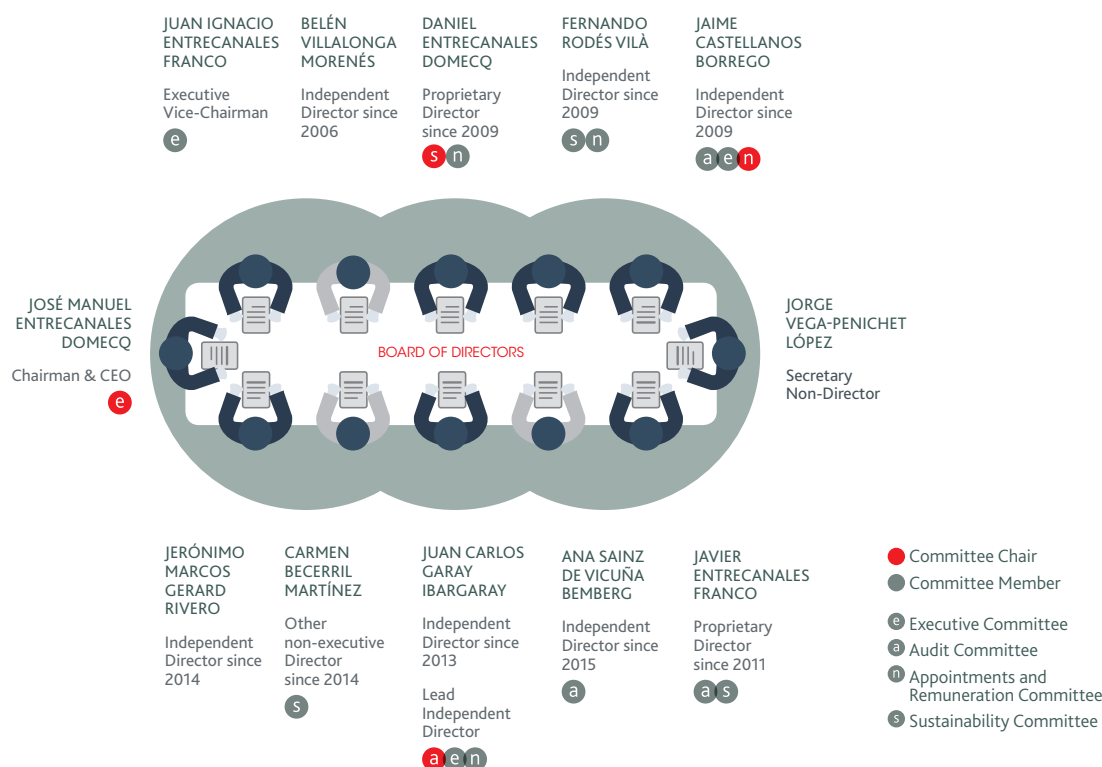
ACCIONA has approved a Board Director Selection Policy

Composition of the Board of Directors
according to the nature of the position
(2016)



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

ACCIONA aims, under the terms of Recommendation 14 of the Spanish Good Governance Code of listed companies, that in 2020 the number of female directors representing the company in the Board of Directors will be at least 30 % of the Board members. The Appointments and Remuneration Committee has been promoting the incorporation of female directors for some time and ACCIONA aims to meet the target, being already close to reaching that percentage. The company already met this percentage during 2012 and 2013.



Quorum and meetings of the Board of Directors and Committees (2016)

	Board of Directors	Executive Committee*	Auditing Committee	Appointments and Remuneration Committee	Sustainability Committee
Quorum (%)	100 %	-	100 %	100 %	100 %
Number of meetings	9	0	7	4	3

* The Executive Committee did not meet in 2016.

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

The assessment is carried out by means of individual forms which are completed anonymously by each director. Once completed, the Audit and Appointments and Remuneration Committees analyse

the results and provide the Board of Directors with the subsequent reports. In 2016, the self-assessment led to no significant changes in the internal organisation of the Board or its Committees.

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

ACCIONA's Board of Directors has a Lead Independent Director

Remuneration Policy

- a) Chair the Board of Directors in the absence of the Chairman and Deputy Chairmen, should there be any.
- b) Give voice the concerns of the non-executive directors, should there be any.
- c) Maintain contact with investors and shareholders to find out their points of view in order to form an opinion regarding their concerns, specifically with regard to the company's corporate governance.
- d) Direct the the Board of Directors' assessment of the chairman.
- e) Coordinate the chairman's succession plan.

MANAGEMENT COMMITTEE

The Management Committee is formed by eleven professionals with extensive multidisciplinary international experience. This Committee is the link between the Board of Directors and the rest of the company. Through its bidirectional remit, the concerns of the employees and the Board of Directors are channelled and transmitted.

According to Article 31 of the company's Articles of Association, the Board director remuneration policy must be approved by the General Shareholders Meeting, at least every three years, as a separate item on the agenda.

The approval of the *Annual Report on the Remuneration of Directors of Listed Companies* by the General Meeting of Shareholders held in 2015 led to the adoption of the remuneration policy of the company for the next three years (2015, 2016 and 2017) in accordance with the provision contained in Article 529(r) novodecies of the Capital Companies Act, so the next review is scheduled for 2017.

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

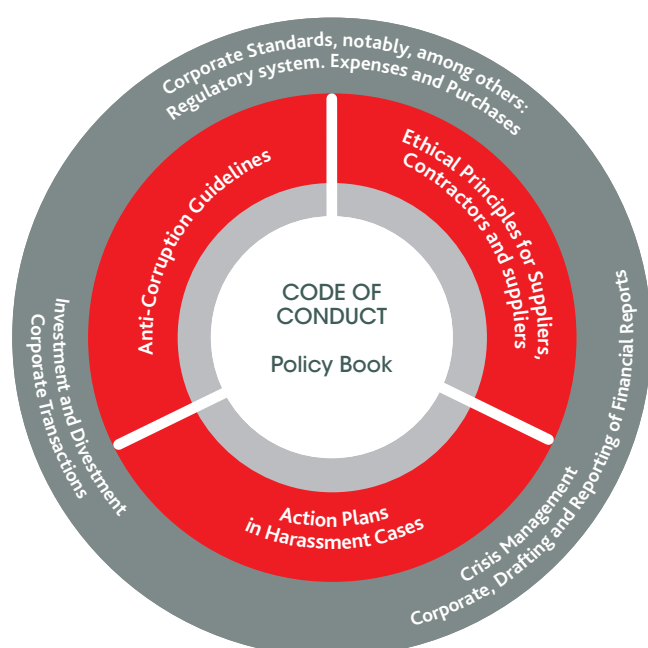
- Coherence with business strategy
- Corporate governance and transparency
- Balanced design
- Internal equity
- Alignment with market practices

The *Annual Report on the Remuneration of Directors 2016*, approved by the General Meeting of Shareholders, including the remuneration policy for Board directors, details the remuneration received by each of them (see *Annual Report on Remuneration of Directors 2016*¹. Section D.1).

1. Available at <https://www.acciona.com/shareholders-investors/corporate-governance/annual-report-remuneration-directors-listed-companies>

Ethics and integrity as the basis of influence.

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



CODE OF CONDUCT

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

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

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

- analysing best international practices regarding the Codes of Conduct and suggesting the issues that could not be included in the current version of ACCIONA's Code of Conduct.
- strengthening those aspects of the Code of Conduct deemed necessary to ensure that the contents are aligned with best practices.
- adapting the contents of the Code of Conduct to include relevant aspects of the new Spanish Good Governance Code of listed companies, as well as the regulations developed by the company on the prevention of crime and corruption.

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

As a result of this revision, new sections are introduced regarding the following aspects, among others:

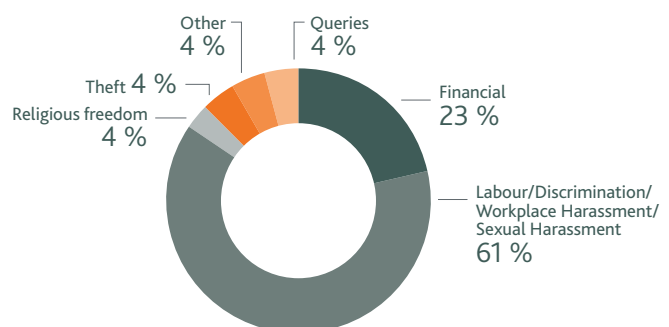
- The model of ethics and compliance, which aims to detect and prevent risks in these matters – including those related to criminal proceedings – and minimise any potential impacts. It has been defined according to national and international standards and is backed by policies, processes and controls.
- The basic principles of ethics and compliance, including: knowing and following the rules, collaborating in compliance, preserving the traceability of decisions, consulting on doubts and report irregularities, having an exemplary conduct and also being diligent regarding third parties.
- Behavioural patterns concerning the commitment to human rights and the prevention of money laundering, introduced in two new specific sections.

With the revision of the Code of Conduct, the Board of Directors confirms the commitment of ACCIONA to conduct business with integrity conforming to international best practice, while it requires all employees and collaborators that the conduct principles and guidelines set forth are observed.

Additionally, during this year, ACCIONA has continued with the training of its employees in relation to the Code of Conduct, focused mainly on new staff, with a total of 179 employees having received and passed this training course. In the third quarter, following the revision of the Code in July 2016, a globally revised training plan for the Code is being developed.

26 communications received in 2016 (through the Ethical Channel/Code of Conduct Committee)

■ Type of communications



■ Processing of communications received



* File not investigated: due to not being covered by the Code (anonymous reports -non financial- only related to employment, organisation or duties).

CODE OF CONDUCT CONTROL AND COMPLIANCE

Code of Conduct Committee	<ul style="list-style-type: none"> ■ Body that studies and analyses the reports regarding breaches of the Code of Conduct. Also available for the communication of cases that affect third parties.
Ethical Channel	<ul style="list-style-type: none"> ■ This mean enables the confidential reporting, via email or post, of any irregular conduct related to accounting, control, auditing or any alleged breach or infringement of the Code of Conduct. ■ The Ethical Channel is available to employees, suppliers and contractors of the company.
Protocol on Response to Harassment	<ul style="list-style-type: none"> ■ Through the Ethical Channel, the Committee assesses each case and establishes any necessary measures. Through this protocol, ACCIONA clarifies that its intention is to adopt any necessary measures to foster a work environment free from harassment, that does not permit or allow any conduct of this kind.

ACCIONA POLICY BOOK

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

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

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

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

COMMITMENT TO FIGHT CORRUPTION

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

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

The Compliance department oversees the fulfilment and effectiveness of the procedures, controls and internal commitments. These measures are established to ensure compliance with the regulatory or voluntary obligations of an ethical, organisational, environmental or social nature, as well as the identification, prevention and mitigation of related risks.

In 2016, the Compliance department (created in 2015) reported to the Executive Chairman and the Audit Committee of the Board of Directors on four occasions.

Anti-corruption Guidelines of ACCIONA

The following conduct is strictly forbidden:

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

Likewise, within the framework of the actions being carried out by the new Compliance department, in January 2016, the Board of Directors approved ACCIONA group's Anti-Corruption guidelines. These rules reinforce ACCIONA's commitment contained in the Code of Conduct and the Anti-Corruption Policy. They also provide compliance guidelines to prevent misconduct, being applicable and compulsory for all employees and any party associated with ACCIONA (including agents, brokers, advisers, consultants and suppliers).

On the other hand, having implemented the Crime Prevention Model in Spain, the group wished to obtain an external ratification of the model's adequacy. To this end, an expert report was obtained for ACCIONA group and, during 2016, a specific report for the main Energy, Infrastructure and Corporate divisions.

Once the analysis of the legislative situation was carried out in Mexico, Brazil and Chile regarding the criminal liability of legal persons in order to adapt the Crime Prevention Model, the risk and controls matrix was defined in 2016 in Mexico and Brazil, whereas its definition in Chile is planned for 2017.

Additionally, a training programme for managers and directors of the group was launched in 2016 and approximately 1,700 employees have been trained on anti-corruption matters, of whom nearly 55 % of employees in these categories passed.

THIRD-PARTY DUE DILIGENCE

ACCIONA group has implemented a tool to assist in the appropriate knowledge and identification of the third parties it deals with. In this case, the Corporate Compliance Management consider that the following third parties are to be included in this process:

■ Joint Venture or Limited company partner

This refers to a person or organisation that has signed a business agreement with ACCIONA (and possibly with other parties) to establish a new entity and manage its assets.

■ Consortium partners

A person or organisation that is pooling its resources with ACCIONA (and possibly elsewhere) to achieve a common goal.

■ Agents and Brokers

An individual or organisation authorised to act on behalf of ACCIONA in achieving their business interests.

For the rest of suppliers the current process described in the Value Chain section is applicable.

The main advantages of the implemented process are:

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

The results of the analysis through the tool will make it possible to know who the third party is, who manages and runs the company, the possible relationship of these people with public officials, potential disputes concerning corruption, money laundering, fraud or presence in tax havens, among other factors. After the process, the supplier will be rated according to the criteria described above.

Risk Management in ACCIONA

Risk management is a process driven by ACCIONA's Board of Directors, which consists in identifying, assessing and managing potential events that may affect the company and the achievement of its objectives. This process is detailed in the *Annual Corporate Governance Report*, which is published annually by the company.

Following the amendment of the Spanish Criminal Code, ACCIONA has set up a crime prevention model in which, based on existing rules and procedures, risks are assessed and the processes and controls in place to prevent or mitigate certain crimes are defined. The crime prevention model established for Spain will be implemented progressively, being adapted where appropriate to the requirements of local legislation, in the other countries where the group operates.

The group has adapted to the new requirements by incorporating new compliance risks in the risk map: corruption in international business transactions, altered prices in public tenders and auctions, bribery and corruption among individuals.

Among the events that may affect the company, sustainability risks are particularly relevant, among which the following stand out:

- Lack of transparency.
- Negative campaign of NGOs and/or boycott.
- Damages for not having high standards of corporate governance.
- Damage caused by not offering products and services that adapt to climate change.
- Environmental impact due to atmospheric emissions, effluent, waste or inefficient use of natural resources.
- Impact on local communities due to a project.
- Direct violation of human rights or through a third party.

The identification of sustainability related risks is a comprehensive process, in which directors of the departments of Human Resources, Sustainability and Business Development,

Corporate Resources, Environment, and other areas related directly or indirectly to sustainability are involved.

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

Specifically, the criteria related to the negative impact on sustainability and development is measured on a scale from 1 to 3, from the lowest to highest severity, according to different parameters: breach of expectations by more than one group of key stakeholders, evidence of the lack of ethics/corporate transparency, negative impact on the development of the communities and/or the environment where it operates.

RISK MANAGEMENT IN SUSTAINABILITY

Advances in the methodology for identification and assessment of sustainability risks

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

- Improves informed decision-making.
- Reduces regulatory risks and costs.
- Increases resilience to new environments.
- Can be a source of competitive advantage for new business opportunities.

In order to better manage on these environmental, social and ethical risks in 2016, a new methodology for identifying and assessing these sustainability risks has been developed.

Risks studied by this methodology

Climate change risks
■ Climate change vulnerability (sensitivity, adaptation and exposure).
Environmental risks
■ Environmental regulatory framework.
■ Environmental pressure (stress and water quality, air quality, waste management, deforestation and biodiversity).
Social risks
■ Civil and political rights (legal security, freedom of thought and opinion, minority rights, indigenous rights and women's rights).
■ Security forces and human rights.
■ Community rights (ownership and access to basic services).
Labour risks
■ Occupational health and safety.
■ Child labour.
■ Forced labour.
■ Other occupational human rights (wages, hours, discrimination, trade union).
■ Rights of migrant workers.
Governance and corruption risks
■ Corporate Governance.
■ Corruption.

The **crime prevention** model established for the group's activities in Spain will be implemented progressively in the other countries where ACCIONA operates

The methodology is based on parameters such as the geographic component, economic and financial consequences, the importance of the issue for every business, and the potential impact of each risk on the reputation and management of the company.

During 2016, ACCIONA consolidated its environmental risk management initiatives. Thus, after identifying and assessing the company's main risks in this area, efforts have focused on identifying and implementing mitigation measures by using monitoring sheets for the most relevant risks. These sheets were later available for the director general of each area to be incorporated into the action plan of the division. Management of environmental risks shall be integrated into the sustainability risk management methodology once it is implemented.

Sustainability risk maps will be obtained in 2017 in those countries where the main core businesses of ACCIONA operate, including the environmental risks of the company.

Risk Management in Human Rights

ACCIONA keeps working to fulfil its responsibility to respect human rights. In this area, it has established a series of commitments reflected in its Code of Conduct and its Human Rights Policy published in 2013. These commitments are based on the United Nations' Universal Declaration of Human Rights, the International Labour Organisation's conventions (ILO), the ILO Declaration on Fundamental Principles and Rights at Work, the OECD Guidelines for Multinational Enterprises and the United Nations Global Compact.

Based on the diagnosis of human rights risks in 2015 and following the United Nations' Guiding Principles on Business and Human Rights, in 2016 ACCIONA analysed the risks related to human rights in the countries where it operates. It was concluded that 46 % of countries ² where ACCIONA operates have a high or very high risk of violation of any human right according to Maplecroft.

For this, a total of 21 control blocks were identified, classified in 4 categories:

- Labour risks
- Risks affecting communities
- Risks affecting vulnerable groups
- Risks derived from personal safety

The risks on human rights analysed include freedom of opinion, freedom of thought, women's rights, minority rights, indigenous rights, personal safety, rights of migrant workers, labour conditions (wages, working hours, discrimination, freedom of association, freedom of collective bargaining), forced labour, child labour, respect for property, access to education and health, access to infrastructure, water and energy.

Furthermore, the scope of human rights diagnosis was expanded in 2016, deepening the analysis on procedures and business policies. Taking the reference, standards of the Danish Institute for Human Rights and the Global Compact of the United Nations as a reference, it was concluded that out of the 195 human rights control measures -grouped in 21 blocks and four categories as mentioned above- 43 % have full coverage³, 52 % have partial coverage, 3 % have insufficient coverage and 2 % do not apply.

Based on the diagnosis, a proposal for improving the partial controls detected has been developed and will begin to be implemented in 2017.

2. Saudi Arabia, Algeria, Brazil, Qatar, Colombia, Ecuador, Egypt, United Arab Emirates, United States, Philippines, India, Mexico, Morocco, Nicaragua, Oman, Peru, Dominican Republic, South Africa, Turkey and Venezuela.

3. Understanding coverage in terms of geographic reach and ACCIONA's business units.

Transparency

According to the most advanced international information reporting standards, ACCIONA provides detailed information about its actions, strategies and sustainability practices. ACCIONA's commitments to meet the challenges of sustainability, which are included in the Sustainability Master Plan (SMP), are measurable and verifiable. The periodical review of the progress made by the Master Plan makes it possible to make the necessary adjustments and guarantee that the set goals are reached, respond to the expectations of the stakeholders and to the company's commitment to improving its performance in sustainability.

SUSTAINABILITY REPORT

Every year, in its Sustainability Report, ACCIONA reflects the progress made in the compliance with its objectives within the framework of the SMP, as well as the challenges to overcome.

In the drafting of this document the company draws on the instructions of the international GRI standard (Global Reporting Initiative). The 2016 Report includes information and detailed data in line with the comprehensive option of the G4 guide.

Based on its commitment to transparency and rigour, ACCIONA requested an external independent company to review a set of relevant indicators of the Sustainability Master Plan, such as CO₂ emissions, the consumption of energy and workforce data protection, among others, with a greater level of assurance (reasonable level).

It should be pointed out that, since 2012, the content of the Sustainability Report that ACCIONA publishes annually is subject to the review and approval of the General Shareholders' Meeting. In May 2016, the Board approved the 2015 Sustainability Report with the favourable vote of 99.99 % of the capital attending the Meeting.

The commitments made by the company to tackle the challenges of sustainability are **measurable and verifiable**

INTEGRATED REPORT

In 2016, for the fourth consecutive year, ACCIONA drafted its *Integrated Report* under the framework of the International Integrated Reporting Council (IIRC). The aim was to look into the future of the company's business model and explain how the strategy helps to create value in the short, medium and long term.

Following the principle of integration, the report concisely presents the ability to forecast, adapt and generate value of each of the activities that the company carries out, focusing on both the performance and results as well as on the challenges and opportunities that may arise within the context in which ACCIONA operates.

QUARTERLY RESULTS REPORT

Since 2011, ACCIONA includes a specific appendix on sustainability in the quarterly results reports. In this appendix, information is provided regarding the presence of the company in sustainability indices, highlighting specific actions in this field for each period.

GLOBAL COMPACT COMMUNICATION ON PROGRESS

Through its annual *Communication on Progress*, the company is accountable of the progress made in the implementation and promotion of the UN Global Compact's principles and the goals set out in terms of human rights, labour, environment and anti-corruption. In this sense, in 2016, ACCIONA published its annual Communication on Progress, obtaining 'advanced level' for the sixth consecutive year.

DOW JONES SUSTAINABILITY INDEX

Every year, ACCIONA provides RobecoSAM's sustainable investment analysts with the necessary information to be assessed according to the economic, social and environmental criteria established for the selection of companies on the Dow Jones Sustainability Index.

CDP

Currently, ACCIONA provides detailed information regarding its strategy, practices, performance and goals in the fight against climate change. It also responds to the specific water questionnaire regarding making public its water footprint and providing information about the different aspects of the management of this resource.

ACCIONA REVALIDATES ITS PRESENCE AMONG THE WORLD'S MOST SUSTAINABLE COMPANIES



In 2016, ACCIONA was included within the Electric Utilities sector in the Dow Jones Sustainability Index Europe, an index that recognises the best sustainability practices among European companies. The company renewed for the tenth consecutive year its presence in the global index, Dow Jones Sustainability World Index (DJSI World).

The company improved its overall score, consolidating its improving trend since joining the index in this sector. The score obtained in certain aspects in which RobecoSAM has strengthened its analysis stands out, such as the materiality of sustainable practices for business. ACCIONA also excels in managing customer relations, innovation, risk management, strategy against climate change, environmental and social reporting, as well as the development and management of people.

Furthermore, ACCIONA was awarded the distinctive RobecoSAM Silver Class 2017 among companies in the Electric Utilities sector, according to the *Sustainability Yearbook 2017*, which includes 15 % of companies with the best social, environmental and corporate governance practices within each sector.

ACCIONA IS AWARDED THE TRIPLE A IN THREE OF THE MOST RECOGNISED ENVIRONMENTAL INDICES BY INVESTORS



For the sixth consecutive year, the CDP awarded the highest rating to ACCIONA in its performance against climate change, thus becoming part of the Climate A List 2016. Only 193 companies -out of more than 1,000 analysed worldwide- are recognised by their actions to reduce emissions and mitigate climate change.

The company also achieved the highest rating and has become part of the CDP Water A List 2016, in which 25 companies are present worldwide.








ACCIONA is listed as the only Spanish company and one of the only two utilities companies that succeeded in being included in this prestigious list. This highlights the company's best practices in the field of sustainable water management.

Finally, it should also be noted that the company achieved an A rating in the CDP Supply Chain index, which certifies ACCIONA's excellence as a supplier of products and services based on a low carbon emissions business models.

PRESENCE IN SUSTAINABILITY INDICES

The economic, environmental and social actions are subject to the study of a large number of specialised agencies. These actions are very often reflected in the publication of indices and specific reports on this issue. The presence of ACCIONA in these selective sustainability indices is proof of the trust it has gained with institutional investors who understand sustainability as a good indicator of the company's quality of management and its transparency.

In 2016, it is worth noting ACCIONA's presence in the following indices:

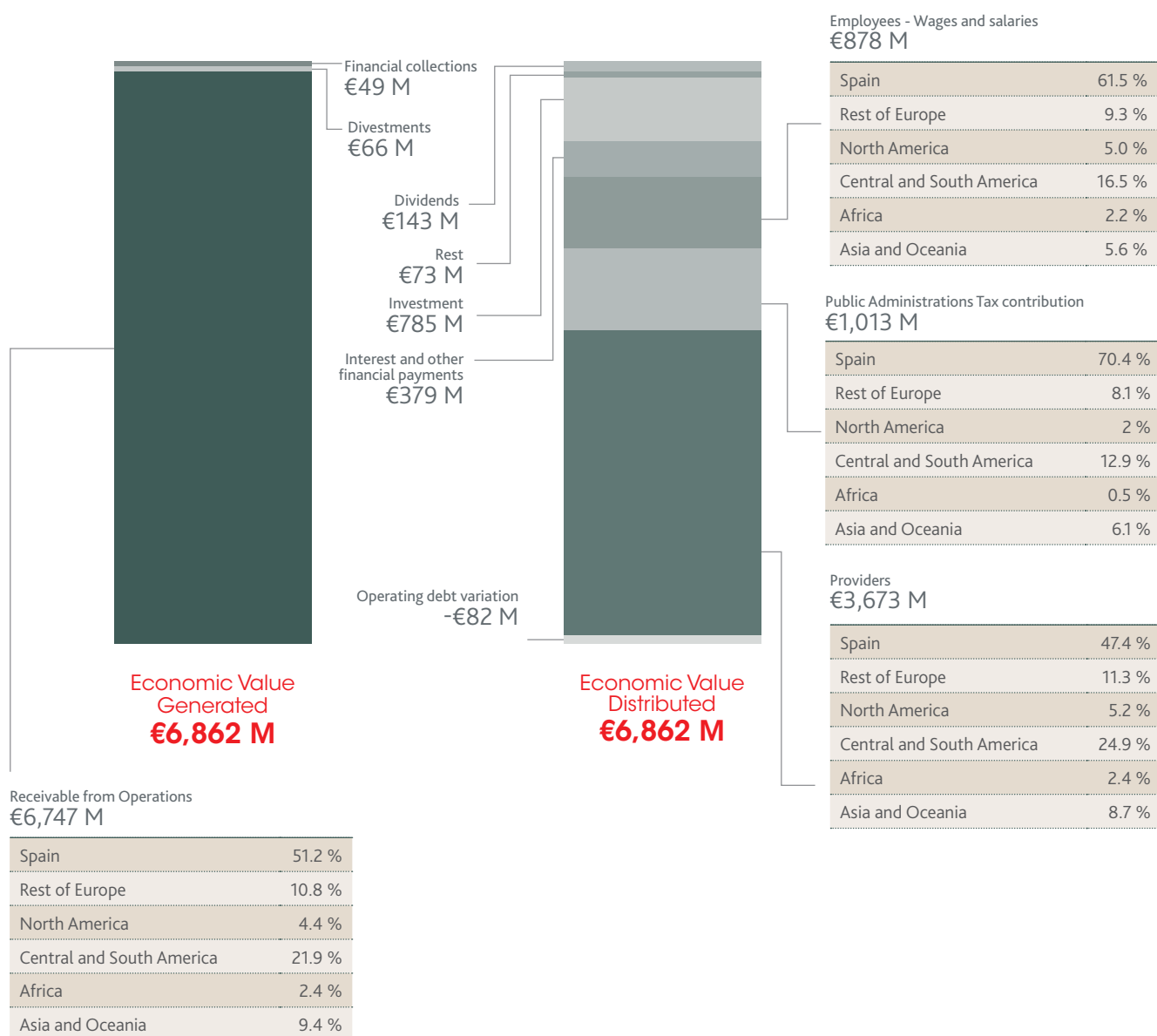
Organisation / index	Assessment Criteria	
 <p>MEMBER OF Dow Jones Sustainability Indices In Collaboration with RobecoSAM</p>	<p>Dow Jones Sustainability World Index Dow Jones Sustainability Europe Index</p>	<p>Better social, environmental and corporate governance practices</p>
 <p>FTSE4Good</p>	<p>FTSE4Good</p>	<p>Compliance with strict social and environmental criteria and best practices in terms of sustainability</p>
 <p>MSCI Global Climate Index</p>	<p>MSCI Global Climate Index¹.</p>	<p>Climate change mitigation</p>
 <p>CDP A LIST 2016 CLIMATE</p>	<p>CDP Climate A List 2016</p>	<p>Emission reduction and climate change mitigation</p>
 <p>CDP A LIST 2016 WATER</p>	<p>CDP Water A List 2016</p>	<p>Best practices in the field of sustainable water management</p>
 <p>CDP DRIVING SUSTAINABLE ECONOMIES</p>	<p>CDP Supplier Climate A List 2016</p>	<p>Products and services based on low-carbon business models</p>
 <p>STOXX® Global Climate Change Leaders</p>	<p>STOXX® Global Climate Change Leaders</p>	<p>Best practices on low-carbon and public commitment to reduce its carbon footprint</p>

1. Disclaimer: The inclusion of ACCIONA S.A. in any MSCI index and the use of MSCI logos, trademarks, service marks or index names herein do not constitute a sponsorship, endorsement or promotion of ACCIONA S.A. by MSCI or any of its affiliates. The MSCI indexes are the exclusive property of MSCI. MSCI and the MSCI index names and logos are trademarks or service marks of MSCI or its affiliates.

ACCIONA'S SOCIAL CASH FLOW IN 2016

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

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

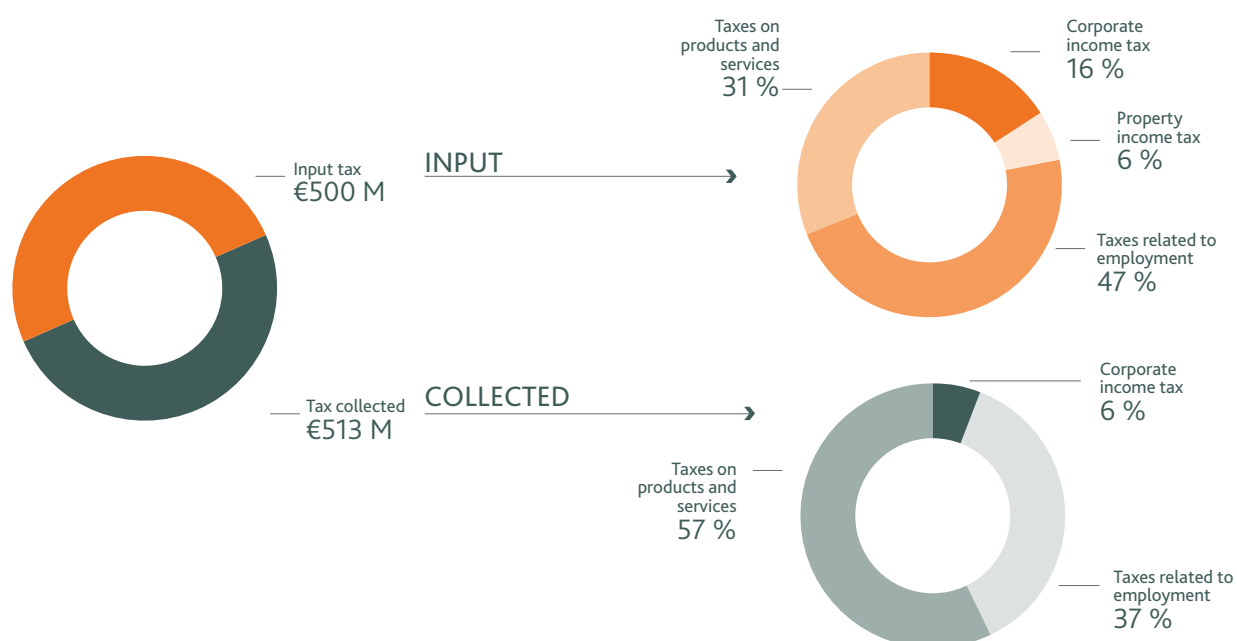


During 2016, ACCIONA's economic and social contribution to Public Administrations through tax payments totalled EUR 1,013 million, of which EUR 500 million correspond to taxes paid and EUR 513 million to taxes collected.

The group's Tax Contribution in 2016 represents 2.9 times the attributable Profit After Tax and 6.9 times the Ordinary Net Profit. This contribution implies that of every EUR 100 in revenues in 2015, EUR 17 were used to pay taxes, of which EUR 8 correspond

to taxes paid out and EUR 9 correspond to taxes collected –Spain, Mexico, Australia, Poland, Chile and Portugal being the main countries.

Tax Contribution increased by 5.8 % compared to 2015 and continues to emphasise the great significance of taxes associated with employment.



Total Tax Contributions 2016. Breakdown by country

Country	Taxes incurred (€M)	Taxes collected (€M)	Total (€M)	%
Spain	377.7	335.7	713.5	70.4 %
Mexico	17.4	45.9	63.3	6.2 %
Australia	18.9	36.7	55.5	5.5 %
Poland	11.6	21.7	33.4	3.3 %
Chile	5.3	20.7	26	2.6 %
Portugal	7.1	12	19.1	1.9 %
Brazil	14.1	2.7	16.8	1.7 %
Germany	7.3	3.8	11.1	1.1 %
Colombia	5.1	5.7	10.8	1.1 %
USA	6.6	3.3	9.9	1 %
Canada	2.9	7	9.9	1 %
Italy	7.2	2.7	9.8	1 %
Other countries	18.7	15.3	34	3.4 %
Total	499.9	513.2	1,013.2	

In 2016, EUR 17 out of every EUR 100 in turnover were allocated to taxes

PEOPLE



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

CHALLENGES 2016		PROGRESS IN 2016
Adapt the talent review process to the company's new needs.	➤	Design of a new talent identification process to complement the one currently in place.
Achieve 94 % coverage for performance evaluations. The target for 2016 was to assess 10,000 people.	➤	Achievement of 94 % coverage, a two-point increase over the previous year. This process ends this year, and will be replaced by a new overall performance management model.
Launch a development programme for new ACCIONA Emerging Talents.	➤	Launch of a pilot Emerging Talent programme in the Infrastructure division, with excellent results.
Launch an information programme for raising employee awareness of the challenges of the company's digital transformation.	➤	Launch, in Q4 2016, of a digital transformation programme for all employees through the Campus Online and Netexplo Academy, a prestigious organisation in this area of knowledge.
Extend and promote the Health and Well-Being Plan in more countries.	➤	Dissemination of the Health and Well-Being Plan via communication campaigns in Spanish. Also disseminated in Brazil and Portugal (16 countries in total).
Conduct new awareness and participation campaigns in line with the EU-OSHA motto in 2016-2017: Healthy Workplaces for All Ages. Through the promotion of sustainable and healthy work practices, these campaigns focus on active ageing - anti-ageing in the workplace.	➤	Engagement with audio-visual media to disseminate safe, healthy and sustainable practices in the workplace, among other actions.
Maintain 100 % OHSAS 18001 certification in countries with more than 150 company FTEs.	➤	Maintaining 100 % OHSAS 18001 certification.
Reduce the frequency rate of company and outsourced employees by 5 % compared to ACCIONA's 2015 value.	➤	Reduction of the frequency rate of company employees in the ACCIONA group by 4.7 %.

CHALLENGES 2016

PROGRESS IN 2016

Establish a volunteer programme for 50 % of suppliers participating in fixed projects or centres under the conditions of the Volunteer Protection Programmes (VPPs) in 2016.



Conclusion, in collaboration with the Corporate Procurement Department, of 23 improvement plans under the Construction Business Area's VPP programme. Development of a global model, which will be implemented in 2017.

Establish leadership habits in Occupational Risk Prevention for 20 % of ACCIONA Construction's workforce in 2016 (Leadership Programme).



Training of 324 executive officers and 165 middle managers in the Construction Leadership Programme.

Establish a behavioural programme for 100 % of the fixed centres and 20 % of ACCIONA Construction projects lasting more than one year in 2016 (BBS4U programmes).



Development of 32 projects under the BBS4U Construction programme.

Continue development of the 'Project Management' project with regard to occupational risk prevention.



Review processes and re-adapt the Integral Management System (IMS) following the project management standards of the Project Management Institute (PMI), in order to facilitate subsequent process digitalisation and data modelling.

Implement the training standards of the Global Wind Organisation in ACCIONA Energy.



Demanding certification of minimum training standards for working in wind farms from all suppliers, in keeping with Global Wind Organisation (GWO) standards.

Design and implement the Triple Zero strategy and the 50:50 and Safety We Do behavioural models in order to establish a cultural model that encourages integration, communication and dissemination of health and safety targets, policies, programmes and controls in all ACCIONA Industrial centres and projects.



Inclusion of the Triple Zero strategy and the 50:50 and Safety We Do behavioural models in the PLPRL-IND-IND-005_General HSE Requirements_Ed.0 document, approved by ACCIONA Industrial's General Management in July 2016. The document is aimed at contractors and subcontractors who join ACCIONA Industrial projects.

CHALLENGES 2017



Effect a cultural change in the company based on a new performance management model at ACCIONA, reinforcing managers' roles and their work in people management and development processes.



Implement the Technical Leaders development programme in order to transform the know-how of expert employees into high-value technical capacity.



Draft a development programme called Project Directors, focusing on professionals who are capable of leading highly complex, large-scale projects.



Develop initiatives that help build the company's public image, telling success stories through its employees.



Dedicate a specific area of the Employment Channel to candidates, improving their experience in selection processes.



Review selection tests more efficiently, in order to find the candidates who best fit the required profiles, at global level for all types of profiles.



Review internal candidate assessment processes in order to strengthen the selection process.



Train all managers and executive officers in the new method for selecting candidates.



Launch the Human Resources function scorecard for monitoring profiles and career paths.



Maintain 100 % OHSAS 18001 certification in countries with more than 150 company FTEs.



Maintain the frequency rate in fixed centres at the levels reached in 2016.



Promote integral health internationally through an awareness campaign about endemic pathologies and immunisation for travellers.



Draft health guidelines for pregnant workers.

HIGHLIGHTS IN 2016

» Design of a new performance management model based on three pillars: identifying, developing and recognising the talent of ACCIONA professionals

» Winner of the NAOS Strategy award at the 9th presentation ceremony of these awards in recognition of the promotion of sustainable and healthy work

» Engagement with audio-visual media to disseminate safe, healthy and sustainable practices in the workplace

ACCIONA's main challenge in its Human Resources strategy is to leverage **profitable growth** through talent quality **globally**

ACCIONA focuses on caring for and improving the health and safety of its workers and of its supply chain

The human team: a priority

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

In 2016, the company began efforts to adapt to the challenges of the changing environment, with four priority focal points:

- Globalisation
- Simplification and optimisation of people management processes
- Digitalisation and digital transformation
- Enhancement and improvement of the quality of information

In 2017, Human Resources will begin several important changes:

- Revision of the entire candidate attraction and selection process. In doing this, ACCIONA will work on evolving its employment and activity brand in order to attract the best talent. Moreover, it will reinforce internal selection processes.
- Reinforcement of internal talent identification and development processes. On the one hand, the current talent review process will be reinforced. On the other, the performance evaluation method will be replaced with a new, much more responsive and simple process (Performance Status). Finally, a site will be launched on the Interacciona Intranet, via which each individual can drive their own development within the company.
- Development of key groups: Technical Leaders, project directors and people with high executive potential, among others.

THE THREE MOST IMPORTANT LEVERS OF CHANGE

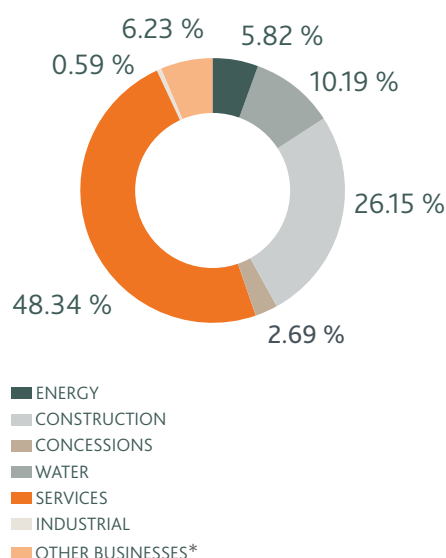
- **An employment brand** so that potential candidates can recognise and gauge the extent of the company's position against climate change (mitigation, adaptation and resilience with regard to changes), with a global approach.
- **Experience of each employee** at the company - that this may be excellent, improve employee buy-in and be more attractive for candidates.
- **Digitalisation of tasks**, which is key to developing these two trends and transforming work, making it more efficient and attractive to teams.

PEOPLE, MORE THAN NUMBERS

At the end of 2016, ACCIONA had an overall workforce of 32,835 people (2.14 % more than the previous year). No collective measures occurred in any country during the present financial year. The adjustments to the workforce involved changes in calculation perimeters and individual actions rather than major collective restructuring measures. Satisfactory dialogue is the commitment through which ACCIONA has structured all adopted measures other than those deriving from the finalisation of the projects.

The company's global stance is shown in the geographical distribution of the workforce, 39 % of which works outside of Spain. Similarly, the number of people working in a country other than their home country has also increased. ACCIONA employs professionals of 115 different nationalities, and the average age of the workforce in 2016 was 41.59 years.

Breakdown of total workforce by business line



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

Geographical distribution of the workforce

(no. of employees)

	2015			2016		
	Male	Female	Total	Male	Female	Total
Spain	13,548	7,236	20,784	12,657	7,251	19,908
Germany	792	131	923	691	144	835
Algeria	15	-	15	17	-	17
Australia	184	68	252	306	86	392
Brazil	1,354	345	1,699	1,618	289	1,907
Canada	166	203	369	291	218	509
Chile	1,074	705	1,780	1,394	163	1,557
China	-	-	-	3	1	4
Colombia	329	198	527	214	157	371
South Korea	0	0	0	5	1	6
Croatia	0	0	0	8	2	10
United Arab Emirates	34	5	39	42	3	45
Ecuador	19	7	26	307	34	341
United States	182	29	211	140	25	164
Egypt	-	-	-	3	-	3
France	-	-	-	2	3	5
Gabon	68	26	94	102	12	114
Greece	-	-	-	3	1	4
Netherlands	30	6	36	29	8	37
India	-	-	-	31	1	32
Italy	329	41	370	328	43	371
Morocco	71	9	80	79	11	90
Mexico	936	458	1,394	999	796	1,795
Norway	-	-	-	253	13	266
Panama	-	-	-	20	6	26
Peru	187	60	247	647	172	819
Poland	907	593	1,500	960	553	1,513
Portugal	617	652	1,270	583	598	1,181
United Kingdom	-	-	-	1	0	1
Dominican Republic	30	11	41	76	16	93
South Africa	26	12	38	33	10	43
Venezuela	86	17	103	15	12	27
Rest of the world	279	71	351	272	77	349
Total employees	21,263	10,884	32,147	22,129	10,706	32,835

Breakdown of workforce by contract type and gender

(no. of employees)

	2015						2016					
	Temporary			Permanent			Temporary			Permanent		
	Male	Female	Total	Male	Female	Total	Male	Female	Total	Male	Female	Total
Energy	225	49	275	1,866	554	2,419	37	15	53	1,386	471	1,857
Infrastructure	3,150	2,059	5,208	14,611	7,587	22,198	3,360	1,611	4,971	15,993	7,916	23,909
Construction	457	139	595	6,920	1,825	8,745	848	115	963	6,214	1,408	7,622
Concessions	-	-	-	-	-	-	87	12	99	638	145	783
Water	239	36	275	1,678	381	2,059	289	42	330	2,489	525	3,015
Services	2,444	1,878	4,322	5,972	5,366	11,338	2,101	1,425	3,526	6,552	5,795	12,347
Industrial	10	6	16	41	15	56	35	18	53	99	43	142
Other businesses*	192	95	287	1,219	542	1,760	186	105	291	1,167	588	1,754
Total	3,568	2,203	5,771	17,695	8,681	26,376	3,583	1,731	5,314	18,546	8,975	27,521

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

New hires by business line

	2015			2016		
	Male	Female	Total	Male	Female	Total
Energy	607	115	722	652	151	803
Infrastructure	6,531	3,381	9,912	8,944	4,173	13,117
Construction	2,532	303	2,835	4,380	579	4,959
Water	335	64	399	334	80	414
Services	3,635	3,002	6,637	4,190	3,504	7,694
Industrial	29	12	41	40	10	50
Other businesses*	319	188	507	280	184	464
Total new hires	7,457	3,684	11,141	9,876	4,508	14,384

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

Management indicators

	2014	2015	2016
Revenue (€ million)	6,499	6,544	5,977
Workforce cost/revenue (%)	20 %	19 %	21 %
Revenue/workforce (€)	193,659	203,564	182,031
EBITDA (€ million)	1,087	1,174	1,192
EBITDA/workforce cost	0.85	0.93	0.92
EBITDA/workforce	32,391	36,519	36,303
Costs (€ million)	1,275	1,254	1,288

Employees eligible for maternity/paternity leave

	2015			2016		
	Male	Female	Total	Male	Female	Total
No. of employees entitled to paternity/maternity leave	513	298	811	313	187	500
No. of employees who took paternity/maternity leave	513	298	811	313	187	500
No. of employees who returned to work following paternity/maternity leave	513	298	811	297	187	484
No. of employees who returned to work following paternity/maternity leave and continued to work for 12 months after their return	492	295	787	269	182	451
Retention ratio*	0.96	0.99	0.97	0.91	0.97	0.93

* The GRI does not establish a specific definition for the ratio. Accordingly, in order to calculate the rate, the number of people who remain at their job on 31 December 2016 after taking paternity/maternity leave in 2016, divided by the number of paternity/maternity leaves the same year, will be reported.

Development of Human Capital

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

TALENT ATTRACTION AND ACQUISITION

In order to strengthen this basic pillar, the talent identification and recruitment strategy was reinforced in 2016 via the use of social media, which increased the dissemination of offers and recruitment needs by means of virality.

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

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

The ACCIONA 'Hace Cantera' ('Building the Workforce from the Ground Up') programme was relaunched in 2016, this time with a markedly international character. Its challenge is to promote talent in all the countries in which ACCIONA operates.

'BUILDING THE WORKFORCE FROM THE GROUND UP' PROGRAMME

The goal of this programme (ACCIONA 'Hace Cantera') is to create an international pool of young professionals who can meet the company's needs in the medium and long term. This programme is now in place in the Construction and Energy divisions, and has a pool which spans several countries: Australia, Canada, Chile, Mexico, South Africa, Spain and the United States.

The programme is based on three pillars:

- **Rotation programme:** where participants are rotated through several job positions and projects over a period of two years so that they can acquire the greatest visibility and learn the most about the business.
- **Training programme:** where management skills are reinforced with digital and multi-cultural competencies.
- **Mentoring programme:** where mentors and bosses in each rotation will consolidate participants' learning.

In 2016, ACCIONA organised a new edition of this programme, with 48 young professionals participating in Spain, Mexico, Chile, the United States and Australia.

In 2016 the talent identification and recruitment strategy was reinforced via the use of social media

ACCIONA CHANNELS FOR RECRUITING POTENTIAL CANDIDATES

Multi-channel dissemination increases brand recognition globally, making it known to future employees and improving the recruitment of young talent.

- **Employment Channel:** this portal constitutes the main source for recruitment.
- **Social media:** this is key for disseminating job offers, namely via: Twitter @ACCIONAJobs, Google+, ACCIONA First Job on Facebook (focusing on junior candidates) and the LinkedIn corporate profile (both from the *Career page* and in the sector-based Energy, Infrastructure and Water groups). Positioning on social media has improved with regard to last year, particularly on LinkedIn, which saw a 40 % increase. The flow of visitors from countries where ACCIONA is present has also increased, especially in Mexico and Australia, where the number of visits to the Employment Channel has risen significantly.
- **ACCIONA Jobs app:** available for smartphones and tablets, this is the company's most downloaded app. Candidates can check job offers that best suit their profiles using a Q&A game about ACCIONA business activity.

JOB MOBILITY

Mobility policies offer better opportunities for professional development, evolution and advancement for a large number of employees, meeting the growth expectations of those people with the highest potential.

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

In 2016, in an effort to combine international expansion with steady, sustained growth in the countries where ACCIONA is present, the following actions were established:

- **Specialised experts' group** made up of more than 160 experts, each with a global profile, high level of technical excellence and inter-cultural skills, and who have permanent international mobility. These people are in charge of transmitting knowledge to local employees, which is crucial given the company's increasingly complex needs that arise from its globalisation process.
- **Local talent map** to promote stable and sustained growth in ACCIONA's strategic countries. In complementary fashion, the number of international assignments to these countries, as well as their duration, have been limited. In this way localisation processes are encouraged, and, as a result, the number of employees on temporary international assignment dropped from 405 in 2015 to 395 in 2016.
- **Definition of salary ranges according to standard group methodology.** With the goal of ensuring external competitiveness, the salary ranges of 55 countries and the internal equity of relocated and local employees were reviewed. The aim of this is to support localisation processes and foster local talent.

MANAGING KNOWLEDGE: SKILL MAPPING

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

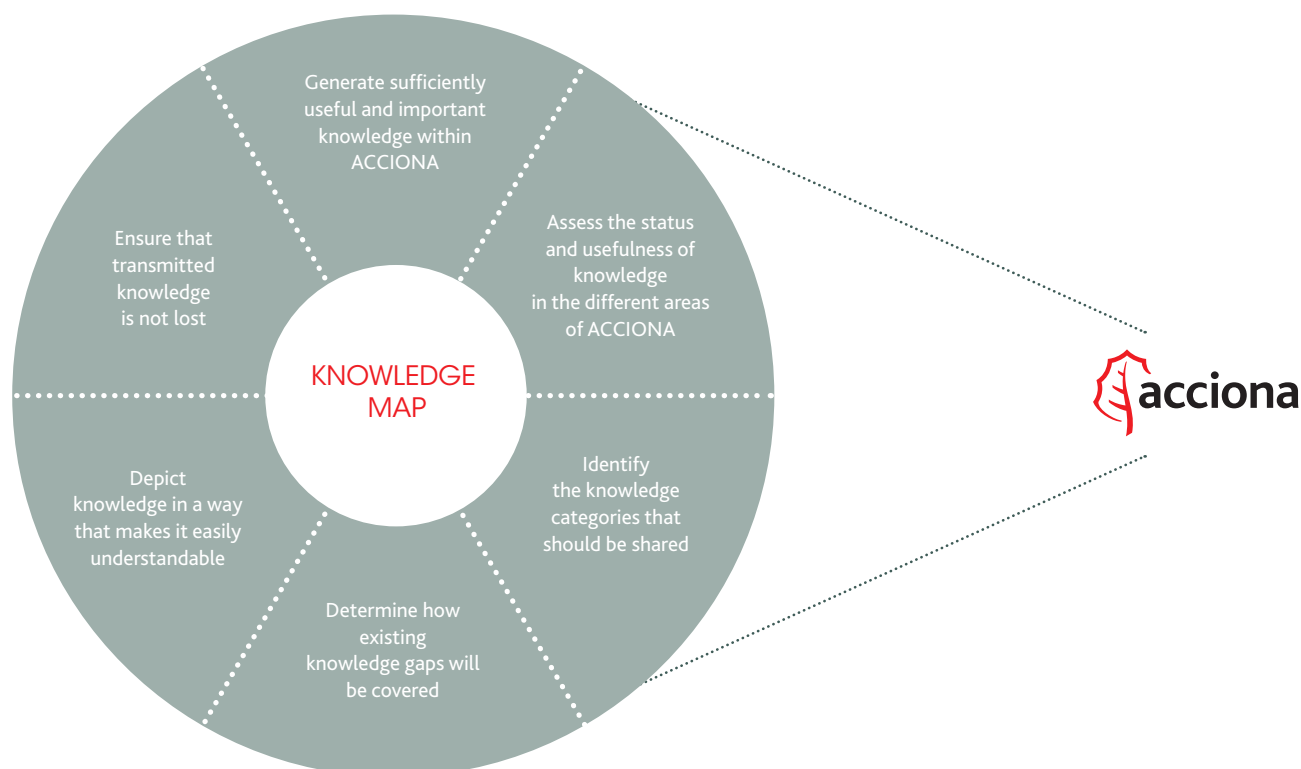
This model makes it possible to pinpoint the skills needed to achieve objectives and fulfill business strategies. The framework facilitates a standardised application of human resources policies, both in terms of recruitment and compensation, training and development. Moreover, this model contemplates the possibility of a dual career path: technical as well as management.

Within the professional development model, ACCIONA continues working towards the goal of favouring the development of each and every one of its professionals. To do this, it provides information and tools for professional growth and improvement. One of the most noteworthy of these tools is the Knowledge Map, which facilitates the identification of knowledge categories that serve

as support for the development of business strategies and the achievement of goals in the different areas of its organisation.

The application, called My Knowledge and developed on the basis of the Knowledge Map, provides the company with an inventory of experts in each and every key knowledge area. This application is critical for the processes of mobility, promotion and creation of high-performance teams. Based on this information, different communities were created featuring practices linked to specific fields of knowledge and specialities, directly connected to the "formative itineraries" of the Corporate University's technical schools.

In 2016 work continued on the design of a new personal and professional space for each employee, called My Development, which will be integrated in the new version of the Interacciona Intranet. This web space, which focuses on the principle of self-development, will foster the strengths and skills of the ACCIONA professionals who commit to their own development.



Work also continued last year on the design of a new development model, which rests on three major pillars: identifying strengths, defining aspirations and managing priorities. These actions will allow each employee, in collaboration with, and with the support of, their manager, to perform a diagnosis and design an action plan focusing on improving skills and consolidating knowledge.

ACCIONA UNIVERSITY

The company's range of training offerings is structured around the ACCIONA University, the mission of which is to guarantee the permanent overall development of people through the alignment of training with the needs generated by business strategies. The company has a physical corporate training centre, with multiple classrooms and hi-tech rooms, as well as

a Campus Online with more than 2,000 learning resources in several languages and formats.

Additionally, in 2016 a pilot experience of an innovative platform called "Learn in World" was carried out with certain groups of employees. This platform identifies experts and shares knowledge through communities. It also allows knowledge sharing between groups and technical communities. Any expert can update the sources, videos, articles and comments, which all focus on the generation and dissemination of knowledge.

Training received by professional category and gender

2016							
		Executives	Managers	Technical Staff	Support	Workers/Operators	Total
Total no. of hours received	Men	9,276	83,896	128,723	4,889	129,070	355,854
	Women	2,153	25,880	77,308	19,324	19,988	144,653
	Total	11,429	109,776	206,031	24,213	149,058	500,507
No. of students	Men	207	1,175	2,229	223	6,359	10,193
	Women	31	290	1,269	562	1,736	3,888
	Total	238	1,465	3,498	785	8,095	14,081
Training hours employee/year	Men	38.65	60.66	36.78	11.67	7.79	16.08
	Women	61.51	76.12	45.47	23.98	2.55	13.51
	Total	41.56	63.71	39.48	19.72	6.11	15.24

Investment in training given in 2016

	Executives and Managers	Technical Staff	Support	Workers/Operators	Total
Total investment (€)	2,435,053	3,740,644	365,175	2,107,221	8,648,093
Investment in employee/year	1,218.75	716.87	295.93	86.41	263.38

The company has a **Campus Online** with more than 2,000 learning resources available in several languages and formats

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

SKILLS DEVELOPMENT CENTRE

The Corporate University, together with its Skills Development Centre, continues making its so-called Basic Itineraries available to all company employees. The Basic Itineraries are designed to develop skills associated with the role of each person. These itineraries, which have been extended with new content called ACCIONA Skills, are composed of a series of multi-channel resources that are made available to employees in different editions throughout the year. All of the itineraries that focus on skills development were renewed and extended in 2016. The itineraries are designed sequentially, with three key components: a presentation of the skill, an expert's video, and blocks of content available on the corporate platform. The total number of hours taught in the Skills Development area was 111,097 in 2016; a 12 % increase over 2015.

The most noteworthy programmes of the Basic Itineraries were the T-Max programme, the M3 programme and training in digital skills.

The **T-Max Programme**, which was designed in collaboration with the Madrid School of Industrial Organisation (Escuela de Organización Industrial - EOI), is a training programme that specifically targets the ACCIONA technical team. The aim of the programme is to make progress in the consolidation of the skills that technical staff are required to have, and which are marked as a development need during the performance evaluation process. The programme was completely overhauled in 2016, to include development of the following skills: Efficiency and Efficacy, Customer Orientation, Management Quality, Teamwork and Results Achievement.

The programme, which is modular in structure, consists of three levels: basic level (two skills to be developed), superior level (four skills to be developed) and advanced level (five skills to be developed). A total of 24,986 hours were taught, and 477 employees from all of ACCIONA's business areas were certified.

A new edition of the **M3+ Programme** was delivered in 2016, in collaboration with the Instituto de Empresa (IE Business School), and targeting ACCIONA executives. The programme focuses on the three basic pillars of management: people management, sales management and project management. With a score of 4.5 out of 5, 5,142 hours of training were completed in blended format, by a total of 236 participants.

As for **digital skills**, a Digital Transformation programme was delivered in Q4 2016, which targeted all employees via the Campus Online and Netexplo Academy, a prestigious organisation in this field of knowledge. In addition, a specific continuity programme called Mastering Skill Digital is being designed in collaboration with the Madrid Polytechnic University. The programme has three objectives:

1. Offering a common digital culture within the company that favours the development of business projects.
2. Showcasing a selection of the best digital innovation projects developed each year.
3. Maintaining and reinforcing the skills of company collaborators (employability).

There are currently 1,575 people receiving training under the Digital Transformation programme.

BUSINESS SCHOOL

Throughout the year, the Business School has developed programmes like the ACCIONA MBA, the Manager Development Programme and the Emerging Talent Programme.

The 8th Edition of the **Executive MBA in Sustainable Global Business** was developed in 2016. This edition included an integral approach to sustainable corporate management, in addition to specific modules on the Sustainability Master Plan. 31 ACCIONA professionals in several different parts of the world participated in the following edition, which also began in 2016.

The **MDP Programme** was set up in 2016 by ACCIONA's Training and Corporate Development Department, in collaboration with the businesses' Human Resource department and ESIC. This programme is aimed at managers and experts in all the company's divisions and businesses. It is structured into four blocks: Strategic, Implementation, Finance and Marketing, which unfold over a period of two years. The methodology combines the case method (internal and external individual and group case analysis) with hands-on workshops. The programme comprised a total of 200 training hours, culminating in a high success rate for the programme.

ACCIONA EMERGING TALENT, PRELIMINARY PROGRAMME ASSESSMENT

Launched in 2015, the initiative, which consists of introducing skills management to the technical team, makes it possible to perform an employee evaluation based on the employee's new individual role and its implications, with special emphasis on the skills that are most needed for their new managerial position: leadership, negotiation, flexibility and change management.

- In the first part of the programme, the new manager performs a self-diagnosis of their newly acquired critical skills.
- The training involves e-learning materials that detail skills and best practices by company executive profiles.
- Finally, the transfer of the knowledge gained is evaluated through an assessment of the skills developed during the programme.

The average score of these assessments was 4.5 out of 5, and a pilot test was run in ACCIONA Infrastructure. The programme will be extended to other group companies in 2017.

TECHNICAL SCHOOLS

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

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

LANGUAGE SCHOOLS

The Language School, which targets all employees, was launched in June 2016. The programme, adapted to the Common European Language Framework, is aimed at any employee who wishes and/or needs to train in the following languages: English, French, Portuguese, Italian, German and Spanish. The new programme involved 19,286 training hours, with 88,719 hours clocked in language training in general.

FUNCTIONAL ITINERARIES, A FOCUS ON SUSTAINABILITY

Three new courses were launched in 2016 by the Corporate University in the area of sustainability:

- **People and Sustainable Values:** videos on important sustainable values such as generosity and multi-culturalness were produced in collaboration with the IE Business School. 3,943 people signed up for this course.
- **Anti-Corruption Course:** The course's objectives are to take a close look at corruption and the consequences it could have on the group, and to raise awareness among employees of the business areas that are most exposed to conduct related to corruption. 1,738 people signed up for this course.
- **Compliance: Zero Tolerance to Crime.** a criminal risk prevention programme that establishes the guidelines that should be followed by employees and executives to avoid improper behaviour. This course is based on the Spanish Criminal Code and on ACCIONA's Code of Conduct and its Operating Standards. A total of 5,274 people signed up for this course.

GLOBAL CAREERS: THE TECHNICAL LEADERS PROGRAMME

ACCIONA has created a Technical Leaders group, comprising people who provide exceptional technical knowledge in key business areas. These professionals, who are capable of transforming this knowledge into high-value technical skills, are recognised both inside ACCIONA and out, possess a global profile, and have published their own work in specialised media, or teach in different forums. The goal of this initiative is to recognise and support people with differential technical knowledge and skills, allowing ACCIONA to continue positioning itself as a leading company in technical excellence, innovation and sustainability.

All of the resources the Technical Leaders need to achieve professional success and to be able to compete successfully in each of their business areas will be made available to them. ACCIONA will invest in the ongoing improvement of professional talent to continue being leaders, among others, in:

- Access to external specialised training.
- Access to basic internal training in skills acquisition and a restricted online space with specific knowledge, collaboration and training environments.
- Availability of resources (technological devices, internal events and work teams).
- Inclusion in the Advisory Board of ACCIONA Corporate University.

Initially 76 Technical Leaders were identified and classified into two groups: Master Technical Leaders (29) and Senior Technical Leaders (47).

Talent reviews can
**identify key or
 strategic groups** and
 prioritise areas of
 action

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

LEADERSHIP AS A CORNERSTONE FOR THE FUTURE

ACCIONA has a talent review process for identifying professionals who can develop at a quicker rate, making them compatible with business growth needs. Talent reviews allow people managers to identify key or strategic groups where they can prioritise certain actions. The identification of participants in corporate development programmes or promotion proposals is based on information generated in this process.

In 2016 a new model was designed for identifying talent among employees. This model is called Performance Status, and it will complement the current ACCIONA process. People identified via this process will participate in the different programmes designed by the company so that they can take on greater responsibilities in the future.

NEW TALENT IDENTIFICATION MODEL: PERFORMANCE STATUS

ACCIONA's main divisions (Energy, Infrastructure and Corporate) will participate in this process, which consists of an assessment of each professional using various sources (hierarchical and/or functional managers) in the businesses of their main countries.

All the managers will identify the talent and potential of their teams on a yearly basis. All roles, from technical to executive, will take part in the process. This identification will also be carried out through digital channels, via mobile phone, tablet and PC.

This process replaces the classic performance evaluation model that had been applied in the company since 2013. This identification model will allow the subsequent application of training and development plans that are far better suited to the needs of each professional.

Talent Retention

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

PERFORMANCE EVALUATION

ACCIONA aims to promote the development of a high performance culture and assess established objectives through its own performance evaluation process. To do so, the company uses tools which are integrated in a single technological environment, making it possible to standardise calendars and calibrate results in more than ten countries.

Specifically, performance evaluation is the annual process through which each manager plans, monitors and assesses the objectives defined with each member of their team. This tool makes it possible to improve professional capabilities and align individual expectations with the strategic expectations of the company. The degree of coverage of this process within ACCIONA has been gradually extended (84 % in 2011, 86 % in 2012, 88 % in 2013,

89 % in 2014 and 92 % in 2015), reaching 94 % of the groups subject to the evaluation process this past year. A total of 7,734 people were evaluated in 2016.

COMPENSATION

The basic criteria used to design and implement the company's compensation policies are objectivity and external and internal competitiveness.

In Spain, the Flexible Remuneration Plan extended to 1,930 workers last year, compared to 1,612 employees in 2015, which represents an increase of 20 %. Again in 2016, the most widely contracted product throughout the year was medical insurance, which outstripped nursery care, travel cards, training, food tickets or company stock.

Employees subject to performance evaluation by gender and professional category*

		2015			2016		
		Male	Female	Total	Male	Female	Total
Number of employees subject to performance evaluation	Executives	252	34	286	230	32	262
	Managers	1,226	288	1,514	1,264	308	1,572
	Technical Staff	3,021	1,583	4,604	2,943	1,710	4,653
	Support	70	219	289	116	317	433
	Workers/Operators	865	96	961	690	124	814
	Total	5,434	2,220	7,654	5,243	2,491	7,734
Percentage of total workforce subject to performance evaluation	Executives	100 %	100 %	100 %	95 %	94 %	95 %
	Managers	94 %	98 %	95 %	95 %	97 %	95 %
	Technical Staff	95 %	99 %	96 %	92 %	99 %	94 %
	Support	55 %	73 %	68 %	91 %	96 %	95 %
	Workers/Operators	80 %	82 %	80 %	90 %	95 %	90 %
	Total	91 %	94 %	92 %	92 %	98 %	94 %

Note: The total workforce subject to performance evaluation does not include workers/operators or administrative support positions with lower qualifications (roles at levels lower than four for workers/operators and lower than two for administrative support employees).

ACCIONA BONUS

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

In accordance with the aims established in the Sustainability Master Plan, the ACCIONA Bonus programme has been extended internationally to all divisions in the company's main countries of operation¹. In 2016, more than 3,100 employees benefited from the ACCIONA Bonus programme, including 95 % of executives, 90 %² of structural managers and part of the technical and support staff. Internationally, the Bonus has been applied in most countries where ACCIONA is present, including Algeria, Australia, Brazil, Canada, Chile, China, Colombia, Costa Rica, Croatia, Gabon, Greece, India, Italy, Mexico, Morocco, Panama, Peru, Poland, Portugal, Qatar, Saudi Arabia, South Africa, South Korea, Spain, Sweden, Trinidad and Tobago, the United Arab Emirates and the United States.

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

- Overall company targets, which have a weighting of at least 10 % for all employees and 15 % in the case of executives.
- Targets of divisions, companies, countries and units with their own profit and loss accounts.
- Individual targets measured through performance evaluation.

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

The ACCIONA Bonus system includes sustainability-related objectives defined in the framework of the SMP 2020 areas

EMPLOYEE SATISFACTION AND COMMITMENT

Employee satisfaction and commitment are the key attributes of the relationship model that ACCIONA aspires to achieve with its employees. The climate survey, conducted globally every two years, is the tool that allows the company to identify factors that have an impact on these attributes. The last climate survey was conducted with employees in 2015. It was made available in five languages (Spanish, English, French, Italian and Portuguese), online, via email and on paper.

In 2016, ACCIONA included buy-in metrics and identification of areas for improvement and areas to be maintained in the corporate human resources and business line report. It also included the data reported in the 2015 climate and commitment study. The goal of integrating this data and the human resources report in the tool is to give visibility and continuity to the work areas that each business segment (division, business, activity) develops based on the results obtained.

In addition, as it does every year, ACCIONA participated in the MERCO Talent study. In its latest report (2016), MERCO Talent once again ranked the company at the top of the infrastructure, services and construction sector ranking. In the general ranking, ACCIONA places 30th among the top 100 companies that have the greatest ability to attract and retain talent in Spain.

1. ACCIONA Windpower was not included in the analysis this year, as it is not part of the group.

2. Executives who do not have an associated bonus target are not included in this figure.

Social responsibility with people

WORKERS' COVERAGE

At ACCIONA, practically all groups of employees are covered by collective bargaining agreements in the different countries where they operate. In specific countries there may be small groups of workers that are not covered, due to start-up reasons or the legislative framework. In any case, these represent less than 1 % of the total workforce.

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

In Spain alone, the company has more than 626 legal worker representatives and more than 350 collective bargaining agreements in place in different areas.

The social benefits offered to ACCIONA employees in 2016 included accident, life, medical and travel insurance policies as well as international health policies for expatriate personnel.

Furthermore, on the Interacciona site there is a section called 'Tu Club' which publishes special offers for employees. 185 offers were processed in 2016. The offers provide ACCIONA employees with discounts or special conditions when purchasing goods or services.

EQUALITY AND DIVERSITY

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

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

An example of this is ACCIONA's monitoring of women's participation in the group of qualified employees (technical staff, managers, executives) as part of the implementation of the Human Resources strategy launched in 2011. The purpose is to ensure that gender equality is guaranteed and represented by an adequate number of people in the current managerial teams, as well as in future promotions of managers to directors. As a result of this monitoring, there has been a significant increase in the ratio of women, who now account for 29 % of the qualified employees group. This represents a rise of almost 10 percentage points in 5 years.

Percentage of women in the qualified employees group

(% of employees)

Group	2013	2014	2015	2016
Executives	10.60	10.54	11.89	12.73
Managers	18.03	18.51	18.80	19.73
Technical Staff	31.49	30.57	34	32.58
Total	27.59	26.65	29.32	28.75

The percentage of women in the total workforce (both qualified and unqualified), is 32.6 %.

It is important to note that all the company's business lines are covered by equality plans in Spain. Additionally, ACCIONA Engineering, Facility Services and ACCIONA Energy have all earned the Equality seal.

Highlights of the company's participation in equality-related activities in 2016 include:

■ **International Women's Day.**

■ **International Day for the Elimination of Violence Against Women.** The company worked with various institutions to disseminate the awareness campaign: the Red Cross, the Ministry of Health, Social Services and Equality, and Integra Foundation.

■ **Wage Equality Day.** ACCIONA joined the cause in 2015. This cause is also included as one of the company's strategic objectives in its Sustainability Master Plan.

Distribution of the workforce by gender

(% of employees)

	2013	2014	2015	2016
Men	69	70	66	67
Women	31	30	34	33

Turnover by gender, age and workplace

(%)

	2014	2015	2016
Men turnover	2.37	4.51	4.21
Women turnover	3.12	5.01	7.56
Turnover of people under 30	2.62	11.52	12.56
Turnover of people between 30 and 50	5.24	6.55	9.25
Turnover of people over 50	3.12	4.48	6.65
Turnover of people working in Spain	1.46	1.42	1.91
Turnover of people working outside of Spain	5.11	5.62	12.86
Total turnover	3.78	5.15	6.59
Voluntary turnover	2.85	4.66	6.59

Breakdown of the workforce by professional category and age band

(no. of employees)

	2015				2016			
	< than 31	31 to 50	> than 50	Total	< than 31	31 to 50	> than 50	Total
Executives	-	163	123	286	-	146	129	275
Managers	9	1,284	468	1,761	8	1,270	445	1,723
Technical Staff	722	3,627	674	5,023	883	3,610	726	5,219
Support	263	852	285	1,400	219	737	272	1,228
Workers/ Operators	3,092	13,278	6,966	23,336	3,259	13,414	7,295	23,967
Other*	42	178	121	341	60	221	142	423
Total employees	4,128	19,382	8,637	32,147	4,429	19,397	9,009	32,835

* The category 'Other' corresponds to personnel not identified within the role model. These are mostly employees of Mostostal Warszawa (2013-2014 period) plus some temporary joint ventures where the model is not applied.

Breakdown of the workforce by professional category and gender

(no. of employees)

	2015			2016		
	Male	Female	Total	Male	Female	Total
Executives	252	34	286	240	35	275
Managers	1,430	331	1,761	1,383	340	1,723
Technical Staff	3,315	1,708	5,023	3,519	1,700	5,219
Support	451	949	1,400	421	807	1,228
Workers/ Operators	15,507	7,829	23,336	16,168	7,799	23,967
Other*	308	33	341	398	25	423
Total employees	21,263	10,884	32,147	22,129	10,706	32,835

* The category 'Other' corresponds to personnel not identified within the role model. These are mostly employees of Mostostal Warszawa plus a managed joint venture where the model is not applied.

Wage gap

Group	2015*		Gross wage gap 2015	2016*		Gross wage gap 2016	Gross point difference 2015-2016
	Men	Women		Men	Women		
Executives	101.37	89.86	11.35 %	101.72	88.25	13.26 %	1.91 %
Managers	103.27	85.73	16.99 %	103.59	85.22	17.77 %	0.78 %
Technical Staff	103.47	93.4	9.73 %	103.74	92.55	10.78 %	1.05 %
Support	85.13	106.93	-25.60 %	84.08	107.99	-28.44 %	-2.84 %
Workers/Operators	96.79	106.25	-9.78 %	96.46	107.06	-10.98 %	-1.20 %
Other**	103.67	66.01	36.33 %	104.01	47.13	54.68 %	18.35 %
Total	101.88	96.39	5.39 %	102.05	95.92	6.01 %	0.62 %

* Results of the difference in actual salary between men and women and the weighted average of the salary for each group.

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

INTEGRATION

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

ACCIONA reached and exceeded the SMP 2020 target set for 2016 (3 % of equivalent employment of people with disabilities in Spain). The total figure reached was 3.55 %. Of this percentage, it is worth noting that 3.05 % corresponds to direct employment, which is up 0.9 % on the previous year, and reflects the company's commitment to direct job insertion. The remaining 0.49 % of the total figure is accounted for by indirect employment. This was achieved through EUR 2,426,610 in purchases from Special Employment Centres and donations to tertiary sector foundations and organisations.

In this regard, ACCIONA renewed its Bequal certification, including the Bequal Plus seal for several of its businesses. This is a seal in the field of disability that certifies not only compliance with the law but also ACCIONA's commitment to disability causes and social responsibility. The company was one of the first corporations to earn this certificate, and did so as a result of an auditing process that encompassed a total of 16 ACCIONA businesses.

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

■ **International Day of Persons with Disabilities.** In 2016, ACCIONA supported the International Day of Persons with Disabilities, an awareness-raising initiative that facilitates an in-house assessment of what has been achieved in terms of disabilities. Internal communication actions performed as part of the day's activities include the reporting of all data involving the insertion of people with disabilities within ACCIONA, as well as reports on existing framework agreements with other institutions and foundations.

■ **Agreements with foundations.** ACCIONA works side by side with a multitude of not-for-profit foundations and organisations, notably including:

■ **Programmes for people at risk of social exclusion.** ACCIONA runs job insertion programmes for people at risk of social exclusion. In 2016 the company hired 155 people, 20 of whom had been victims of gender violence. The agreements carried out include, among others: i) the "Convenio Inserta" with the FSC Inserta Foundation for the insertion of people with disabilities, ii) collaboration with the Higher Council of Sports for the insertion of high-level athletes, and iii) collaboration with the Universia Foundation for the insertion of university students with disabilities.

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

Institution	Purpose	Contribution
Integra Foundation	Insertion of all types of groups at risk of social exclusion.	Founding patron and partner. 87 hired.
Red Cross	Job insertion of groups at risk.	20 contracts.
Norte Joven	Insertion and promotion of underprivileged youths in Madrid.	Hired by ACCIONA Facility Services.
Carmen Pardo-Valcarce Foundation	Rights and participation of people with intellectual disabilities.	In-house dissemination of initiatives to all employees.
Princesa de Girona Foundation	Support for professional development and mentoring of youths from underprivileged backgrounds.	"Apadrinando el Talento" (Sponsoring Talent) programme: 95 volunteer executives and managers from the company.
Exit Foundation	Employability of youths at risk of social exclusion between 16 and 19 years of age through coaching and mentoring.	3 rd edition of the Coach project: 10 volunteers dedicated 27 hours each.
City Council Employment Services	Employability.	Promotion of youths in the ordinary job market.

Health and Safety at ACCIONA

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

Throughout 2016, ACCIONA worked on several initiatives aimed at ensuring the health and safety of the people who work in its different businesses, as well as in its supply chain. These measures include preventive actions such as the Health and Well-being Plan, the Road Safety Plan, and novel actions in the fields of training, communication and safety awareness based on conduct, among others. This chapter summarises the company's main health and safety statistics. More detailed information may be found in the chapters dedicated to the different divisions.

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

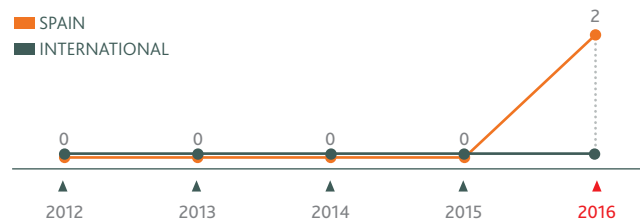
The company understands that promoting health and safety goes beyond its own employees and extends to its stakeholders: suppliers, customers and its social setting. In this regard, ACCIONA develops programmes aimed at ensuring the prevention of occupational risks of its contractors and participates with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

EVOLUTION OF THE MAIN ACCIDENT INDICATORS

After four consecutive years without fatal accidents, in 2016, regrettably, two fatal, activity-related accidents occurred in ACCIONA's Construction and Services businesses in Spain. In addition, there were two deaths of joint-venture employees at ACCIONA Agua.

Fatal accidents in Spain and abroad

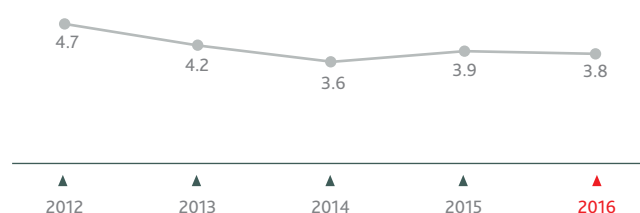
(own employees)



As indicated in the chart below, the frequency rate maintains a downward trend with regard to 2012, with a slight upswing in company employees in 2015. The 2016 frequency rate improved 4.7 % for company employees with regard to 2015. Similarly, the overall severity rate has also improved compared to 2015, declining 6.4 % thanks to the decrease in the Services and Industrial divisions.

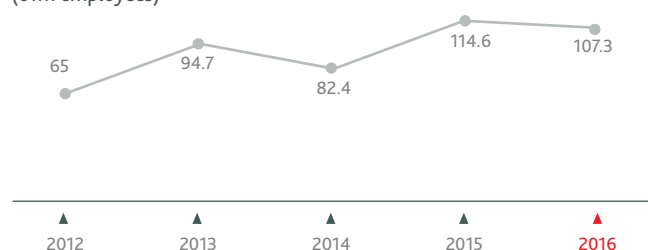
Employee frequency rate

(own employees)



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

Employee severity rate (own employees)



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

Accident rate indicators for ACCIONA employees

	Severity Rate ⁽¹⁾			Frequency Rate ⁽²⁾		
	2014	2015	2016	2014	2015	2016
Energy	17.6	39.8	17.1	1.3	1.6	0.5
Infrastructure	84.6	120.7	111.3	3.6	4.3	4
Construction*	61.5	38.6	64.5	2.9	1.5	1.9
Concessions**	118.7	27.9	64.2	4.2	1.7	2.3
Water	75.4	92.3	108.8	2.6	4.1	4.1
Services	91.6	156.4	126.5	4.1	5.2	4.6
Industrial	61.2	73.8	0	2.8	0	0
Other businesses***	136.3	139	134.4	4.1	1.9	2.6
Corporate	0.5	0	0	0.5	0	0

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

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

* Construction includes: AMISA and ACCIONA Engineering.

** Until 2015, Concessions was included under Construction.

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

Absenteeism has risen as a result of the combination of the increased number of days lost and a shrinking workforce (and, consequently, a decline in days worked). The following table shows a breakdown of 2016 data by business line and country. Values are calculated in a common and standardised fashion for all the countries where the company has significant activity under the international standard indicator.

Employee absenteeism rate per business line (own employees)

	2015	2016
Energy	333.79	136.77
Infrastructure*	6,431.49	9,421
Other businesses**	8,842.51	9,344.49
Corporate	2,879.74	3,864.35
Total	6,013.76	8,960.60

OHS - Absenteeism rate: (no. of working days lost due to absenteeism/no. of days worked) x 200,000.

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

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

Employee absenteeism rate per country

Country	2015	2016
Spain	6,743.3	10,854.31
Brazil	391.28	40.89
Mexico	930.15	1,847.24
Chile	1,587.89	2,399.72
Poland	31.65	0
Portugal	8,394.42	11,355.51
Germany	-	-
Peru	2,259.63	3,329.17
Canada	4,607.27	8,112.83
Australia	50.77	150.54
Colombia	5,351.86	3,275.95
Italy	4,250.1	4,328.42
Ecuador	794.1	0
Norway	0	0
United States	0	0

OHS - Absenteeism rate: (no. of working days lost due to absenteeism/no. of days worked) x 200,000.

Note: Absenteeism information is reported only for countries with activity in 2016 and with more than 150 direct FTE employees, since such information cannot be obtained directly and reliably in countries with inferior structures. In some reporting countries the information is not complete because information about consortia or joint ventures is unavailable as this is not directly managed by ACCIONA. In such cases, this is indicated with a hyphen (-). The information given above accounts for 97.2 % of the total workforce.

ROAD SAFETY

In 2016, all the divisions carried out actions to promote road safety and reduce accidents. Training and awareness-raising initiatives were key tools in this effort. The data includes not only vehicle traffic accidents, but also all other types of accident, whatever the cause, that occurred on the way to or from work.

Road safety awareness campaigns continued in 2016 via the company's intranet. Awareness campaigns targeting workers ran on a monthly basis, focusing on the most common causes of road accidents for all involved: pedestrians, motorists and cyclists.

However, there has been a significant increase in accidents, especially in the Services division in Spain, the rate of which is far higher than in the rest of countries. As for accidents occurring during missions, these have increased as well due to the growth of activities in Trinidad and Tobago, Peru, Costa Rica and the Dominican Republic. That said, the figure is not high in either case, given the total number of workers.

On route accidents

(with and without work leave)

Business line	2015	2016
Energy	8	5
Infrastructure*	79	178
Other businesses**	3	10
Corporate	4	4
Total	94	197

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

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

On mission accidents

Business line	2015	2016
Energy	1	3
Infrastructure*	31	100
Other businesses**	0	0
Corporate	0	0
Total	32	103

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

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

HEALTH AND PREVENTION

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

The main figures for 2016 are the following:

- 15,595 medical examinations.
- 8,181 doctor and nurse visits.
- 559 immunisations given to workers.

Rate of occupational illnesses of company staff

Business line	2015	2016
Energy	0.261	0
Infrastructure*	0.019	0.057
Other businesses**	0	0
Corporate	0	0
Total	0.037	0.052

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

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

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

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

HEALTH AND WELL-BEING PLAN

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

- **Healthy menus.** Implementation of wellness menus in canteens at company sites, providing more nutritional information and checking daily menus to assess nutritional balance.
- **A healthy, balanced diet.** Raising dietary awareness through campaigns promoting healthy and balanced eating habits, fostering the "Mediterranean diet".
- **Sports.** Promotion of physical exercise through awareness campaigns and encouraging participation in events such as popular walks, fun runs, etc.
- **Emotional control.** Inclusion of new campaigns promoting awareness and participation with a view to developing mindfulness tools.
- **Analysis and study of biochemical and anthropometric data.** Collaboration with epidemiologists from the Pro CNIC Foundation to set up and monitor the progress of the Health and Well-being Plan.
- **Healthy habits.** Collaboration with the Spanish Association Against Cancer (AECC, as per its Spanish acronym) to promote habits that improve health.

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

IMPROVEMENTS IN OHS MANAGEMENT AND SYSTEMS INTEGRATION

The Occupational Risk Prevention organisation structure was modified in 2016 with the creation of a Joint Prevention Service that encompasses the Corporate and ACCIONA Infrastructure divisions. OHS management procedures have also been updated based on the input of all the divisions.

ACCIONA continues its progress with the adoption of integrated management systems. Since 2013 it has been working on consolidating the partial integration of the OHS management system with the Quality and Environment areas. Implementation of the Integrated Management System was completed in 2016 in the Energy, Construction and Water businesses.

Likewise, work is ongoing on the process of globalising the company's health and safety management paradigm. This will facilitate consolidation of the system in all countries, permitting efficiency gains, leveraging of good practices and maximum use of the tools available in different parts of the world.

This global strategy will yield savings in certification costs, inasmuch as the basic methodologies will be standardised in line with the OHSAS 18001 standard, while at the same time balancing local and client demands in a flexible manner.

In a bid to extend the safety excellence standards, in 2016 a project was carried out in collaboration with the Innovation department to install and commission a 3D printer prototype for the production of concrete pieces. Through the joint work of both departments, and after an in-depth analysis of the prototype's risks and an initial assessment, additional safety measures were included in the original design, as well as organisational changes.

OHSAS 18001 CERTIFICATIONS

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

With regard to other countries, this year the Energy business has extended its reach in Costa Rica and South Africa. Additionally, other local voluntary certifications that add value to the business, like COR in Canada and OFSC Federal Safety in Australia, were maintained.

OHSAS 18001 certification

Business line	% certified activity
Energy	100 %
Infrastructure	99.15 %
Construction	95.79 %
Concessions	100 %
Water	100 %
Services	100 %
Industrial	100 %
Other businesses*	60 %
Corporate	100 %

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

HEALTH AND SAFETY TARGETS AS PART OF EMPLOYEE PERFORMANCE EVALUATIONS

One of the established performance evaluation criteria among ACCIONA's different divisions is compliance with the OHS targets defined in the Sustainability Master Plan 2020. Specifically, the occupational health and safety target set for the group is to reduce the frequency rate by 15 % compared to 2015. Achieving this, together with other targets related to people management, accounts for a percentage of employees' variable income. To achieve this overall target by the year 2020, the divisions establish annual targets, which are set at the start of the year and reviewed on a monthly basis. These have a direct impact on the bonuses earned by all employees.

For instance, in the cases of Energy and Construction, the annual targets were to reduce the frequency rate of company employees and subcontractors by 5 % compared to 2015.

ACCIONA has set itself the target of reducing the frequency rate by 15 % in 2020 compared to 2015

WORKER PARTICIPATION

The different divisions have participation schemes that comply with local legal requirements, such as Health and Safety Committees, the function of which is to channel worker consultation and participation in occupational risk prevention efforts. Work centres also receive visits and are informed about accidents, safety inspections, workers' complaints, risk assessments and other activities of the Prevention Department. The percentage of employees represented by formal health and safety committees exceeds 99 %.

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

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

TRAINING AND AWARENESS RAISING

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

OHS training 2016

(Corporate University)

	No. of hours	Employees	No. of OHS hours per employee/year
Energy	20,318	1,910	10.64
Infrastructure*	103,350	28,880	3.58
Other businesses**	2,295	2,045	1.12
Total	125,963	32,835	3.84

* Includes Construction, Water, Services and Engineering.

** Includes ACCIONA S. A., Grupo Bodegas Palacio 1894 and Trasmediterranea.

ACCIONA has developed occupational risk prevention training and awareness-raising programmes using innovative techniques that make it easy to understand basic concepts through multimedia technologies. It actively participates with organisations that are dedicated to improving the training of workers in the industries in which it operates.

Extension of the prevention commitment to the supply chain

One of ACCIONA's goals is to extend its culture and commitment in relation to health and safety to its entire supply chain. In this regard, the company tracks accident rates in the supply chains of its divisions. In 2016, frequency and severity rates involving subcontractor personnel increased in comparison to 2015. This was in essence down to the supply chain of the Water division.

The following initiatives related to the prevention of occupational risks for suppliers were developed in 2016:

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

ACCIONA contractor accident rate indicators

	Severity Rate ⁽¹⁾			Frequency Rate ⁽²⁾		
	2014	2015	2016	2014	2015	2016
Energy	30.5	55	46.7	1.8	1.6	1.9
Infrastructure	54.9	19.7	29.5	2.7	1.7	1.9
Construction*	65.5	30.1	30.4	3	2.8	2
Concessions	136.3	43.2	75.7	4.7	2.8	3.1
Water	11.8	2.5	12.8	1	0.3	1.7
Services	65.7	53.2	0	4.2	2.1	0
Industrial	22.7	1.5	6.8	3.7	1.5	1
Other businesses**	125.3	0	0	2.2	0	0
Corporate	5.2	0	5.8	0.9	0	0.4
Total	50.4	23.4	31.2	2.5	1.7	2

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

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

* Construction includes: ACCIONA Infrastructure, AMISA and ACCIONA Engineering

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

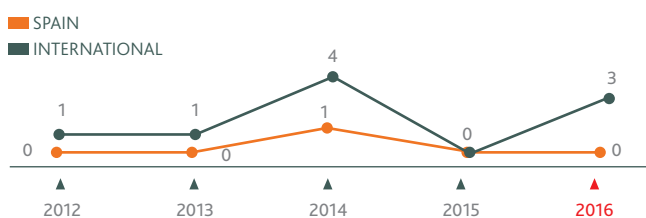
The Emergency Plan helps prevent occupational risks through both theoretical and practical training

SUPPLY CHAIN TRAINING AND COMMUNICATION

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

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

Fatal subcontractor accidents in Spain and abroad



The fatal accidents occurred in the Construction and Water divisions, two involving joint venture employees and one involving subcontractor personnel, in the following countries: Colombia and the Dominican Republic.

Similarly, the company continues to disseminate good practices through the publication of four bilingual (Spanish and English) editions of the Quarterly OHS Bulletin for suppliers of all its divisions. In 2016, which saw the publication of the 21st edition, the Bulletin was sent to more than 31,225 supplier email addresses (15,518 single-source) and more than 3,000 ACCIONA employees. The Bulletin's international circulation, as well as the number of people receiving OHS tips, experiences and lessons learned, increases year on year. In 2016, suppliers were notified of various health and safety improvement plans related to their certification processes³ in order to help them correct, prevent and/or mitigate their exposure to risk and improve their incidence rates.

3. See the Value Chain chapter for more information about the supplier certification process.

VALUE CHAIN

Responsible quality management



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

CHALLENGES 2016		PROGRESS IN 2016
Implement of the PROCUR-e Risk Map in procurement processes > €100,000.	➤	4,353 processes awarded in PROCUR-e, of which 606 are over €100,000. All bidders (10,065) have a risk map.
Increase the procurement volume and bids managed through PROCUR-e.	➤	More than €650 M awarded in PROCUR-e and 7,800 requests for quotation (RFQ) handled, compared with €10.9 M and €510 in 2015.
Carry out enhanced due diligence of suppliers when the PROCUR-e v1.0 Risk Map Integrity variable is at high risk.	➤	Monitoring, by means of external certified sources, the Integrity variable of the main suppliers (3,995), of which 24 had had the Integrity variable classed as high risk at one point.
Design of No Go Policy proposals for the ACCIONA group in coordination with businesses.	➤	Design of, in agreement with the businesses, the No Go Policy proposal regarding the contracting of suppliers.
Measure procurement with sustainable procurement criteria.	➤	Design and deployment of the indicators used to mark, justify and successfully measure sustainable procurement in both PROCUR-e and in the main Enterprise Resource Planning (ERP).
Launch of four calls for tenders to suppliers of the six training courses.	➤	Launching of five calls for courses available to suppliers and integration of the supplier training campus in PROCUR-e.
Establish of dialogue sessions with customers in the company's most important operations.	➤	Meetings with customers (town councils, regional governments, foundations, NGOs, businesses and chambers of commerce) to discuss matters like the execution of projects, establishment of needs or presentation of the social impact management method (more information in the Society chapter).
Define parameters and conduct an assessment of the environmental, social and corporate governance performance of selected customers.	➤	Start of assessment process of the environmental, social and corporate governance performance of partners though not yet of customers. Meetings were held between the Sustainability Department, the Compliance Department and the Infrastructure and Energy divisions to progress in the assessment.

CHALLENGES 2017



Increase the scope of procurement management through PROCUR-e.



Revise and update the procurement processes of business in compliance with new policies, controls and risks.



Implement No Go Policies as a basis for the decisions to be made by the procurement teams:

- Create a working group in charge of analysing if additional criteria should be included in these policies in order to extend the scope of the responsible management.



Continue to investigate the risk of suppliers in matters such as legal requirements or financial risk.



Define the supplier development strategies by means of training, satisfaction surveys and ACCIONA-Supplier meetings.



Continue to validate the audit management model for suppliers in conflict with business requirements.



Refine suppliers in creating the common repository, the ACCIONA Suppliers Master.



Deploy, throughout the Energy division, the adjustment and certification of the new versions of the ISO 9001 and ISO 14001 standards.



Continue progression in ISO 50001 certification of the Energy Management Systems.



Optimize the ACCIONA Service management model through the "OneLean Productivity Services by ACCIONA" project.



Launch the ACCIONA Solar customer website to allow for the monitoring of production, incidents and notices, amongst others.



Implement the Lean Construction methodology in the Puerto Libertad (Mexico) photovoltaic project.

HIGHLIGHTS IN 2016

» PROCUR-e is ACCIONA group's consolidated supplier portal and bidding tool. More than 15,000 suppliers registered and over EUR 650 M contracted

» Design of No Go Policies, minimums which, in the event of breach, prevent suppliers from being contracted, establishing the controls for their compliance

» On the Risk Map, the variables of Integrity, OHS Activity Risk, and Environment/CO₂ risk are more important

» 90 % of ACCIONA's revenue is certified under ISO 9001 and 87 % under ISO 14001

» Customer satisfaction-focussed actions: 94 % satisfaction of Energy customers, 95 % in Services, 99 % in Construction and 100 % in other businesses

The ACCIONA supply chain

At ACCIONA, the guidelines and strategy to be applied in procurement are established by the Procurement Coordination Committee created in 2016 and composed by the managers of the main divisions.

During this last year, the company operated with approximately 17,900 active suppliers, those from which purchases were made, with a figure 9 % below that of the previous year. The overall volume procured has remained stable at the values of the previous year, exceeding EUR 3,250 million.

In this respect, the company continues to concentrate a greater volume of purchases on a smaller supplier base, successfully obtaining competitive and commercial advantages.

**The volume
procured from all
active suppliers
exceeded
EUR 3,250 million**

Supplier breakdown per division in 2016

Line of business	Total common	% Total	National	International
Energy	3,105	17 %	2,912	193
Infrastructure				
Construction	6,575	37 %	6,331	244
Concessions	900	5 %	851	49
Infrastructure Maintenance	638	4 %	638	0
Water	842	5 %	609	233
Services	2,968	17 %	2,707	261
Industrial	763	4 %	718	45
Trasmediterranea	431	2 %	389	42
Corporate	442	2 %	397	45
Other businesses*	1,173	7 %	1,085	88
TOTAL	17,837	100 %	16,637	1,200

Note 1. Common suppliers: suppliers with volumes procured in one or more businesses assigning the supplier to the business with which in 2016 it had the greatest volumes contracted. Throughout this Report, the quantitative data is reflected on the basis of this total (17,837).

Note 2. Suppliers by business: suppliers that have been contracted in each ACCIONA business without consolidating volumes procured.

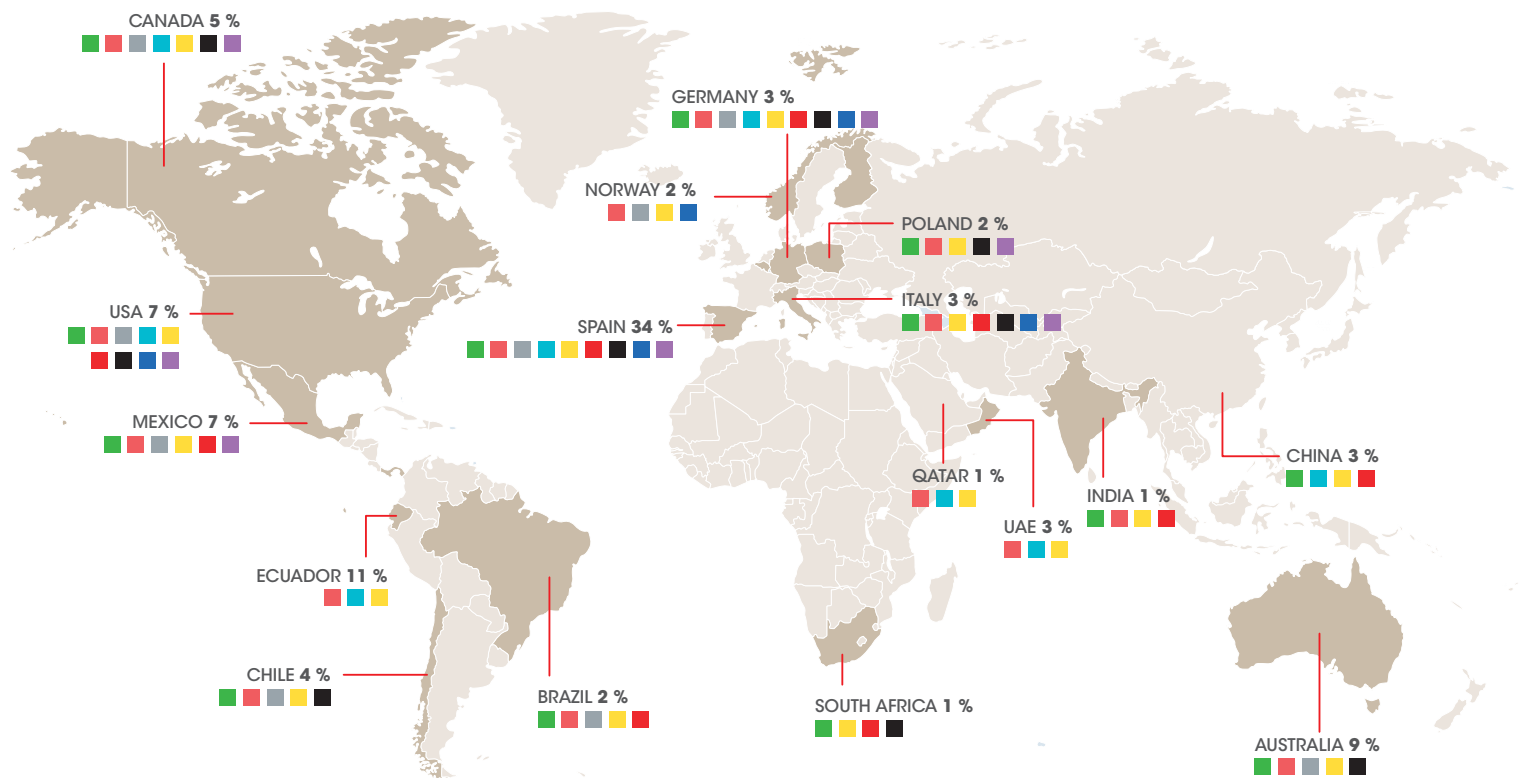
* Includes Bestinver, Grupo Bodegas Palacio 1894 and ACCIONA Inmobiliaria.

DISTRIBUTION OF PROCUREMENT BY GEOGRAPHY

Approximately 80 % of the volumes procured for 2016 come from eight countries, including Spain, Ecuador, Australia, the United States of America, Mexico, Canada, Chile and China.

The 19 % decline in Spain with respect to the previous year, and the entry of Ecuador and the United Arab Emirates into the map stand out.

Geographical distribution of suppliers by business line in 2016



Other countries: the remaining 2% corresponds to another 55 countries that supply ACCIONA.
Percentages for the procurement spending volume in 2016 through orders to suppliers including group companies according to their countries.

- Energy
- Construction
- Concessions
- Water
- Services
- Industrial
- ACCIONA S. A.
- Trasmediterranea
- Other businesses

CRITICAL SUPPLIERS

As in the previous year, the level of criticality of ACCIONA's suppliers and contractors is established by their economic risk, that is, any supplier with an annual turnover/ commercial relationship that exceeds 100,000 is considered critical.

Additionally, any suppliers whose characteristics, degree of dependency or unique nature entail an individual risk for the company, are also considered as critical.

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

Critical suppliers by division in 2016

Line of business	Total	Critical	% Total
Energy	3,105	430	14 %
Infrastructure			
Construction	6,575	1,445	22 %
Concessions	900	115	13 %
Infrastructure Maintenance	638	107	17 %
Water	842	185	22 %
Services	2,968	199	7 %
Industrial	763	189	25 %
Corporate	442	80	18 %
Trasmediterranea	431	78	18 %
Other businesses*	1,173	124	11 %
TOTAL	17,837	2,952	17 %

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

LOCAL SUPPLIERS

ACCIONA continues to promote the local development of the communities in which it operates, helping improve them and fostering their growth. Furthermore, the company ensures greater flexibility and certainty of lead times of products and execution of services.

In 2016, local suppliers* totalled 15,418, 86 % of the total supplier base.

Local suppliers by division in 2016

Line of business	Total	Local	% Total
Energy	3,105	1,710	55 %
Infrastructure			
Construction	6,575	6,325	96 %
Concessions	900	851	95 %
Infrastructure Maintenance	638	638	100 %
Water	842	609	72 %
Services	2,968	2,702	91 %
Industrial	763	717	94 %
Corporate	442	392	89 %
Trasmediterranea	431	389	90 %
Other businesses*	1,173	1,085	92 %
TOTAL	17,837	15,418	86 %

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

RESPONSIBLE MANAGEMENT OF THE ACCIONA SUPPLY CHAIN

ACCIONA conveys its commitment to Sustainability to the whole supply chain, in any of the relations and communications it establishes. With the aim of identifying, mitigating and managing risk, ACCIONA has an internal risk management mechanism that is essentially structured over three elements:

- The **PROCUR-e platform**, an electronic procurement tool that seeks to support management of the supply chain through its two functions: Supplier Portal and Bidding Tool.
- The **Risk Map**, a tool for controlling the supply chain that supports decision-making criteria for procurement and the identification of potential areas for improvement in suppliers.
- The **Procedure for Supplier Qualification and Evaluation**, an integral, objective process where a full analysis is performed on the supplier, thereby minimising the risks, recognised for the supplier and infrastructure, such as corporate responsibility (CR) position, solvency or legal position, amongst others.

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

Risks and controls in the supply chain

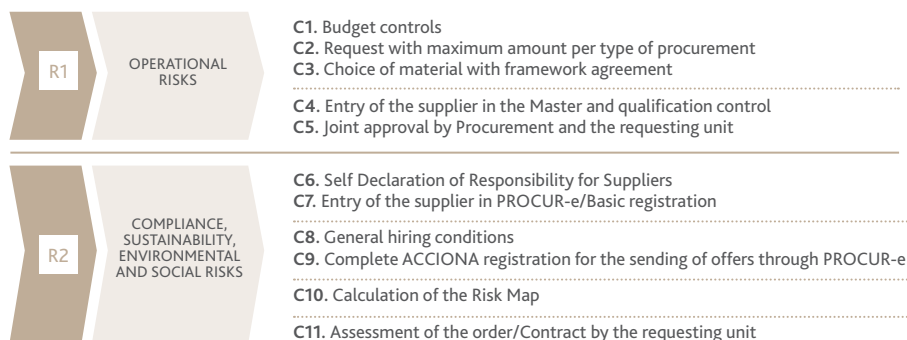
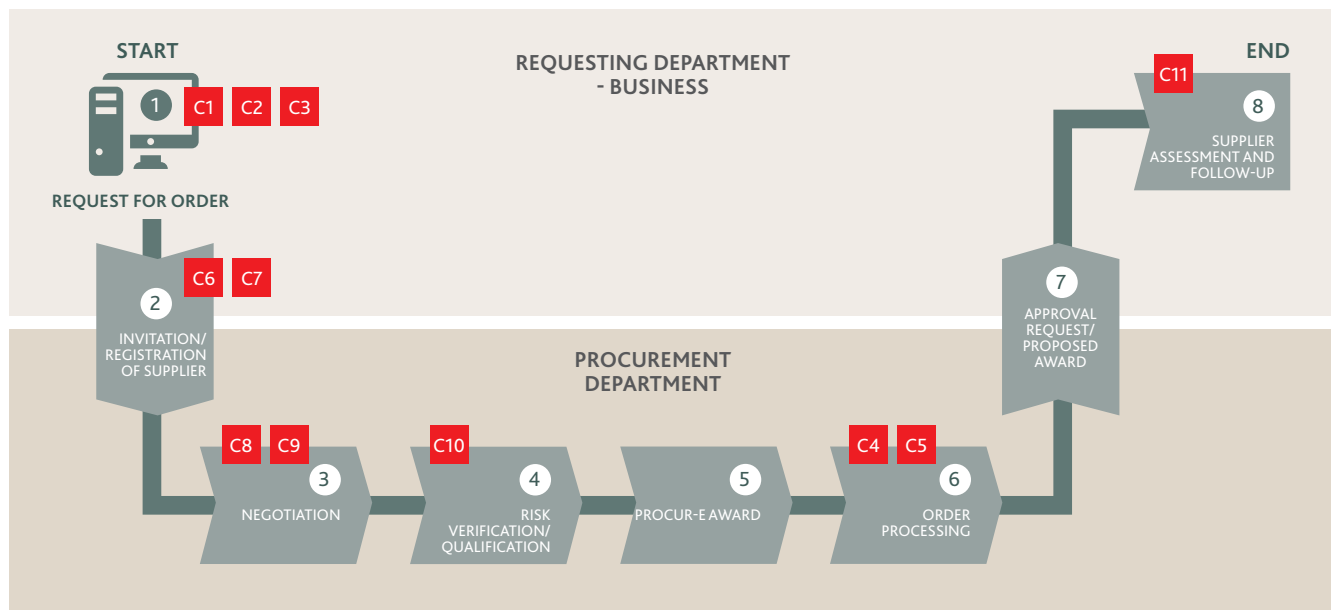
In 2016, ACCIONA processed, updated and identified new risks that may impact the supply chain, proposing preventive controls that should help mitigate problems in the future. ACCIONA has identified two types of risks in procurement processes:

■ **Operational risks:** linked to business earnings or that infringe the ACCIONA Procurement Standard. For example, the making of unauthorised purchases or those that had not been budgeted for, contracting of orders by persons outside the Procurement

Department and non-compliance with the group procurement policy.

■ **Compliance, sustainability, environmental and social risks:** linked to poor practices in matters of corporate responsibility and sustainability, such as the environmental impact, the violation of human rights or the lack of transparency and ethics in procurement processes.

Corporate Procurement Standard



R1 Risk C1 Controls

NB: for more information on the qualification process, see the section on the Procedure for Supplier Qualification and Evaluation

SUPPLY CHAIN RISK MAP

Throughout 2016, the PROCUR-e Risk Map matured enormously with more suppliers monitored on a daily basis, more information on external systems, more mitigation controls and more corrective actions, so as to be able to manage the potential risks far more simply. This model, which is more complete and comprehensive, combines information provided by the supplier with information obtained from certified external systems and internal information pertaining to ACCIONA, such as the history of assessment and performance classification of suppliers.

This type of web-based tool allows users to access it at all times, thereby giving them up-to-date information on the real risk of all suppliers in the supply chain.

The PROCUR-e Supplier Risk Map has 10 variables that are recalculated on a daily basis and which update the supply chain risk assessment. They all contribute towards the generation of a risk traffic light that is visible to all internal users of the tool. These 10 variables are: Supplier Integrity, Supplier Country Risk, Corporate Responsibility and Sustainability, Economic Solvency, Economic Dependence, OHS Activity Risk, Environmental/CO₂ Risk, Expired Legal Documentation, ISOs Status and Supplier Assessment. The graphical representation of the 10 variables of the Risk Map is termed the Scorecard.

MITIGATION CONTROLS

In 2016, mitigation controls were pursued for cases of variables for which a significant risk to the company has been detected, specifically:

- Supplier Integrity: progress in the implementation of due diligence on suppliers.
- Supplier Country Risk: the 2016 audit plan's main aim was to verify locally the principles of the Global Compact in countries where its application is not guaranteed.
- OHS Activity Risk: launch of voluntary improvement plans for adherence by suppliers with an incidence rate that exceeds the risk level accepted by ACCIONA.
- Environmental/CO₂ Risk: analysis of the different companies with environmental sanctions

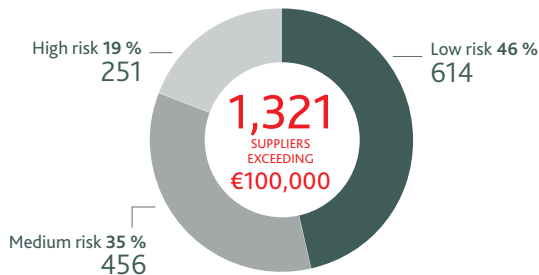
The overview of all variables is summarised by classifying the suppliers into three risk levels: low, medium and high.

PROCUR-e Critical Supplier Risk Map v1.0

The PROCUR-e Risk Map for those considered as critical (economic risk greater than EUR 100 K) includes 1,321 suppliers, which makes for a 125 % increase in the scope of this analysis with respect to that achieved the previous year (when PROCUR-e was being implemented). This Risk Map, which analyses more variables and has also been enriched with information obtained from external systems, provides ACCIONA with a more global overview of the different nature of the risks that may affect the company.

The amount contracted with these 1,321 suppliers rises to EUR 1,506 M, 46 % of the total and has the following risk distribution:

Distribution of risk on the Risk Map in PROCUR-e v1.0

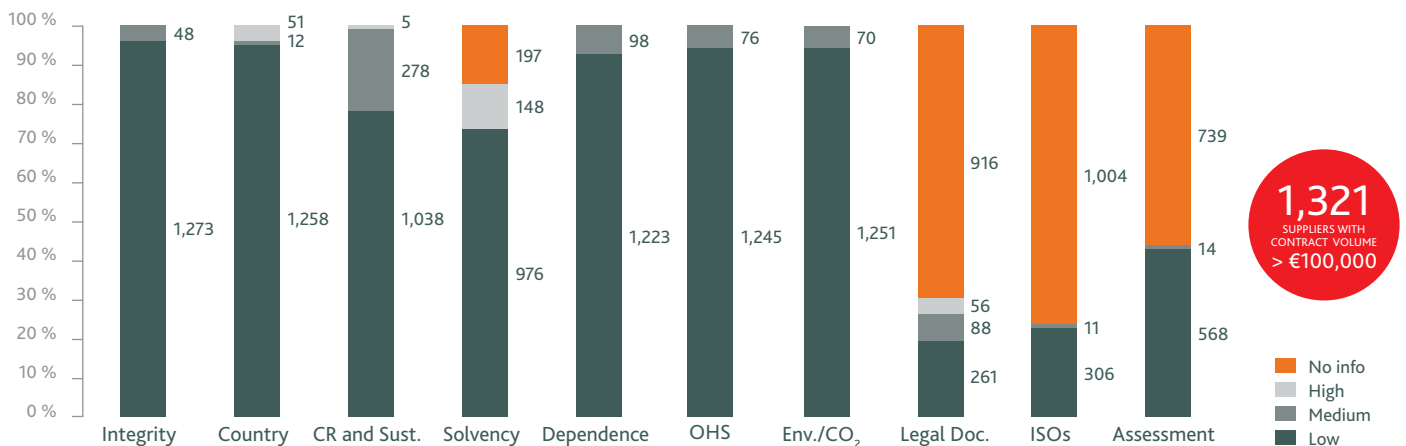


With more information from external systems and more corrective actions, the PROCUR-e Risk Map **has matured greatly**

81 % of these suppliers are medium to low risk. As this risk map has variables of differing nature and impact on the ACCIONA group - like the Supplier Country Risk, Economic Solvency and Economic Dependence, amongst others - the analysis needs to be separated out by risk variable in order to take the corrective action and implement improvements.

In the chart below, you can see the risk distribution for each of the individual variables that make up the risk map:

Distribution of risk in the variables of the Risk Map in PROCUR-e v1.0



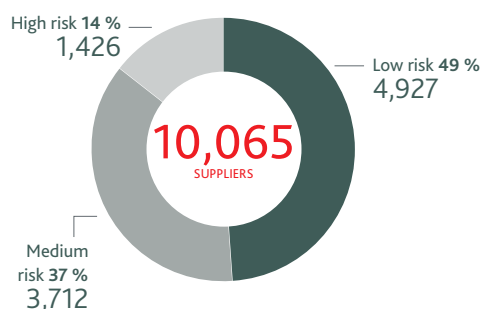
NB: the four variables that show suppliers without information contain data from external systems. The series of values given in grey corresponds to information not reported by said systems.

PROCUR-e Global Risk Map

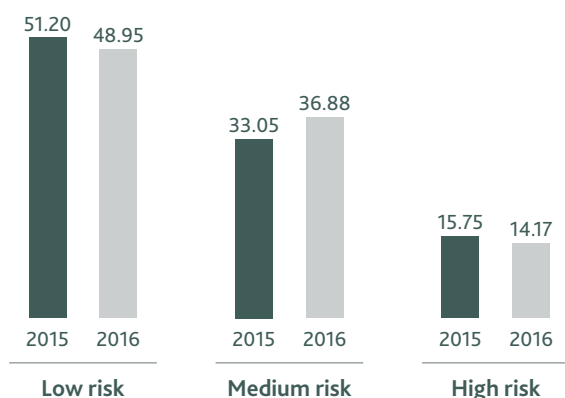
Additionally the Risk Map of suppliers exceeding EUR 100,000 analysed all suppliers registered with PROCUR-e in order to analyse global risk trends.

This PROCUR-e Global Risk Map has a far wider-reaching scope as it covers all suppliers with offers in PROCUR-e. In 2016, a total of 10,065 suppliers had a risk map, which is updated on a daily basis. The criteria considered in this global risk map are the same as for the risk map of critical suppliers explained previously.

Distribution of risk on the Global Risk Map in PROCUR-e v1.0



Evolution of the distribution of the Global Risk Map in PROCUR-e v1.0



2015	2016	Turnover
2,457	10,065	No. of suppliers
84.25 %	85.83 %	Low and medium risk

86 % of these suppliers are medium-low risk level. The percentage of suppliers with high risk is lower because one of the variables most likely to activate high risk is economic solvency and this is monitored less when suppliers are less critical (with small values). In any case, a similar distribution is seen to that recorded for critical suppliers.

The volume of suppliers in this analysis is four times greater than in 2015 and with this information, ACCIONA can analyse risk trends from year to year, drawing the following conclusions:

- The reduction of high risk, mainly due to improvements made with suppliers throughout 2016.
- By knowing the trends of recent years and specific shortcomings of each company, ACCIONA can be far more effective in running its mitigation controls and corrective actions, each time better managing supplier development. These controls are intensified in high-risk countries, as one of the factors that most impacts the risk in the ACCIONA supply chain is its globalisation. This fact was identified in previous years and the company continues to be very aware that in countries like Mexico, China, India, Ecuador, Qatar or the United Arab Emirates, it is important to take careful precautions as these countries do not guarantee compliance with the principles of the Global Compact.

Risk Map v2.0

The last quarter of 2016 saw the preparation of a new version of the Risk Map v2.0 in PROCUR-e, in accordance with the new updates applied by the company.

On the one hand, the first No Go Policy have been prepared, which are a set of minimum requirements that, if not met, prevent this company from being contracted by ACCIONA. These measures ensure compliance by the company with values during contracting.

In the same way, the list of high-risk countries was updated in 2017 using information from external sources, so as to obtain a new Scorecard resulting from the change to the different variables.

NO GO POLICIES

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

- Proven non-compliance with the United Nations Global Compact.
- Supplier with significant risk of ethics and integrity, as it is sanctioned on international lists or shows serious indicators of corruption, fraud or money laundering.
- Critical suppliers in high-risk countries without audit or with audit but with one or more Serious Non-Compliances that have not been remedied.
- Companies penalised by the performance assessment on previous works with ACCIONA or serious shortcomings detected in audit.

Aware of its transmission work, ACCIONA is committed to communicating its sustainability criteria to small suppliers

Focus on the variable CR and Sustainability

In 2016, the model was pursued, as had been launched in 2015, to include the self-assessment questionnaire on Corporate Responsibility (CR) of the ACCIONA group, in PROCUR-e. As it is included in the daily calculation of the Risk Map, the corporate responsibility score of suppliers completing registration on the platform is available at all times.

In 2016, 15,100 questionnaires were sent out to suppliers, accounting for 59 % of 2016 contracts, obtaining scores in CR and Sustainability of 10,065, which represents 49 % of last year's contracts. The number of suppliers with scoring in CR and Sustainability is four times greater than it was in 2015. Of these 15,100, 66 % (10,018) are from Spain and 33 % (5,082) are international, 17 % more than in 2015, thereby offering further confirmation of the international nature of the company, extending its sustainability criteria beyond its boundaries.

Scoring on the variable CR and Sustainability	No. of suppliers in 2016
B-	171
B	3,116
A-	3,920
A	2,164
A+	694
TOTAL	10,065

The average classification of suppliers continues to be A- and the average score is 50.97 points.

The companies obtaining lesser scores in CR and Sustainability are those in which turnover is least important, in many cases small suppliers. Aware of its sustainability transmission work, ACCIONA is committed to communicating, training and conveying its criteria to small suppliers. In this respect, in 2016, two main actions were pursued to improve the commitment of small suppliers to sustainability.

- Implement specific training plans, in concrete terms the CR and sustainability course for suppliers, so as to direct them towards the companies with the best opportunities for improvement in this variable.
- Preparation of questionnaire information and training assistance files, designed in collaboration with the Sustainability, Environment and OHS Departments, to facilitate understanding of the various matters covered by the questionnaire.

Specific tools to obtain checked information on any form of corruption or bribery

Focus on the variable Integrity

In 2016, ACCIONA carried out various actions focussed on reinforcing integrity and fighting all forms of corruption and bribery.

In the first place, a new management system was implemented of the variable Integrity, using specific tools that allow certified information checked with third parties, to be obtained. This procedure consists of the daily monitoring of news relating to supplier integrity, analysing data from more than 30,000 sources split over 250 different countries or geographic areas and in 28 different languages, as well as consulting more than 500 international sanctions lists.

In a complementary fashion, the integrity of the supply chain was assured by carrying out due diligence on 3,995 suppliers (44 % of total group contracts in 2016).

In the same way, the Integrity Interpretation Guide was prepared, a document intended to help classify suppliers according to their risk level in this area, establishing the following criteria:

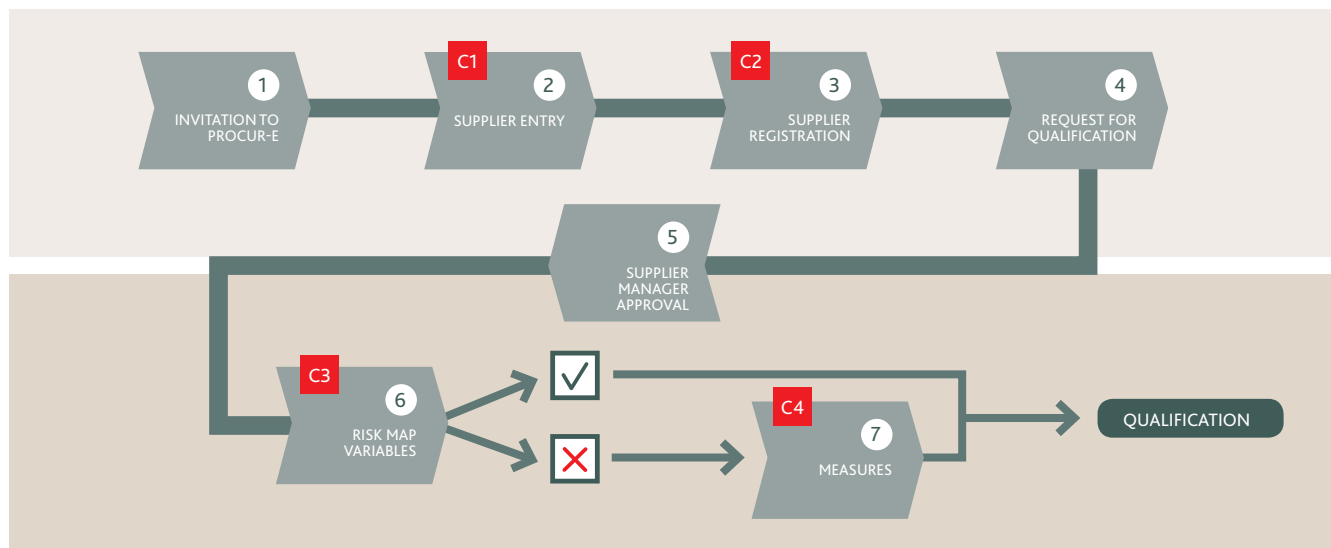
- **Green:** no indicator of any type has been detected and there is no risk in establishing commercial relations.
- **Yellow:** events subsequent to 2015 were recorded (specific claims, fines assigned, etc.) but it is not considered that any significant risk is present at the time of analysis.
- **Red:** there are sufficient indicators subsequent to 2015 (sentences, legal inquiries, etc.) to carry out enhanced due diligence (more in-depth investigations relative to integrity, assessed jointly with the Compliance Department) or directly to conclude that it is not recommended to entertain commercial relations with this supplier.

In 2016, a total of 24 suppliers were identified with significant risk regarding integrity, of which 11 came out as red and are, to date, green in this variable, having implemented the enhanced due diligence process. Of the remaining 11, seven had not been contracted in the last 12 months, two had a previous contract prior to the findings and in the case of the other two, the enhanced due diligence is currently in progress.

Corporate Procedure for Supplier Qualification and Evaluation

Throughout 2016, the second edition of the Corporate Procedure for Supplier Qualification and Evaluation was consolidated, responding to the needs of each business from a more global, transversal standpoint. The main new features are:

ACCIONA supplier qualification process



Verifications at each stage of the qualification process

C1	SELF DECLARATION OF RESPONSIBILITY	<ol style="list-style-type: none"> 1. United Nations Global Compact 2. Code of Conduct 3. Ethical principles 4. Integrity, quality and environmental minimum requirements
C2	COMPLETE REGISTRATION	<ol style="list-style-type: none"> 1. Basic registration 2. Complete registration 3. Activity classification
C3	RISK MAP VARIABLES	<ol style="list-style-type: none"> 1. Integrity ✓ 2. High-risk country ✓ 3. CR ✓ 4. Solvency ✓ 5. Economic dependence ✗ 6. OHS Activity ✓ 7. Environment ✓ 8. Legal documents ✓ 9. ISO ✗ 10. Assessment ✓
C4	MEASURES	<ol style="list-style-type: none"> 1. Integrity → DDR 2. High-risk country → Audit 3. CR → Revision of human rights questions and audit 4. Solvency → Verification of financial ratios 5. OHS Activity → Accident rate analysis → Improvement plan 6. Environment → Analyse criticality of the environmental sanction → Improvement plan 7. Legal doc. → Update in external systems or provide current documents 8. Assessment → Audit

In 2016, 2,604 suppliers were qualified or requalified under the new criteria. The database of qualified suppliers has been updated, that includes those which are truly critical and important to the group. With this single, global database used by all company businesses, duplication is avoided. This is why the total number of group suppliers has dropped by 2,715 with respect to 2015.

One remarkable new feature this year as regards qualification is the inclusion of health and safety improvement plans. If a supplier has accident rates (incident rates) that exceed the threshold established by ACCIONA, once a timely investigation has been run, it is suggested that the supplier adhere to the Improvement Plan. This plan pursues the training and improvement of the supplier's professional development in terms of OHS.

In 2016, 34 suppliers were analysed as having a high risk in OHS with the following results:

- For 11 suppliers, it was concluded that the risk was not significant, hence no Improvement Plan was applied.
- For 23 suppliers, improvement plans were drafted.

In 2016, more than 7,200 assessments of requests were assessed, corresponding to more than 3,100 suppliers, where the performance of the supplier is measured in accordance with criteria relating to terms, occupational risk prevention, quality, environment, compliance with administrative duties and technical capacity.

Environmental, labour, social assessment of suppliers and audits

ACCIONA has tools by which to make decisions that help its purchasers avoid suppliers that may have a negative impact on the company, its stakeholders, or society. Through the Risk Map, a total of 10,065 suppliers were assessed, which means being assessed in matters of the environment, employment, social issues and human rights: child labour, freedom of association and forced labour.

CERTIFICATIONS

ACCIONA values positively suppliers that are Quality, Environment and OHS-certified according to the most internationally recognised standards, ISO 9001, ISO 14001 and OHSAS 18001 respectively. Audits and verifications are also run on suppliers to verify the business practices and that certificates are up-to-date.

Of the 10,065 suppliers registered fully with PROCUR-e, the percentage of suppliers declaring that they have one of these main certificates are:

Percentage of suppliers with quality, environmental and OHS certificates, by division

	ISO 9001 (Quality)	ISO 14001 (Environment)	OHSAS 18001 (ORP)
Energy	45	27	32
Infrastructure	48	27	39
Construction	47	27	40
Concessions	43	43	57
Water	51	25	36
Services	38	22	37
Industrial	63	33	36
Trasmediterranea	58	34	50
Other businesses*	40	22	35
Corporate	39	21	38

Note: % obtained on fully registered suppliers in PROCUR-e (10,065), and their statements regarding their possession of different certifications.

2016 AUDIT PLAN AND VERIFICATION OF QUESTIONNAIRES

In 2016, the supplier Audit Plan launched in 2013, with the aim of guaranteeing compliance with minimum ESG (Environmental, Social and Governance) standards, was continued. In 2016, the ACCIONA protocol was developed and consolidated whereby external auditors were trained to convey the company's values.

External Audits

Throughout 2016, a total of 190 audits were conducted on suppliers in Spain and internationally. They were carried out by auditing firms operating globally and with local auditors possessing the necessary country-specific know-how. It should be noted that this year, international audits rose from 43 in 2015 to 92.

Supplier audits in 2016

Business	International	In Spain	Total
Energy	62	45	107
Infrastructure			
Construction	11	9	20
Water	16	22	38
Services	2	10	12
Industrial	1	1	2
ACCIONA Inmobiliaria	0	1	1
Trasmediterranea	0	1	1
Corporate	0	9	9
TOTAL	92	98	190

In countries ACCIONA considered as being at high risk, supplier audits were increased by more than 100 % compared to 2015, increasing from 24 in 2015 to 54 in 2016.

Internal Audits

Also, in 2016, 118 supplier audits were conducted by their own staff of the Quality Departments, mainly of the Energy and Construction divisions, in order to ensure that they meet the requirements established by ACCIONA most importantly on the quality of the product, its manufacturing process and the service delivered.

Questionnaire verifications

The supplier recorded in PROCUR-e certifies that the information given on its business is complete and correct. Notwithstanding, and as a complement to this, ACCIONA also uses two external registration and verification systems to validate this information. Of the 10,065 suppliers fully registered in PROCUR-e, the information of 1,597 suppliers was verified through RePro and that of 2,292 through Obralia/Gestiona.

GENERAL DISABILITY ACT

PROCUR-e monitors compliance with the General Disability Act (LGD as per its Spanish acronym) for Spanish suppliers. Of the 7,128 fully registered, 85 % declared that they complied with the act or were in possession of a certificate of excellence.

RESOLUTION OF MAJOR OR SERIOUS NON-COMPLIANCES

62 % of suppliers audited in 2016 have had zero Serious Non-Conformities (SNCs). The remaining 38 % implemented the Action Plan developed during the audit to solve its shortcomings. 50 % of these suppliers that had SNCs in 2016 had already fully or partially solved its shortcomings; the rest were in the process of doing so. Non-resolution of these means that they would be reclassified as Invalid suppliers for ACCIONA. In 2016 there were three suppliers that were reclassified as Invalid, thereby being unable to take part in bids nor awarded any projects until the shortcomings are remedied.

80 % of the SNCs continue to arise in the Health and Safety and Environment sections, hence the aim is to continue to work with the suppliers to improve development in these areas.

Ethics for suppliers, contractors and partners

ACCIONA views the dissemination of the company's ethical principles to its supply chain as a priority. This practice serves to ensure alignment with its suppliers with a view to assuring the sustainability of its businesses in the different countries where it operates.

The ethical principles for suppliers are part of the ACCIONA ethical clauses. The inclusion of these clauses pursues the termination of contracts with suppliers that do not incorporate into their activity corporate responsibility and sustainability criteria in line with ACCIONA standards. In 2016, more than 135,000 requests and contracts included these clauses.

With respect to Spain, the inclusion of these clauses in the commercial documents continues to be applied by almost 100 %. Internationally, it should be noted that the construction business has increased inclusion of these clauses by 14 percentage points on the previous year.

ACCIONA's commitment with the Global Compact is also part of the ethical clauses, as is the recommendation to its suppliers, contractors and partners to adhere to it and to report progress made in this regard.

In 2016, the Self Declaration of Responsibility for Suppliers was improved, adding information on how ACCIONA assesses the supplier's performance. This document expressly refers to the Global Compact and includes links to the Ethical Principles and Code of Conduct, in addition to incorporating the minimum standards on Integrity, Quality and Environment for ACCIONA. All suppliers must accept this document if they wish to work with ACCIONA.

Additionally, in 2016 the company made more than 242,000 communications to suppliers, transmitting these principles in all of them. These include acceptance of the Self Declaration of Responsibility for Suppliers, requests, contracts, tender basis, bulletins and training courses.

Supplier training and communication

In 2016, the ACCIONA Corporate University Supplier Campus was integrated into PROCUR-e, meaning that all activities the supplier has with ACCIONA (profile, bids, awards, training, etc.) are included and updated in the same place.

Throughout the year, five free training campaigns were launched, particularly aimed at small suppliers with low CR scores.

Of all suppliers that worked with ACCIONA in 2016, 681 were trained in some of these courses and account for 2.62 % of 2016 contracts.

Supplier training

Course	No. of suppliers	No. of people
Code of Conduct	120	181
Corporate Responsibility and sustainability in the Supply Chain	134	209
Basic concepts, international OHS management and rules	149	227
Equality and Prevention of Discrimination	142	213
Disability Awareness	136	202
Total	681	1,032

As an integral part of supplier training, ACCIONA has prepared 20 questionnaire assistance sheets, available in both Spanish and English. These information and training sheets help clarify the questions asked by ACCIONA of its suppliers as regards CR and extend awareness in this field. For more information on other communication with suppliers in respect of ORP, please refer to the chapter on "People".

Throughout 2016, communications continued with suppliers through the already mature channels in ACCIONA: [ACCIONA: compraresponsable@acciona.com](mailto:compraresponsable@acciona.com), boletinproveedores@acciona.com, proveedores@acciona.es and procure.help@acciona.com.

In addition, suppliers have the ethical channel to report any irregular practice, which ACCIONA will then review.

Integration of ESG principles into the procurement process

In 2015, the criteria were redefined to identify sustainable procurement by means of the preparation of the Sustainable Procurement Guide. In 2016, implementation was completed of the indicators for its identification and at the end of the year, 590 requests were classified as sustainable procurement requests, making for a total value of EUR 46 M.

Find below some examples of how the sustainability criteria have been incorporated into procurement and contracting management, and different actions carried out by the main divisions in this regard.

RENEWABLE ENERGY	<p>In 2016, 586 Gwh of energy of renewable sources was consumed, 4.4 % more than in 2015. In the same way, 1,166 installations consumed energy from 100 % renewable sources and 76 installations consumed 100 % green energy.</p> <p>This bet on using energy from renewable sources, in addition to the action taken in terms of adjustments made to power and improved usage, resulted in total savings of EUR 832,000.</p>
ECO-EFFICIENT VEHICLE FLEET	<p>The active fleet in 2016 was made up of 348 vehicles, of which more than 30 % are low emission vehicles, i.e., emitting less than 120 g CO₂/km, which implies lower fuel consumption. 99.7 % of the active fleet has EURO5 and EURO6 engines, and 1.4 % are hybrid powered vehicles with EURO6 engines (a total of five vehicles), which means lower CO₂ emissions, coupled with a reduction of NO_x and particulate emissions.</p>
SUSTAINABLE WOOD	<p>In 2016, 683.34 t of wood consumed by ACCIONA Construction was certified. ACCIONA S. A., ACCIONA Energy and ACCIONA Service include a clause applicable to all wood-derivative orders and contracts in their ERP:</p> <p>"The Customer shall ask the Supplier for the forest products chain of custody certificate (FSC, PEFC, or similar) for all wooden elements that are the subject of this request."</p>
HIRING OF SPECIAL EMPLOYMENT CENTRES	<p>In 2016, 26 Special Employment Centres (CEE as per its Spanish acronym) were contracted, seven more than in 2015. The aim of this practice is to promote the inclusion of people with disabilities into the workplace. Hiring throughout 2016 totalled EUR 2,426,610.7, at similar values as the previous year. ACCIONA mainly uses these companies to supply work clothing, laundry services, safety materials, travel agencies, printing and vending machines, amongst others. Trasmediterranea stands out among the group companies, having increased its contracts with CEE by 35 %.</p>
BREEAM CERTIFICATION: SUSTAINABLE CONSTRUCTION	<p>ACCIONA Inmobiliaria has continued with the development of 10 promotional projects developed in compliance with the sustainable construction certification BREEAM, thereby obtaining more energy efficient buildings with more reasonable consumption of resources.</p>
SUSTAINABLE ROOFS AND MULTIFUNCTIONAL PHOTOVOLTAIC PRODUCTS	<p>ACCIONA Construction has designed the world's first smart thermal insulation on the roof of the Secondary School of the province of Lieges (Belgium).</p> <p>A catalogue of new multifunctional photovoltaic products has been prepared for architectural integration (BIPV), developed by using a new technique of encapsulation in composite materials of resins and fibreglass, with a transparent finish.</p>

OPPORTUNITIES: CUTTING COSTS AND INCREASING INCOME

Various actions are being implemented, for the most part by the ACCIONA companies, essentially seeking to save on energy consumption and reduce the environmental impact.

WASTE MANAGEMENT	The CONRUT project run by the Concessions division consists of better waste management, including electronic waste. Costs are reduced due to the lesser collections of non-hazardous industrial waste containers and there is no cost to the concession company.
REMOTE CONTROL AND RECEIVING OF SIGNALS	In the ACCIONA Agua DEPURAR 8B concession, the augmented virtual reality project allows instructions to be given to operators by specialist technicians, with no need for them to be physically present. Through the GOTA (Work Order Management) project run by ACCIONA Agua, a system that manages the impact of failures in real time was installed in the Lima (Peru) water network, thereby reducing repair time, minimising water loss and the impact on traffic and travellers.
HERITAGE BUILDINGS	ACCIONA Inmobiliaria has improved consumption controls by means of energy efficiency plans, improving the lighting installations of eight Heritage buildings.

ACCIONA with excellent management

The company works with an excellent quality management model from two standpoints (external and internal). From an external point of view, the aim is to generate products with high added value and to satisfy customers' needs. For this to be possible, the company incorporates excellence into the development of its internal management model.

The company's Quality Policy sets out the principles and commitments in this matter. In the same way, this commitment is structured around the Sustainability Master Plan, which sets out goals for improvement, acknowledging that employees are an essential part of the company's improvement.

In 2016, ACCIONA continued to make progress in the pursuit of ever more efficient processes and the provision of sustainable, high quality products and services.

In this sense, ACCIONA has delivered 13,340 hours of training and sensitisation on processes and quality, with the aim of ensuring that employees have the technical knowledge and specific skills required to go about their duties and improve the knowledge of customers.

QUALITY IN ACCIONA'S OPERATIONS

Certified management systems

All divisions of ACCIONA in Spain and internationally have management systems implemented and certified in accordance with international benchmark standards (ISO 9001, ISO 14001, ISO 50001, ISO 22000, SA8000, EMAS, etc.). ACCIONA aims to ensure organisational commitment to continuous improvement of processes and activities, guaranteeing the competence of its staff to develop the works assigned and the economic and technical organisational capacity to carry them out in each of the countries it operates.

In 2016, 90 % of group sales were ISO 9001-certified and 87 % of sales were ISO 14001-certified (more information is supplied in the chapters specific to the business lines).

Improvement tools

The audits, both of customers and certification entities in relation to ACCIONA management systems, constitute one of the main tools that the company has in order to identify opportunities for improvement.

In 2016, 551 internal audits were conducted in ACCIONA (46 % more than in 2015) for the main standards implemented and certified; 163 customer audits were received (21 % more than in 2015). Non-compliances identified during these audits are examined and managed, with the necessary action plans being carried out to address them.

ACCIONA Service accounts for 58 % of all audits received from customers in 2016. Strengths include the obtaining of Grade A certification in the BRC (BRC Global Standard for Food Safety) audit carried out at the request of one of its customers (a multinational in the food sector).

Improvement groups and lessons learned

In 2016, ACCIONA implemented 39 improvement groups, composed by multidisciplinary teams whose mission it is to identify and implement innovative solutions and to establish mechanisms for the management of the risks associated with the various businesses. These groups worked in very varied areas, from wind production through to the management of knowledge and creation of working standards in the Water sector or the creation of the ACCIONA Service process management model.

Each of these improvement groups had specific results, such as, for example, the creation of a team specialised in uptower repairs (COE Production improvement group), the preparation of 192 descriptive sheets of 74 water treatment processes available on the Colabora platform (Operating Criteria improvement group) or the definition of seven standard processes in ACCIONA Service (ACCIONA Service Process Management Model improvement group), which they are implementing in the organisation, training the staff involved.

Lessons learned and best practices are a tool that ACCIONA uses to document and share the knowledge gained with experience, and make it available for the benefit of the entire company. Once approved, they are disseminated to employees in various ways: e-mails, specific repositories, quarterly bulletins, the intranet, QSE alerts (ACCIONA), amongst others, and are used as inputs to help improve the processes with which they are related.

In 2016, 290 lessons learned and good practices were identified, more than double those of 2015. Of these, 12 lessons learned relative to construction are pending approval by the Technical Committee.

ACCIONA'S COMMITMENT TO ITS CUSTOMERS

Meeting the needs and expectations of its customers is a priority goal of ACCIONA. Through its various businesses, the company has different types of customers, which are fundamentally large customers from the public sector, such as governments, public administrations and other public bodies, and from the private sector, private companies and financial investors, amongst others.

Notwithstanding this, in several of its companies, ACCIONA Agua Servicios, Grupo Bodegas Palacio 1894, Trasmediterranea and Inmobiliaria, the company has business-to-customer consumers or clients (more information is provided in the chapter on the Company Profile).

Customer relationship and communication

ACCIONA has a large variety of communication channels suitable for the diversity of its customers and designed to ensure the best possible access and agility in all communication with the company's stakeholders. The following stand out:

- **Personal managers:** all ACCIONA companies that execute projects, designate contract managers who are available to the customer throughout their relations with the company.
- **Meetings with customers:** these meetings are used to identify the needs and expectations of customers, in connection with the product or service provided and the degree of satisfaction with it (more information in Society chapter).
- **Websites:** ACCIONA Green Energy, Trasmediterranea, Grupo Bodegas Palacio 1894, ACCIONA Construction, ACCIONA Agua and ACCIONA Service, amongst others, have specific sections for the consultation of information and others, where the customer can make contact with the company.
- **IT applications:** there are different IT applications available to improve the customer experience, that may be used by them to make claims and complaints, to communicate with the company or as a means by which to report measurements of results of certain services to the customer.
- **Physical points of customer service and dealing directly with customers:** all companies that manage large construction projects, operations or concessions, hold regular meetings with their customers from when the contract is signed through to its completion. The physical points of contact are offered by the ACCIONA Agua services, property promotions, handling services in airports, cellar stores or shipping stations in Trasmediterranea.

- **Call centres and telephone lines:** there are phone lines and call centres to serve customers 24 hours a day in various businesses of the company, such as ACCIONA Green Energy or ACCIONA Airport Services, where the local representatives of the airlines can communicate with ACCIONA's representatives by means of mobile telephone numbers available 24 hours a day.
- **Online services offered to customers:** a great number of companies have online customer services available to provide information, as well as management services or virtual offices through apps, platforms for the exchange of information or additional sales channels, like the online store of Grupo Bodegas Palacio 1894 or the purchase of tickets and online check-in offered by Trasmediterranea.
- **Publications and signs:** from time to time, the company launches various publications offering information and news on the various businesses and projects, such as the *ACCIONA Reports* magazine that can be downloaded from the company's corporate web page.

Customer satisfaction

Customer satisfaction is one of the most important aspects by which to measure ACCIONA's performance and facilitate the planning of specific actions aimed at improving customer experience with the company.

this is why the measurement of customer satisfaction is one of the main aspects included in the Corporate Quality Policy and each year, concrete targets are established in the annual planning of each business, to improve the aspects that had been worst rated. In 2016 the following tools were used:

- **Satisfaction surveys:** this is the method most widely used throughout the ACCIONA divisions to measure the satisfaction of their customers. They provide insight into the issues with which the customer is less satisfied and those needing improvement. In 2016, **ACCIONA conducted 37,816 surveys (29 % more than in 2015)**, from which 7,734 replies were obtained. The supports used include paper and digital formats, enabling specific apps for mobile telephones and online platforms.
- **Creation of specific personnel:** for example, in Trasmediterranea the Landscape Attention Manager has been created, with an appointment made on each ship, who has the task of ensuring excellence in attention to landscape, developing sales points and improving efficiency in the use of resources.
- **Other tools:** such as meetings and conferences with stakeholders, specific customer-focussed projects, creation of specific figures and mailing techniques.

Customer participation in satisfaction surveys:

Starting from these tools, each year the ACCIONA divisions measure the satisfaction of their customers. In 2016, the company obtained a global rating of 97 % satisfied customers.

Number of surveys sent out and received by business

Line of business	Sent	Received	Satisfied customers (%)
Energy	120	27	94 %
Construction*	122	56	99 %
Water	109	104	100 %
Services	315	127	95 %
Industrial	4	3	100 %
Other businesses**	37,146	7,417	100 %
Total	37,816	7,734	97 %***

* Includes AMISA, Construction Mexico and Concessions.

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

*** The difference compared with the 2015 data is due to the fact that in 2016, ACCIONA decided to be more demanding in its measurement of customer satisfaction, as those assigning assessments of more than 1 point above the average scale value are considered as satisfied customers.

Customer complaints and claims service

ACCIONA acts with due diligence in response to customer complaints and claims, having specific procedures in all its divisions. To do so, it enables a wide variety of accessible channels that:

- Record and measure the number of claims received.
- Assign people to be responsible for resolving complaints and claims. Considering the diversity of ACCIONA customers, the areas or persons responsible for the company in terms of managing complaints, claims and suggestions vary from business to business.

- Assess the causes and resolve claims.
- Offer feedback to customers and users with respect to the treatment and resolving of claims and their closure once customer approval has been obtained.
- Depending on results, action plans are defined to improve.

The ACCIONA divisions measure the suitable handling of complaints and claims through various indicators: i) the total number received, ii) the ratio of cases closed in a satisfactory manner and iii) the time spent on resolving them.

Business to Business claims per line of business 2016

Line of business	No. of claims 2016
Energy	52
Infrastructure	
Construction	56
Concessions	1
Water	24
Services	378
Industrial	0
Other businesses*	708
Total	1,219

* Includes ACCIONA Inmobiliaria promotions customer claims and claims made by export and distribution customers of Grupo Bodegas Palacio 1894.

With respect to the total number of claims, there has been an increase in the number in various businesses with respect to the previous year. This may be explained by a combination of various factors:

- The number of business-to-business claims has increased in comparison to 2015 due to the increase in the scope considered in 2016, as claims made by customers in various activities that had not been considered in previous years, due to lack of information (e.g Solar Gardens of ACCIONA Energy, ACCIONA Agua Servicios, ACCIONA Facility Services Portugal) or companies created in 2016, have been included this year/in 2016 (ACCIONA Multiservicios).

- ACCIONA Service received more claims due to the implementation of EMAS.

- Grupo Bodegas Palacio 1894 has improved its claim management in some areas, centralising them in a new department that has successfully improved claim management and channels.

The average of claims closed in a satisfactory manner came to 88 %, 10 % more than in 2015.

Business to Customer claims per line of business 2016

Line of business	No. of claims per 1,000 customers
ACCIONA Agua Servicios (subscribers of the comprehensive water management service in Spain)	1.22
Services	
Urban waste management (users in municipalities)	2.08
Handling (users of the airports of Palma de Mallorca and Frankfurt)	0.004
Grupo Bodegas Palacio 1894 * (direct sale of wines)	82.7
ACCIONA Inmobiliaria ** (buyers of residential customer houses for sale)	-
Trasmediterranea (passengers who have made a claim)	0.56
Total	17.3

* Grupo Bodegas Palacio 1894 has improved its data collection process, booking claims made in terms of transport incidents that were previously not taken into account. In 2016, 47 product claims were received and 216 for breakage of goods during transport. Although caused by the supplier, the company wishes to control the whole of the value chain and, therefore, also takes responsibility for these claims. Therefore, the scenarios depicted in 2015 and 2016 are not comparable.

** Inmobiliaria does not consolidate for the ratio of complaints average per thousand customers because its total number of users is outside the range of other customers/ users in the table.

The time taken to solve them is not comparable for the different ACCIONA businesses. This is due to the fact that the claims differ considerably in terms of the nature of each business, technical complexity, the type of cause and influence of external factors, amongst others.

In 2016, for the first time, customer suggestions were consolidated and included in the report. 367 suggestions were received for the Grupo Bodegas Palacio 1894, ACCIONA Agua Servicios, ACCIONA Green Energy and ACCIONA Construction Mexico divisions. As a rule, ACCIONA tends to receive more suggestions from its service customers or from its end consumers.

Loyalty and recommendation of the company between customers

ACCIONA also measures customer loyalty and seeks to establish lasting relations over time. To do so it asks customers direct questions about:

- 1) The possibility of contracting ACCIONA again, intended as the subjective assessment of respondents depending on their satisfaction with a previous experience.

100 % of customers of ACCIONA Construction Spain, ACCIONA Industrial and Facility Services Portugal who answered declared that they would contract the company again (all having improved their results with respect to 2015). And between 80 and 95 % customers of ACCIONA Construction Mexico, Facility Services Spain, Forwarding, ACCIONA Environment and Urban Services activities and the solar garden customers of ACCIONA Energy, would place their trust in the company again.

- 2) The comparison of the company with its competitors, measured through a comparative scale of various levels.

Regarding the assessment by customers of ACCIONA with respect to its competitors, it should be noted that 100 % of ACCIONA Industrial customers and 91 % of construction works customers in Spain who answered the surveys declared that the company is "better/much better" than the competition.

The company assesses the degree of recommendation of its customers including a direct question in the satisfaction surveys: "Would you recommend ACCIONA to other companies?", based on the Net Promoter Score (NPS) Indicator which measures the level of recommendation according to the difference between the customers removing loyalty and those promoting it. The majority of customers consulted can be considered as promoting it, with the case of ACCIONA Construction España and ACCIONA Industrial standing out in particular, for which 100 % of customers surveyed declared that they would recommend ACCIONA.

CUSTOMER HEALTH AND SAFETY

Customer health and safety is a priority for the company. Therefore it carries out various actions related to 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.
- Safety management systems.
- Regulatory inspections and compliance with applicable law.

The Safety Management Systems implemented by the company ensure the development of the activities according to international benchmark standards established for each sector. 15 % of ACCIONA's turnover comes under the umbrella of one of these certified systems:

- Road Safety Management System implemented and certified according to ISO 39001 on the highways of A2-T2 and the highway of La Plata, managed by ACCIONA Concessions. This international standard lays down the requirements for an organisation that interacts with the road system with a view to reducing deaths and serious injuries caused by road accidents. These are the first highways in Spain to obtain this certification.
- Rail Transport Safety System of ACCIONA Rail Services, audited by the State Railway Safety Agency (Agencia Estatal de Seguridad Ferroviaria), which guarantees compliance with the national safety standards.
- At its Palma de Mallorca branch, ACCIONA Airport Services has the ISAGO (Safety Audit of Ground Operations) certificate, in accordance with the International Air Transport Association regulations.
- ACCIONA Facility Services is certified according to ISO 22000 Food Safety Management, for its food plant industrial cleaning operations.
- Certification of the National Safety Plan as Known Dispatcher for air cargo of ACCIONA Forwarding, issued by the National Aviation Safety Agency (Agencia Estatal de Seguridad Aérea).

- Trasmediterranea Safety Management System, whose procedures are approved by the Directorate General of Merchant Marine.

- Four wineries of Grupo Bodegas Palacio 1894 are certified under FSSC 22000 (Food Safety System Certification) for the management of food safety risks throughout the supply chain. The group has also adhered to the Wine in Moderation initiative to foster responsible consumption.

ACCIONA covers aspects of online security and privacy of its customers through:

- A built-in platform in fraud detection systems in the area of Information Technology and Communication.
- Feedback on security issues such as hacker attacks or issues with the firewall to block unauthorised access.
- Contingency plan for possible failures.

During 2016, the company had no evidence that there had been claims for breach of legal regulations or voluntary codes regarding privacy and loss of customer data.

ACCIONA notes an incident that took place involving a citizen using the road cleaning service in the city of Almería. This service, provided by a Temporary Joint Venture of which ACCIONA Urban Services is a member, was reported by the user who suffered injuries in a public road whilst it was being cleaned. The Temporary Joint Venture attended the citizen immediately and made the means available in a timely manner, providing all information necessary on the appropriate procedures. The Temporary Joint Venture is doing everything within its power to solve the incident.

Labelling of products and services

ACCIONA informs its customers on the safe use of its products and services through various forms of information: labelling, the delivery of product manuals, equipment documentation, contractual requirements, adherence to international programs for the promotion of responsible consumption, etc.

The only product supplied by ACCIONA that requires specific information on the label, according to current applicable legislation, is the wines of Grupo Bodegas Palacio 1894. To this end, 100 % of bottles include information on the origin of the components (varieties, harvests, origin), safe use (allergens, sulphites) and form of disposal (information is given on the bottles about the possibility of recycling the packaging). Moreover, the data sheets for each

product, giving detailed information, are available for downloading from the company website.

Although electricity and water are products that cannot be labelled, all energy marketed by ACCIONA Green Energy has a certificate issued by the National Markets and Competition Commission (CNMC, as per its Spanish acronym), which certifies the 100 % renewable source of said energy. On its part, the water treated by ACCIONA Agua complies with the standards laid down by applicable legislation: quality of drinking, desalinated water, parameters for purified water, etc.

In the case of ACCIONA Inmobiliaria, at the time of recording the title deed of a house, owners are given the pertinent user manuals for the equipment that is part of the facility, as well as warranty certificates. The Building Records are also given to the Owners' Association. All properties built and marketed have the corresponding energy certificate, as per current legislation.

With respect to the projects developed by ACCIONA, 100 % have all the information necessary in the as-built report delivered to customers. These projects have been fulfilled in accordance with current legislation in each country and internationally-recognised standards for the sector in question (ASTME, British Standards, etc.). Moreover, all equipment installed in the industrial plants has Instruction Manuals, which include safety aspects: installation, control and revision conditions.

During 2016, ACCIONA did not supply banned products or services, and is not aware, through information collection systems set up by the company, that there have been incidents, nor has it received fines or penalties related to the information and labelling of products or services, nor indeed to any technical market communications (advertising, promotion and sponsorship).

INNOVATION

Collaboration and process improvement



ACCIONA realises that technology is developing more and more quickly, turning into a driver of sustainable development. Innovation is a key component in acquiring competitive advantage, creating a ripple effect by generating new business and improving existing business.

CHALLENGES 2016

PROGRESS IN 2016

Maintain an innovation over sales figure that exceeds the European average for the sectors in which ACCIONA is present.



Accreditation of an innovation figure of EUR 193.9 million in 2016 and sales reaching EUR 5.97 billion. This translates into an innovation intensity ratio of 3.2, higher than the European average.

Manufacture the first structural element with additive manufacturing.



Design, manufacture and construction of the first pedestrian bridge completed with additive manufacturing in the municipality of Alcobendas (collaboration between ACCIONA SA Engineering and third parties).

Create the new technological reality capture service via environment digitisation techniques to provide service to customers.



Approval of the technology and its applicability in January 2016. Transfer to ACCIONA Service, which will offer it as one more of its services from now on.

Promote the implementation of improvements in the company's key processes to generate savings of at least 15 million euros.



Savings of EUR 27.7 million for improvements in operational innovation processes, exceeding the planned target.

Create new communication channels and improve the internal innovation platform Imaginne.



Creation and launch of I'MNOVATION, the new communications channel.
Completion of the technical configuration of the new collaborative innovation platform and the hardware usability and functionality test. Design and launch of a new e-learning course on creativity and innovation for employees.

CHALLENGES 2017



Maintain an innovation over sales figure that exceeds the European average, to preserve the ACCIONA's innovative leadership.



Develop a water treatment plant project where it is possible to create a support tool for its operation and maintenance using augmented reality.



Justification and completion of reporting for the financing provided by the European Investment Bank (EIB) for the 2013-2016 annual payments.



Improve ACCIONA's processes and generating savings of at least EUR 15 million.

HIGHLIGHTS IN 2016

» ACCIONA has developed a new collaborative innovation process. A pilot has been implemented in the Water division in a project aimed to eliminate organic matter in desalination plants

» ACCIONA has incorporated a new technology service at ACCIONA Facility Services involving the use of reality capture technology

Innovation as the primary tool for value creation

ACCIONA integrates innovation to its businesses as its main tool for gaining competitive advantage, concentrating on guaranteeing sustainability and creating added value for its products and services.

A new trend – the Internet of things or hyper-connectivity – started to become a reality after the development of the Internet of people. This trend, involving interconnection and communication of everyday objects with the Internet, is already a part of the company. It provides the basis for new digital designs that enable supercomputing, digitalisation of processes, *big data* and smart cities. This new paradigm has had a significant impact on ACCIONA, a company that designs, builds and operates infrastructures that people and businesses can use.

ACCIONA has developed and applied new technologies to create value for its clients in this area. For example, virtual reality (VR) is a technology that makes it possible for us to show our clients what an infrastructure will be like before it is completed, experiencing it as if it already physically existed.

Moreover, thanks to collaborative innovation some projects have been carried out providing clear competitive advantages for the company and demonstrating ACCIONA's commitment to advanced technologies.

ACCIONA funded an innovation figure of EUR 193.9 million in 2016, once again achieving a record high. This figure demonstrates the company's commitment to remaining at the forefront of technological innovation. The innovation figure can be broken down into the following percentages:

INNOVATION IN ACCIONA, CLASSIFIED IN WORLD RANKINGS

Efforts in innovation has enabled ACCIONA to maintain a leading position in the main rankings. The *2016 EU Industrial R&D Investment Scoreboard*, developed by the European Commission's Economics of Industrial Research and Innovation (IRI), ranks ACCIONA as the sixth leading Spanish company and 152nd in Europe in RDI investment efforts.

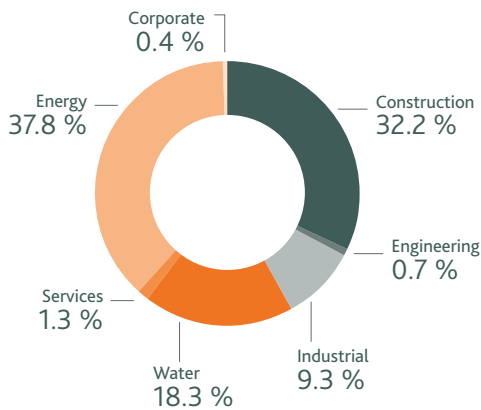
Furthermore, the *2016 Global Innovation 1000 Report*, -prepared by Strategy&, PwC's strategic consultants, the 1,000 companies with the highest investment in RDI worldwide-, cites ACCIONA as one of the seven Spanish companies in the ranking.

Innovation figure

		2012	2013	2014	2015	2016
R&D figure (EUR million)		166.2	173.2	174.9	180.4	193.9
	EU	212	143	139	144	152
Ranking	SPA	9	5	5	5	6
	Strategy&	620	461	447	468	*

* Not reported in the 2016 Global Innovation 1000 Report

Distribution of innovation figure by business line

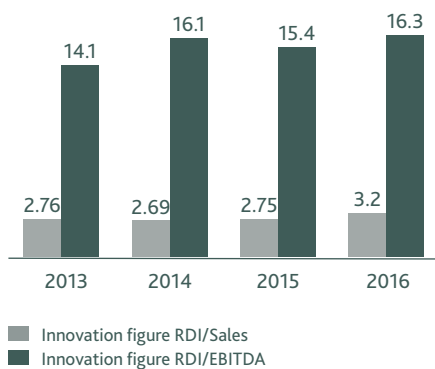


ACCIONA funded an innovation figure of EUR 193.9 million in 2016, once again achieving a **record high**

Evolution of innovation intensity

(%)

The company's commitment to innovation is reflected in its innovation figure of EUR 193.9 million and its innovation intensity ratio of 3.2, higher than the European average (which is 1.2)*.



* Calculation derived from dividing the innovation figure by EUR 5,977.4 million in sales.

FIRST PEDESTRIAN BRIDGE IN THE WORLD MADE WITH A MICRO-CONCRETE 3D PRINTER. ALCOBENDAS (MADRID)

3D printing has made a significant impact on the production of construction elements, making it possible to produce complex geometrical elements without increased costs for the manufacture of moulds for small numbers of parts.

Development in this to date consists of the design of large scale 3D printing equipment (>1m³), material for printing (micro-concrete) and design and calculation procedures.

The bridge, which is 13 metres long and 1.75 metres wide, was built in eight pieces that were later assembled and installed in the Parque de Castilla-La Mancha, in the city of Alcobendas (Madrid).

R&D&I MANAGEMENT

ACCIONA works with documented methodologies that make it possible to structure, quantify and qualify its processes. Since 2013, the year in which the 'Management of Innovation' Corporate Standard was approved, new procedures and instructions have been adapted and developed with the aim of aligning them with the company's strategy.

ACCIONA has perpetuated the R&D&I Management System (SGIDi) under the UNE 166002:2014 guidelines. As part of the SGIDi, in 2016 the Satisfaction of Interested Parties innovation instruction was launched and the new Risk and Opportunity Management instruction was approved to evaluate the strengths and weaknesses of the activities developed by ACCIONA and to enable the implementation of measures.

As part of ongoing follow-up activities, Committees of Analysis and Evaluation of the Contribution of R&D&I to the Business were held in 2016 to review the proper progress of the Annual Innovation Plans and update the Strategic Plans for the coming years.

ACCIONA's continuous efforts and its commitment to innovation have been rewarded in the re-certification audit of the group performed by AENOR.

TECHNOLOGICAL AND COMPETITIVE OBSERVATORY

The Technological and Competitive Observatory has adapted its strategy to the needs of its clients, improving the surveillance process with the incorporation of new monitoring services that complement the work carried out by the businesses in this field.

As part of the objective of compliance with the Innovation Corporate Standard, in 2016 the Observatory participated in the development of strategic innovation plans for the next few years. Equally, efforts to discover opportunities from the analysis of information generated in social networks and their possible application in specific lines of business were also undertaken.

DECISION-MAKING TOOLS. 2016 HIGHLIGHTS:

- **Support in decision-making.** From the push & pull perspective, areas of interest for various business units are addressed. New trends in technology are analysed, new stakeholders are identified and market niches and business models in line with ACCIONA strategy are studied. More than half of the documents produced by the Observatory are strategic for the company.
- **Consolidation of the external knowledge network.** As a result of collaboration agreements with international companies, agencies and universities, disruptive technologies for the various ACCIONA divisions have been identified and the capacity to analyse these technologies has been expanded.
- **Monitoring of the company's competitive environment.** Initial reports resulting from the monitoring process established by the Observatory last year have been distributed. The monitoring areas -agreed upon with the business units- address both technologies and markets, competitors and other stakeholders for ACCIONA.

Analysis of the information produced in **social networks** has made it possible to detect opportunities

Technology Centres and main fields of research

ACCIONA has three Technology Centres in Spain:

Technology Centre of Madrid

It aims to lead technological development in the areas of construction, transport and environmental infrastructures. Specifically, it focuses on the improvement of applications of new materials, infrastructures for transport and mining, and the improvement of processes.

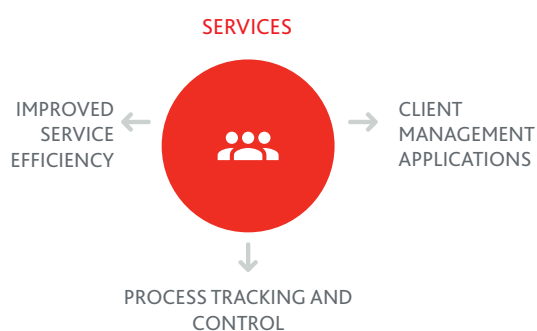
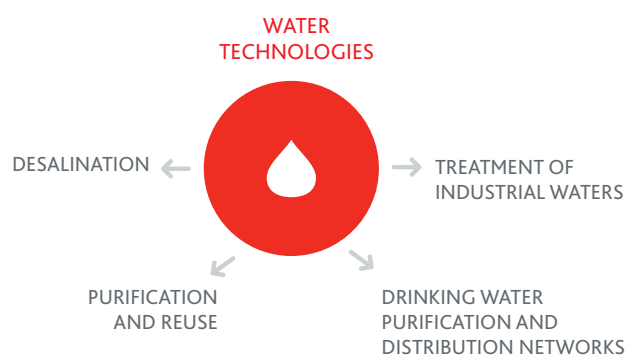
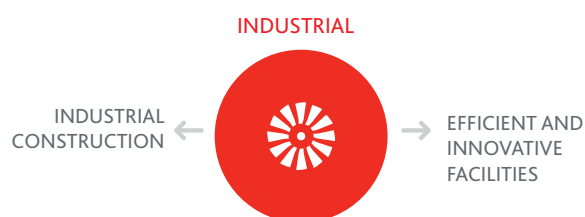
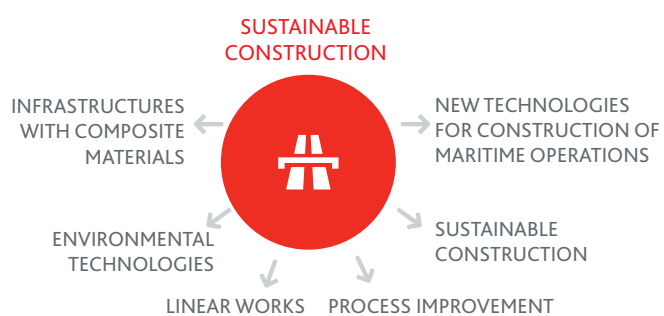
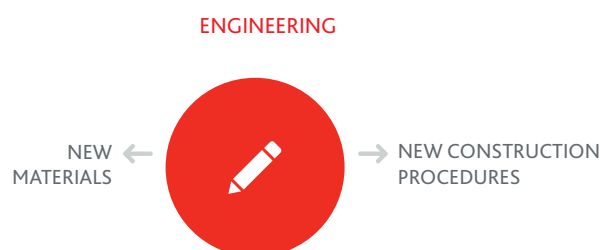
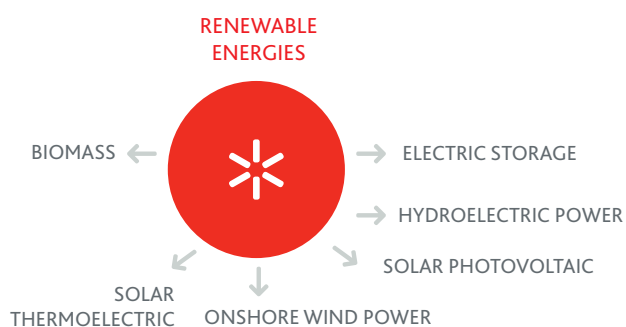
Technology Centre of Pamplona

It is the core of the innovation activity in renewable energies, where most of the strategic lines of research are developed: wind, solar photovoltaic and thermal electric, biomass, integration of renewable energies into the electricity grid, storage of energy and manufacture of wind turbines.

Technology Centre of Barcelona

This centre does research and development of cutting edge solutions for purification, desalination, drinking water treatment and management of distribution grids throughout the entire water cycle value chain.

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



INNOVATION IN BUSINESS AND INTERNATIONALISATION

The entire ACCIONA group is involved in the creation of value through innovation to satisfy its objective of maintaining a leading position in the development of sustainable solutions for major global challenges.

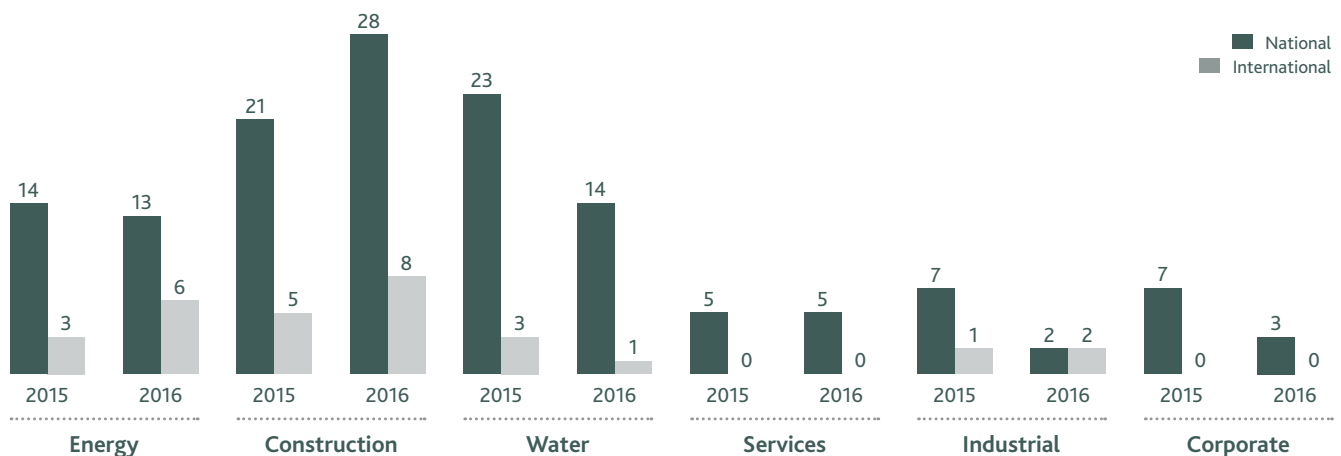
With this premise, the group carries out its activities by providing innovative solutions in the development of its businesses, anticipating the needs of the clients and differentiating itself from the competition.

The portfolio of international innovation projects rose to 17 with an associated figure of EUR 138.8 million in 2016. The efforts to internationalise innovation in ACCIONA have been successful, the international investment represents 71.8 % of the of the ACCIONA group innovation figure.

Innovation figure by country in 2016

	(€M)
Spain	55.2
Chile	33.3
Norway	28.5
United Arab Emirates	27.1
South Africa	25.8
Canada	10.6
Poland	7.4
Australia	3.5
North America	1.5
Brazil	1
Total	193.9

Geographical breakdown of innovation projects in 2016



CONTINUOUS IMPROVEMENT OF PROCESSES, GREATER EFFICIENCY IN OPERATIONS

During 2016, 87 process innovation initiatives have been recorded, resulting in a savings of EUR 27.7 million for process operational improvements (total verified figure).

These savings continue with the SMP 2020 target of reaching a figure of EUR 75 million in savings through improvements in group processes, at a rate of 15 million per year. The company has been incorporating this commitment to improve its processes since 2012.

	Verified Savings (€M)	Achievement (%)
Energy	5.3	107 %
Infrastructure*	22.3	148 %
Real Estate	0.053	133 %
ACCIONA Total	27.7	138 %

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

Sharing innovation

The IMAGINNE platform is an innovation space where all employees can share their innovative ideas and talents for generating new products and solutions to make ACCIONA a more dynamic, flexible and innovative organisation. The technical configuration and the usability and functionality testing of the platform were completed in 2016. An innovation pilot programme was held with ACCIONA Agua to resolve a technical challenge (see more information in the ACCIONA Infrastructure's Commitment Section).

Furthermore, ACCIONA has promoted innovation by the creation of an *e-learning* course on Creativity and Innovation with 1,525 employees registered in 2016, making it possible for employees to increase their knowledge of both techniques and innovative methodologies and improve their skills and capabilities at both the individual and team level.

TECHNOLOGY TRANSFER

During 2016 ACCIONA focused on Technology Transfer projects aimed at the application of digital technologies that cross business sectors and apply to all its businesses. To this end, projects completed in the Technology Transfer Area were structured around four cross-disciplinary areas of activity:

■ **Mixed Reality Area:** centred on providing tools based on the convergence of the digital world with the physical world that increase our skills, including all initiatives that use reality capture, virtual reality and augmented reality technologies.

I'MNOVATION

The launch of the public website I'MNOVATION aimed at reinforcing ACCIONA's brand image as a company that drives innovation, while also bringing the latest technological news to the public about energy, construction, water, science and technology, digital transformation and society. In addition, it disseminates and showcases ACCIONA's highly innovative projects through information shared on current technological, industrial and social matters.

■ **Industry 4.0 Area:** based on the use of technologies that allow interrelation between any object (Internet of Things) and any worker (Connected Worker) at any time, place and phase of the production process to improve productivity and reduce production processing costs.

■ **Process Digitalisation Area:** incorporates digitalisation and industrial automation technologies into processes, allowing ACCIONA to increase productivity in these areas or to facilitate the execution of certain elements in a non-traditional way. This area includes large-scale additive manufacturing technologies

and automated data capturing systems, as well as process and machinery sensors to increase productivity and efficiency.

- **Sustainable Innovation Area:** addresses all innovative technologies, services and models to improve the way in which current social issues –such as demographic change, the financial crisis and environmental degradation– are dealt with using environmentally sustainable technology.

INFORMATIVE EVENTS

Two cross-sector events related to these areas were organised in 2016 in order to display digital technology and its applicability in specific areas of business:

From physical to digital: an event to present ACCIONA's reality capture initiating the new Reality Capture business line developed by ACCIONA Facility Services and sharing the most characteristic experiences, such as the building on Calle Albarracín (Madrid), captured, modelled in Building Information Modelling (BIM) and presented in virtual reality for ACCIONA Inmobiliaria .

Seminar with French suppliers and the French Embassy: ACCIONA's Technology Transfer Department held a demonstration of its Reality Capture projects and a presentation of the possibilities of large scale 3D printing in ACCIONA's businesses.

STRATEGIC PARTNERSHIPS AND ACKNOWLEDGEMENTS

ACCIONA has renewed and extended certain strategic agreements with world-renowned universities and technological centres. Among the main agreements, the following should be noted: Consejo Superior de Investigaciones Científicas (CSIC), Centro de Investigaciones Energéticas, Medioambientales y Tecnológicas (CIEMAT), Centro Nacional de Energías Renovables (CENER), Centro Tecnológico Avanzado de Energías Renovables de Andalucía (CTAER), Centro de Nanociencia y Nanotecnología (CIN2), Consejo Asesor del Foro de Empresas de la Universidad Carlos III de Madrid, TECNALIA, Centro Tecnológico de Navarra de la Fundación Cetena (CEMITEC), Massachusetts Institute of Technology (MIT), Universidad Politécnica de Cantabria, Instituto de Ciencias de la Construcción Eduardo Torroja (IETcc) and Universidad Politécnica de Catalunya, among others.

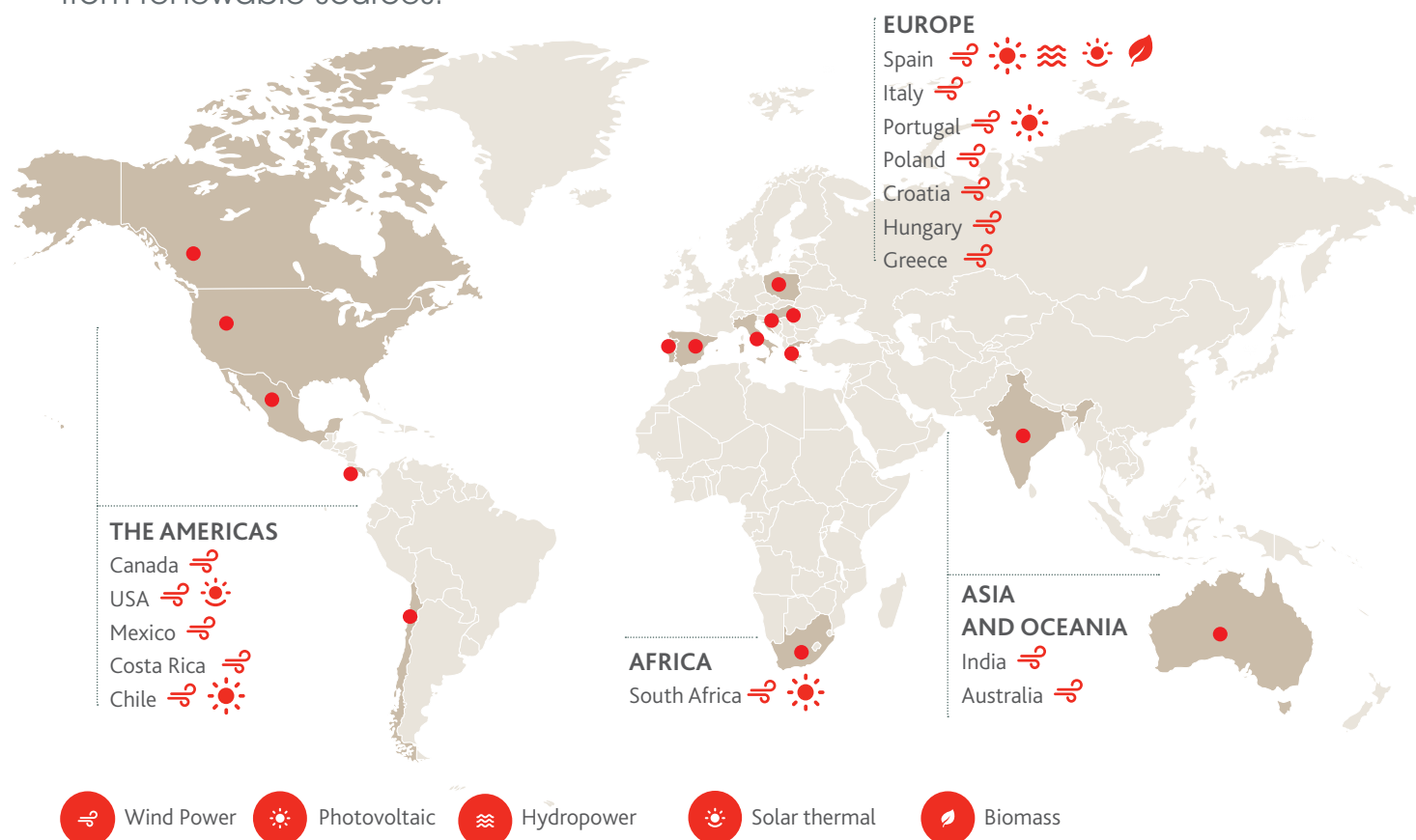
It should be noted that ACCIONA is a member of the Board of Directors of the Water supply and sanitation Technology Platform (WssTP) and a member of the Board of Directors of the European Desalination Society (EDS).

Acknowledgements

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- Global Water Intelligence Award to the best desalination company.
- Banco Interamericano de Desarrollo Infraestructuras 360° Award for the Atotonilco WWTP in recognition of the comprehensive implementation of a sustainability strategy.
- XII Scientific Merit Award from the Board of Chemists of Asturias and León.
- B-IWA Award for Best Research: *From the affinity constant to the half-saturation index: Understanding conventional modelling concepts in novel waste water treatment processes*.
- WATINTECH project prize in the Salón iWater of Barcelona for Best Research 2016.
- iAGUA Awards:
 - Best Video: Construction of the Chira submarine outfall.
 - Best technological solution for the GOTA project.
- Best Renewable Energy Project of 2016 Award for the Bokpoort Thermosolar CSP plant, awarded by the South African National Energy Association (SANEA).

ACCIONA ENERGY'S COMMITMENT

ACCIONA Energy is the largest global operator dedicated to the production of electricity exclusively from renewable sources.



Countries with own assets in 2016	Installed capacity (MW)	2016 production (GWh)	Emissions avoided (tonnes of CO ₂)
USA	785	2,187	1,562,087
AUSTRALIA	303	961	830,158
CANADA	181	459	326,313
CROATIA	30	83	62,116
GREECE	0	59	52,111
ITALY	156	272	156,393
HUNGARY	24	48	37,254
INDIA	89	229	227,430
COSTA RICA	50	254	180,848
CHILE	291	134	92,241
SOUTH AFRICA	232	526	570,570
PORTUGAL	166	391	266,661
MEXICO	557	2,191	1,263,186
POLAND	101	189	163,536
SPAIN	5,950	12,847	9,047,804
TOTAL	8,913	20,830	14,838,706

ACCIONA ENERGY IN 2016

1,910

EMPLOYEES

8,913 MW

INSTALLED CAPACITY

55 %

LOCAL SUPPLIERS

14.8

MILLION t CO₂ AVOIDED

20,830 GWh

PRODUCED

94 %

CUSTOMER SATISFACTION

HIGHLIGHTS IN 2016

Economic dimension

» 1,796 billion in turnover and EUR 740 million in EBITDA

» Innovation figure EUR 73 million, up 16 % from the previous year.

» Recurring contracts: 79 % of the ACCIONA Green Energy marketing customer portfolio has been renewed

Social dimension

» Implementation of the Social Impact Management methodology in 18 projects

» Reduction in the accident frequency rate with work leave of own employees and subcontractors of 14.41 % to 1.39

» Increase in women holding managerial and deputy managerial positions to 18.89 %

Environmental dimension

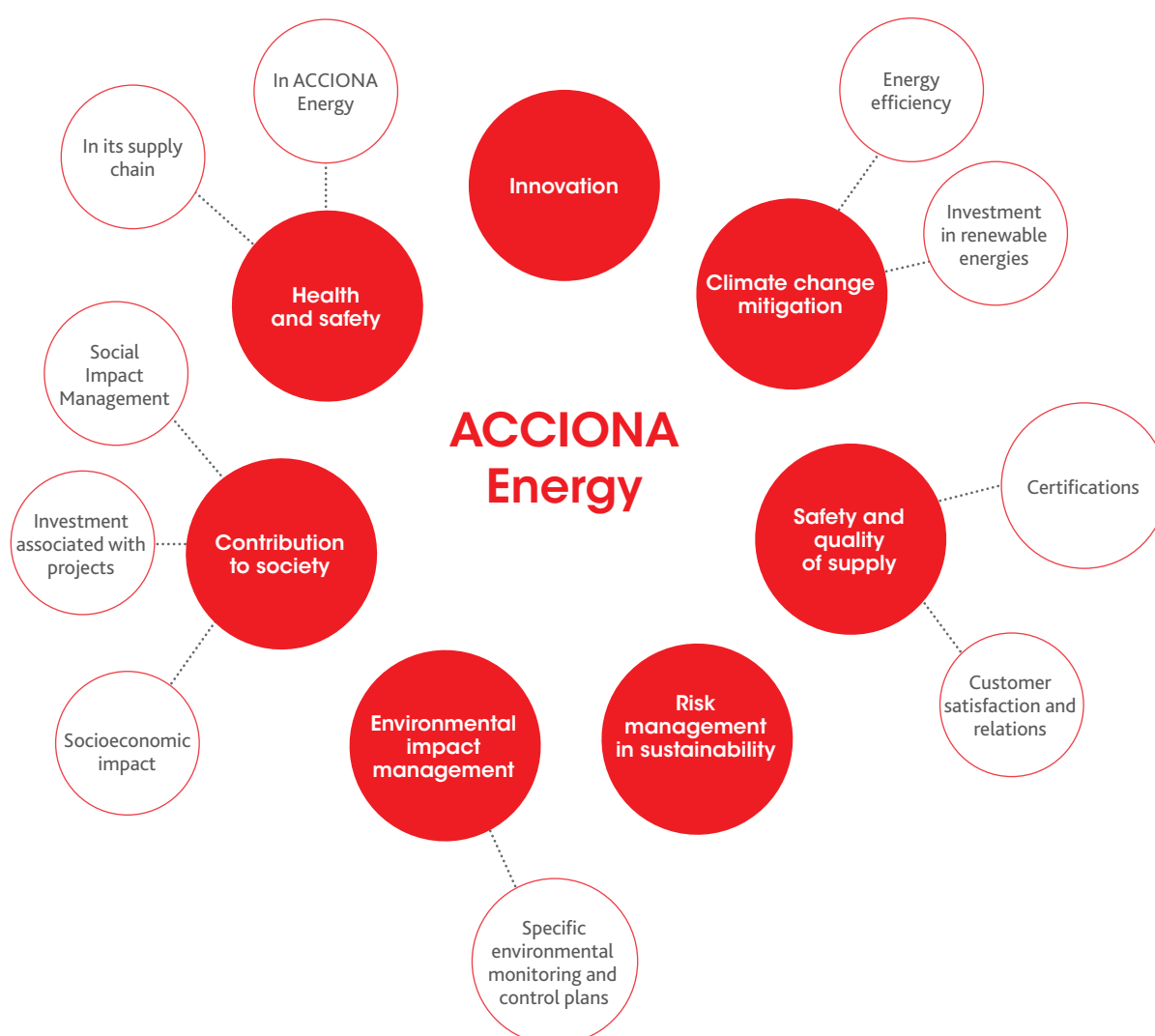
» Production of clean, emission-free energy for around six million homes across the planet

» Energy efficiency measures in electricity generation installations intended to reduce energy consumption and emissions

» 1,894 hours of environmental training

ACCIONA Energy's sustainability performance

Below are the main aspects identified in 2016 as the most relevant to the ACCIONA Energy's key stakeholders. Each aspect describes the sustainability performance for ACCIONA Energy during the year.



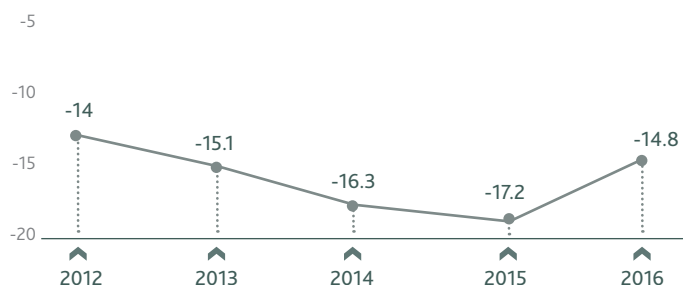
INVESTING IN RENEWABLE ENERGIES TO ACHIEVE A SUSTAINABLE ENERGY SYSTEM

The most remarkable characteristic of ACCIONA Energy is its firm, confident choice to produce energy only from renewable sources. This is the foundation behind its business model and a fact that resulted in a positive impact, giving intrinsic value to the fight to mitigate the effects of climate change. Thanks to its technical and economic competitiveness, its investment in renewable energies not only reduces CO₂ emissions that cause climate change, but also offers the best sustainable energy solution.

It should be noted that in 2016 the ACCIONA group achieved carbon neutrality, making it a company with a net balance of zero emissions, a commitment made under the scope of its new Sustainability Master Plan 2020 (SMP 2020).

In the field of electricity generation, ACCIONA Energy produces and sells only renewable energy, helping to displace fossil fuels in national electricity mixes. With 100 % renewable installed power of 8,913 MW at the end of 2016, the company promised to invest USD 2.5 billion through to 2020 in renewable generation, in order to reach a total capacity of 10,500 MW that would allow for the avoidance of more than 20 million tonnes of CO₂ emissions per year. In 2016, ACCIONA avoided the emission of 14.8 million tonnes of CO₂ into the atmosphere as a result of its generation of electricity from exclusively renewable sources.

Emissions avoided by ACCIONA Energy (millions of tonnes of CO₂)



The production of clean, emission-free energy for around six million homes across the planet is achieved in an increasingly competitive and profitable manner, thanks to a permanent commitment to continuous improvement and innovation focused on enhancing the efficiency of its processes and technological solutions.

Energy efficiency measures

In 2016, the 2015 target to propose five energy efficiency measures was exceeded. Specifically, 10 initiatives were analysed regarding the operation and maintenance of electricity generation installations and its integration into the grid, which should allow for energy savings of around 10,000 MWh per year.

THE MEASURES INVOLVED VARIOUS AREAS OF IMPLEMENTATION, INCLUDING, OF PARTICULAR NOTE:

- **Wind power:** proposal to optimise the control of downtime in hydraulic units of wind turbines and analysis of different strategies for the control of the coupling of generation machines for an installed power in excess of 600 MW.
- **Biomass:** studies on the amendment of compressed air systems, the replacement of cooling pump motors or the installation of frequency variators in condensation pumps.
- **Discharge to the generation grid:** identification of switchgear of greater consumption for the proposed efficiency policy in electrical substations.

In 2016, ACCIONA Energy avoided 14.8 million tonnes of CO₂ emissions into the atmosphere

SAFETY AND QUALITY OF SUPPLY AS A MATTER OF CONFIDENCE WITH CUSTOMERS

Safety and quality of supply is a priority for ACCIONA Energy. Through the control, supervision and permanent operation (24 hours a day, 365 days a year), the ACCIONA Energy Renewable Energy Control Centre (CECOER) guarantees the maximum availability and quality of energy, in a predictable form and in compliance with the current legislation in each of the 19 countries (15 own assets and 4 of customers) in which it operates.

ACCIONA ENERGY CERTIFICATES

100 %

MW INSTALLED
CERTIFIED UNDER ISO
9001 AND ISO 14001

**2016 news
(ISO 9001 and 14001):**

■ Certification of ACCIONA Chile S.P.A. Wind farm operation and maintenance services, construction of photovoltaic generation plants and sales of energy.

100 %

SUPPLY OF
RENEWABLE ENERGY
WITH GUARANTEED
SOURCE CERTIFIED BY
THE CNMC

■ Solar plant Montes del Cierzo - Tudela (Spain).

Customer relations and available services

ACCIONA Green Energy Developments is the branch of ACCIONA Energy that manages the sale of energy produced by the Group's plants, as well as that of other producers of the Specific Regime, which benefit from the group's technical capacity and experience, adapted to suit the customer's needs.

Through this branch, ACCIONA Energy markets electricity with a guarantee of 100 % renewable sources, credited by the National Commission on Financial Markets and Competition (CNMC) to major customers.

ACCIONA's marketing activity also provides its customers with support and assistance that goes beyond the mere sale of electricity, in a bid to offer them the most appropriate contracting method and optimise their electronic bill. These associated services are:

- Regular reports
- Energy audits
- Optimised billing
- Optimised power
- Reactive energy management
- Monitoring of consumption and quality of supply
- Information on assistance in energy efficiency and savings
- 24/7 telephone attention

ACCIONA Green Energy offers its marketing customers various online services: consultation of previous consumption or price forecasts; downloading of invoices and information on CO₂ emissions avoided. These online services are available to all customers, of whom 90 % make active use of them.

In 2016, various improvements were made such as easier access to load curves, compatibility with all browsers and improved speed of the website, which successfully reduced complaints by 20 %.

In addition to its role as promoter of installations, ACCIONA Energy also provides capacity to the market to develop projects in different renewable technologies, individually in wind power and photovoltaic, where it already has considerable experience in installations for third-party customers. In 2016, note in particular the start-up of the wind power project Ventikas (252 MW) in Mexico, with EPC developed for third parties with a 20-year O&M contract.

COMPREHENSIVE CLAIM MANAGEMENT PROCESS AND COMPENSATION TO CUSTOMERS WITH ADDITIONAL IMPROVEMENTS

1. Classification of the claim according to type.
2. Terms: faced with any claim relating to billing, ACCIONA Green provides a positive or negative solution in less than five business days, sending a proposed settlement to the customer.

If the customer refuses it, an alternative solution will be offered; if the claim should not be justified, the reasons for this will be disclosed.

In addition to settling the claim, the following additional services will also be offered:

- For claims relating to the terms of power, a study will be carried out, calculating optimum power to be contracted for the supply in question.
- For claims relating to reactive energy, a study will be carried out to optimise the condenser battery.

3. Execution of the response: if the customer accepts the solution and rebilling is required, this is conducted immediately and the claim is closed.
4. Incident register: following the resolution of the incident, the customer is contacted over the telephone, noting the cause and solution and, if necessary, a plan of action to avoid any recurrence, in the CRM tool.

Customer satisfaction and loyalty

One indicator that enables ACCIONA Energy to assess its quality of service is the annual customer satisfaction survey, which provides direct information on the response the company is offering to their needs. In its energy sales, through the customer manager, ACCIONA Green Energy makes an annual selection of the most representative customers and holds an individual meeting with them to record the perceived quality.

Some indicators of note in respect to customer satisfaction include:

- The index of satisfied customers in 2016 maintains a high degree of excellence, booking 94 % for ACCIONA Energy.
- The customer loyalty target for ACCIONA Green Energy was to renew at least 80 % of the customer portfolio, and this was achieved to 99 %.
- The customer of ACCIONA Energy Chile increased its general satisfaction from 71 points to 86 out of 100.



The Government of Victoria (Australia) placed its trust in ACCIONA Energy once again by choosing the company to build the MT Gellibrand wind farm.

In 2017, the company started building the wind farm in Australia, having been awarded the tender held by the Government of Victoria for the purchase of green energy certificates corresponding to the renewable installations in this State. The company already operates the Waubra wind farm in this country, and the Government has reiterated its trust by assigning it the construction and commissioning of a wind farm.

The wind farm of Mt Gellibrand will benefit the region through investment and the creation of employment, and will produce renewable energy equivalent to the electricity consumption of around 60,000 homes, avoiding the emission of around 200,000 tonnes of CO₂ into the atmosphere per year.

RISK MANAGEMENT IN SUSTAINABILITY

Before starting business development activities in a country, ACCIONA Energy first assesses this using a consolidated analysis model, which includes macroeconomic criteria, criteria relating to the electricity market and, specifically, the renewable sector. These result in a total of 120 indicators that help to ensure a careful selection and continuous analysis of markets, identifying those of greatest appeal and which are most likely to be able to bring value to the company, thereby reducing the associated risks.

ACCIONA Energy has identified four groups of risks throughout the value chain with a different potential impact on the business, as they are all analysed fully by country, market, project, etc. These are:

- Business risks: strategic and geopolitical
- Market and/or financial risks
- Credit and/or counterparty risks
- Operational risks

Among others, operational risks include those related to the impact on the environment, community and employee health and safety.

In 2016, work was carried out to develop and implement its procedures for the identification and quantification of risks, as well as to respond to and monitor this throughout all business areas: Development, Engineering, Construction, Procurement and Energy Management and Production.

Throughout the value chain of ACCIONA Energy projects, the risks associated with sustainability from a social, environmental and economic viewpoint are identified and assessed according to the likelihood of occurrence and potential impact, in order to prevent them and implement mitigation measures.

ENVIRONMENTAL IMPACT MANAGEMENT

ACCIONA Energy environmental management is hinged on the principle of improving environmental performance. Having strong management systems and a structure of responsibilities adapted to the reality of each country in which the business operates is essential in order to perform with the highest environmental management quality standards, regardless of the country in which it is operating.

In this sense, the various areas establish specific targets to reduce the environmental impact. For example, 2016 saw the development of noise maps for hydropower plants.

At ACCIONA Energy, water needs to be collected for the production of renewable electricity via its hydraulic plants. The water collected then flows through the plant before being returned to the source without any change to its composition. To minimise possible impacts, work is carried out by applying the regime of environmental flows established by the company or hydraulic administration if it should set such flows.

Regarding the management of both non-hazardous and hazardous waste, this was reduced by 3.6 % in 2016 compared with the previous year. In this regard, note in particular the optimisation of 100 % of the ash and slag generated in three biomass renewable generation plants. Ash is used in agriculture as a fertiliser, given its considerable potassium content, while combustion slag is appreciated both in agriculture and construction. In all, 2,000 tonnes of ash and 25,400 tonnes of slag were reincorporated back into the value chain.



Plan to conserve the fauna and flora in the Atacama Desert. ACCIONA Energy

Historically, much of the territory of the Atacama region represented the habitat of populations of the guanaco, a species classified as endangered. In this context and under the scope of the construction of the photovoltaic plant El Romero Solar, the five-year Conservation Plan will improve knowledge of the populations surrounding the installation, identify threats and develop a programme of environmental sensitivity intended for rural populations neighbouring the project.

The biological plan for flora includes target species of cacti, shrubs and bulbs local to this semi-arid area of the country. To date, approximately 300 specimens of cacti and 11,000 bulbs of the flowering desert have been rescued and relocated. Additionally, six species of shrubs are being cultivated in a plant nursery with a view to reproducing approximately 12,000 specimens.

Lastly, there has also been a rescue and relocation plan for terrestrial fauna, for reptiles and amphibians from the project environment. By running six campaigns, a total of 486 individual reptiles have been obtained.

CONTRIBUTION TO SOCIETY

Just like the other company businesses, ACCIONA Energy helps improve society with its projects. The impacts generated include different dimensions: effects on people, in community life or in the generation of wealth and employment in the region.

We can specifically note three types of actions that manage and measure these different impacts: Social Impact Management, investment associated with projects and the measurement of the socioeconomic impact.

Below is a description of how these actions are put into practice by ACCIONA Energy, and at the end of the paragraph an example of these is given for the photovoltaic plant El Romero Solar (Chile).

Social Impact Management

ACCIONA applies its own Social Impact Management (SIM) methodology, whereby, right from the offer or design phase, it knows the social risks that its works, operations or service provisions may cause in the areas of influence of its projects; the aim is to generate positive impacts and minimise negative ones on the local communities and environment in which it operates (more information is provided in the Society chapter).

In 2016, ACCIONA Energy took a great step forward in the installation of its SIM methodology, which has been applied in a total of 18 projects, compared with 2 in the previous year. At the end of the year, 8 projects were in the design of social measures and dialogue phase and 10 were undergoing implementation and monitoring of the social measures.

These projects took place in eight different countries (Australia, Chile, Costa Rica, the USA, India, Mexico, Poland and South Africa), including 13 wind farms and 5 photovoltaic plants.

In addition, as a dialogue tool with the different stakeholders, ACCIONA Energy uses the "Principles of Ecuador", a series of principles adopted voluntarily by financial institutions whose aim is to ensure that certain projects they fund are developed in a socially responsible manner and with correct environmental management. In particular, the sixth principle establishes the need to set out a Complaints Mechanism for the different interest groups to express their concerns over a given project. In response to this commitment, ACCIONA Energy makes the following form available to persons or groups considered as affected, through which they can submit requests and/or suggestions relating to any project promoted by the company (<http://www.accion-energy.com/sustainability-innovation/queries-or-suggestions/>).



Relationship with the communities: WISE project

ACCIONA Energy took part in the WISE Power project on the social acceptance of electricity plants, a European initiative that was launched in May 2014 and which ended in October 2016. The EU-funded project, which was organised by the European Wind Energy Association (WindEurope, formerly EWEA), aimed to improve local support of wind power projects and boost the participation of local communities in their planning and development. The consortium of participants in WISE Power included municipal and regional planning authorities, regulators, representatives of the renewable industry, national energy agencies, scientific institutes and others.

The main results of the project were:

- Preparation of a monitoring tool applicable to concrete cases, which according to the different phases of a project enables the identification of barriers and measures to be implemented to improve social support.
- General guide in 11 different European languages, intended to teach and train, describing the steps to be applied in order to ensure community involvement.
- Test exercises in four different countries, carried out by sector experts, with the aim of validating the monitoring tool and guide.
- Application of social acceptance measures in five real cases of projects developed.
- Dissemination and training on a local/regional, national and EU level through leaflets, creation of a website, sending of e-mails to distribution lists addressed to sector professionals, press coverage, publication in sector and corporate magazines, interaction with other initiatives and presentation of various events (congresses, symposiums, etc.).

Social investment associated to projects

ACCIONA Energy maintains a firm commitment to the socioeconomic development of the communities in which it operates. To do so, it pursues specific social initiatives in each of the countries in which it works. Among others, the following stood out in 2016:

Oaxacas Complex, Mexico

ACCIONA Energy continues to carry out studies of the needs of towns surrounding the wind farms in Oaxaca. On the basis of this study, the projects develop within the area of health, education and the environment. More than 5,600 inhabitants of the neighbouring communities of the wind farm have benefited from the various initiatives, including, in particular:

- 30 higher education scholarships for careers relating to wind power in the neighbouring communities of the wind farms.
- Construction of a small power wind turbine prototype in alliance with the University of Istmo.
- Implementation of the Sustainability Workshop project in four schools of the neighbouring communities of the wind farms.
- Implementation of the educational quality project through an IT centre also offering educational psychological support for teachers.
- Discussions, workshops and activities in connection with the community's urban solid waste.
- Nutrition project addressed to children of the community of La Venta.
- Fostering of local entrepreneurship.
- Investments to improve the educational infrastructures of the neighbouring communities of the wind farms.

Wind farms, Australia and the USA

Through the construction and operation of wind farms, ACCIONA seeks to create added value at local level, establishing different channels to allow communication with communities near the farms. The initiatives being carried out include the aid to education through scholarships, training aimed at school pupils on topics of sustainability, wind energy and the environment and support to local organisations, among others.

Gouda wind farm, South Africa

Some activities involving dialogue with stakeholders and socioeconomic development are particularly worth noting:

- Education: training of schoolteachers in the municipality of Drakenstein on matters of renewable energies and sustainability, start-up of the Life Skills programme for 200 children through dialogue and games.
- Infrastructure: improvements to the health infrastructure at the primary school of Gouda, purchase of furniture for the school of Bakerville and the local clinic of Gouda, construction of a new building for the educational centre of Gouda.
- Health: support to the State nutrition programme at breakfast, from which 1,100 children have benefited, weekly programmes for young adult and adult drug and alcohol addicts.
- Sport and community: sports support to the community rugby club, annual sessions and dialogue for 100 unemployed field workers on responsible paternity.
- Employment: start-up of the local entrepreneurship programme.

Measurement of the socioeconomic impact of projects

ACCIONA continues to work on its method of measuring the socioeconomic and environmental impact that its projects have on a given country, obtaining quantitative results of the impact of the company's activity in terms of employment generation (direct, indirect and induced) and contribution to country's GDP, as well as taking into account other positive effects on the environment and communities (more information is available in the Society chapter).

In 2016, work continued to measure the contribution made by the ACCIONA Energy projects throughout their life cycle. The following stand out:

- Comparison of the results of the socioeconomic impact throughout the life cycle for the wind power technology employed in Mexico and the wind and solar photovoltaic technologies used in South Africa, with two non-renewable technologies: carbon plant and natural gas.
- New calculations on the socioeconomic footprint throughout the life cycle of the solar plant in Chile.

More than **164,000** people directly or indirectly benefited from the social initiatives pursued in various ACCIONA Energy projects in 2016



Photovoltaic plant of El Romero Solar (Chile)

The photovoltaic plant in the Atacama region is the largest in Latin America to date. Its maximum power is 246 MWp and its annual production is estimated at around 493 GWh, which equates to the supply of 240,000 Chilean homes, avoiding the emission of around 474,000 t CO₂.

This ACCIONA Energy project is a good example to show the implementation of the three actions described in this section: the Social Impact Management method, social initiatives and the calculation of the activity's socioeconomic impact.

Social Impact Management (SIM)	Social initiatives
<p>Since 2016, even during plant construction, SIM methodology has been implemented.</p> <p>With the aim of gradually strengthening the relationship with the communities near the project, while the social impact study was being conducted, a combination of two types of actions were carried out – one-off and related to training – mainly connected with employment insertion, such as training in the installation and maintenance of solar panels and the training of private security guards.</p> <p>Following the social impact study and dialogue with communities, social investment proposals were implemented for the community while awaiting revalidation in order to be able to develop investment plans for the operative stage of the project.</p>	<p>ACCIONA Energy Chile is implementing a series of social actions in line with the specific needs detected in the area, with a view to helping ensure the sustainable development of the communities situated in the area affected by the project. Around 11,000 people have benefited from the following initiatives:</p> <ul style="list-style-type: none"> ■ Educational campaigns for the community and environmental workshops ■ Financing of a course to train installation and maintenance technicians of photovoltaic panels in the city of Copiapó, awarding grants to 48 students of Vallenar together with the Corporación de Fomento para la Producción (Production Development Corporation). ■ Food donation campaigns to specific members of the community. ■ Support offered to 45 members of the Vallenar goat farmers' association. ■ Training for private security guards.
Socioeconomic impact of El Romero Solar	
<p>The socioeconomic impacts of the photovoltaic plant mainly consist of the contribution made towards the GDP and the generation of employment in Chile, as well as its impact in other external aspects (CO₂ emissions avoided, water saved and improved air quality). The estimated impacts are:</p> <ul style="list-style-type: none"> ■ Contribution to the GDP throughout its useful life (35 years): EUR 298 million. ■ Creation of employment throughout its useful life (35 years): 7,876 employees/year*. ■ Emissions avoided: 327,242 t CO₂ per year. ■ Water saved: 701,310 m³ water per year. ■ Air quality 2,854 t SO₂ and NO_x avoided per year. 	

*Employees/year: full-time equivalent job for one year.

HEALTH AND SAFETY AT ACCIONA ENERGY

ACCIONA Energy has an Integrated Management System for the entire division, with guidelines that set out the minimum health and safety requirements to be met by all its companies and countries. This system is certified in compliance with the OHSAS 18001 standard.

Within ACCIONA Energy there is a Health and Safety Commission, which offers support to all employees in Spain, with the equal participation of company management and worker representatives. The commitment of the division to health and safety applies to all levels and has a direct impact on the performance of employees. For years, ACCIONA Energy's objectives have included goals relating to health and safety for all employees on three levels: company, department and staff.

In 2016, the strategy started in 2015 was consolidated with regard to the commitment and leadership of company management in matters of health and safety. The QESIP (Quality, Environment and Safety Improvement Plan) has been bolstered and the presence strengthened of health and safety matters on the agendas of the Steering Committees.

In particular, as part of the QESIP programme, various actions have been developed and implemented to improve safety, quality and the environment in operation, maintenance and construction activities, including of note:

- 5 minutes of safety: this is a daily coordination and planning practice at the start of the day, pursued by staff attending the work centre. The manager sets out a series of guidelines to be considered and/or the workers express any doubts or comments they may have.
- Preventive observations: practice of inspection and control of safety conditions at the work centre, based specifically on what is carried out by the control line, beyond the staff dedicated exclusively to occupational health and safety.
- Pre-job briefing: planning and control practice carried out before work is conducted by those assigned to do so. The philosophy is that no task is started before having analysed and proven that safety conditions are under control.

ACCIONA Energy's objectives include goals relating to health and safety for all employees on three levels: company, department and staff

THINK SAFE: INCREASING WORKER HEALTH AND SAFETY AWARENESS

The programme to be implemented in 2017 involves the entire workforce attending group awareness-raising sessions of 10 people. During these sessions, short film sequences shall be shown that recreate a fictitious accident, and with the help of an external moderator the group analyses the following concepts:

1. Accident presentation.
2. First consequences.
3. The family drama.
4. Causes.
5. Conclusion with positive reinforcement.

After the initial session, the employee receives a reminder after three months and another after six months.

The programme will have an app for new employees who have been unable to attend sessions.

In addition, in 2016, the action plans in the event of emergency situations were revised and reinforced and the Think Safe programme was prepared to improve awareness of worker health and safety matters.

The Construction Management Plan was also established to allow for the development and execution of projects in compliance with the highest quality and efficiency standards, moreover in a standardised manner in any country.

All initiatives carried out ultimately aim to reduce the division accident rates. Overall, considering own employees and subcontractors, in 2016 the accident frequency rate with work leave dropped (1.39) below that of last year (1.62). Likewise, the frequency rate of own staff of ACCIONA Energy reduced (0.5) compared to 2015 (1.6), as did the absenteeism rate (333.79 in 2015 and 136.8 in 2016).

At ACCIONA Energy, the following targets were defined as regards health and safety, in line with the 2017 objectives:

- To reduce the accident rate by 5 %, with a decline in own employees and subcontractors, in line with the result obtained in 2016
- To implement the health and safety improvement tools as established in the action plans of the QESIP project in the areas of construction, operation and maintenance.
- To increase the reporting and communication of unsafe actions by 20 %, by developing the Think Safe programme.

Health and safety in the supply chain

For the activity pursued by the division, its commitment to health and safety is extended to include the supply chain. ACCIONA Energy encourages and fosters the training of subcontractors via the minimum training requirements that they should have to be able to operate in any of its installations. In 2016, this was boosted through:

- The need by all collaborators for minimum training and certification in compliance with the Global Wind Organisation (GWO) standard for work on wind farms.

The action plans in the event of emergency situations have been revised and reinforced and the Think Safe programme was drawn up

- Inclusion of multimedia supports to consolidate basic knowledge: first aid and access to remote parts of a wind turbine, among others.
- Development of an IT tool for the management and control of health and safety training needs and related execution.
- OHS bulletin internally and for suppliers.

The frequency rate for contractors of ACCIONA Energy has increased slightly, going from 1.6 (2015) to 1.9 (2016). This is mainly due to the growth of labour-intensive activities for workers with basic qualifications, and service activities.

INNOVATION, DEVELOPMENT FACTOR AND PROGRESS

At ACCIONA Energy, innovation is an essential cornerstone through which to maintain a leadership position in an increasingly competitive sector. In 2016, its innovation figure was increased by 16 % on the previous year, reaching EUR 73 million (4.08 % on sales). Within the technological innovation lines, various projects stand out as being of strategic importance to the company.

On-shore wind area

The main lines of action are:

- **Life extension project:** extension of the useful life of wind assets using advanced predictive maintenance techniques.
- **Remote control project:** improves the availability of wind turbines.
- **Craneless project:** improves and optimises the wind farm construction processes and maintenance of the wind turbines, identifying profitable technical and economic solutions for assembly and maintenance without the use of cranes.
- Improved efficiency in the operation and maintenance of the wind turbines, aiming to reduce wind power electricity production costs. The following stand out: i) the continuity of the **CoE (Cost of Energy) reduction project**, consisting of work groups for continuous improvement in wind power production, which have achieved savings of more than EUR 3.8 million; and ii) the **OPTIMUS project**, based on the development, testing and validation of monitoring systems on mechanical wind turbine trains, thereby improving predictive maintenance and operating costs.

Solar photovoltaic area

Under the scope of the **ADVANCED-PV project**, new automatic operating, management and maintenance systems of large photovoltaic plants are being developed. The main lines of action are:

- Monitoring of production in photovoltaic plants through advanced analysis tools, big data and machine learning.
- Automated system of thermographic analysis for large photovoltaic plants.
- Automated module cleaning systems.
- Advanced operation of photovoltaic plants and control strategies for ramp compliance.

Electric storage area

With a view to maximising the integration capacity of renewable energies in the electrical system, guaranteeing quality and optimising management, work takes place across two working lines within the storage project:

- **PV + Storage:** the development of optimised strategies for energy control and dynamic storage capacity reserve in photovoltaic plants.
- **Wind + Storage (HYWINDESS project):** a hybrid storage system (energy and power modules) is developed with new converters and a control system in the Experimental Barasoain Farm in Navarre (Spain).

Solar thermoelectric area

Through the **CSP-IMP project**, the efficiency of the turbines of the operative solar thermoelectric plants has been improved. By optimising the design, control system, start-up procedures and maintenance protocols, the yield in steam turbines is being increased. This year saw the completion of the third stage with the implementation of new turbine start-up curves in the plants of Majadas, Palma del Río I and Palma del Río II, achieving a reduction of 18 minutes in daily start-ups as well as improving reliability and extending their useful life.

Biomass area

ACCIONA Energy also continues to work towards efficiency improvements of the electricity production plants in operation starting from the combustion of biomass residues; therefore, the focus is on the lines to improve efficiency in heater combustion, optimising the useful life of the equipment against corrosion and making good use of the slag and ash produced by the combustion of different biomasses.

Hydropower area

In 2016, the following stand out:

- **CANALS**: development of a control system to monitor the conduct of the hydraulic elements (canals, forced tubes and pressurised tunnels) in real time in hydropower plants.

Finally, it should be noted that in line with the SMP 2020, ACCIONA Energy paid particularly close attention to the collaborative innovation achieved through the launch of **open innovation** programmes to boost collaborative innovation with various selected suppliers and other agents, such as technological centres and start-up networks.



Gouda wind farm (South Africa)

Gouda is ACCIONA Energy's first wind farm to be installed in South Africa (45 wind turbines, each 3 MW). Located in Drakenstein, approximately 100 km north-east of Cape Town, each year it can produce clean energy to cover the consumption of around 200,000 South African homes.

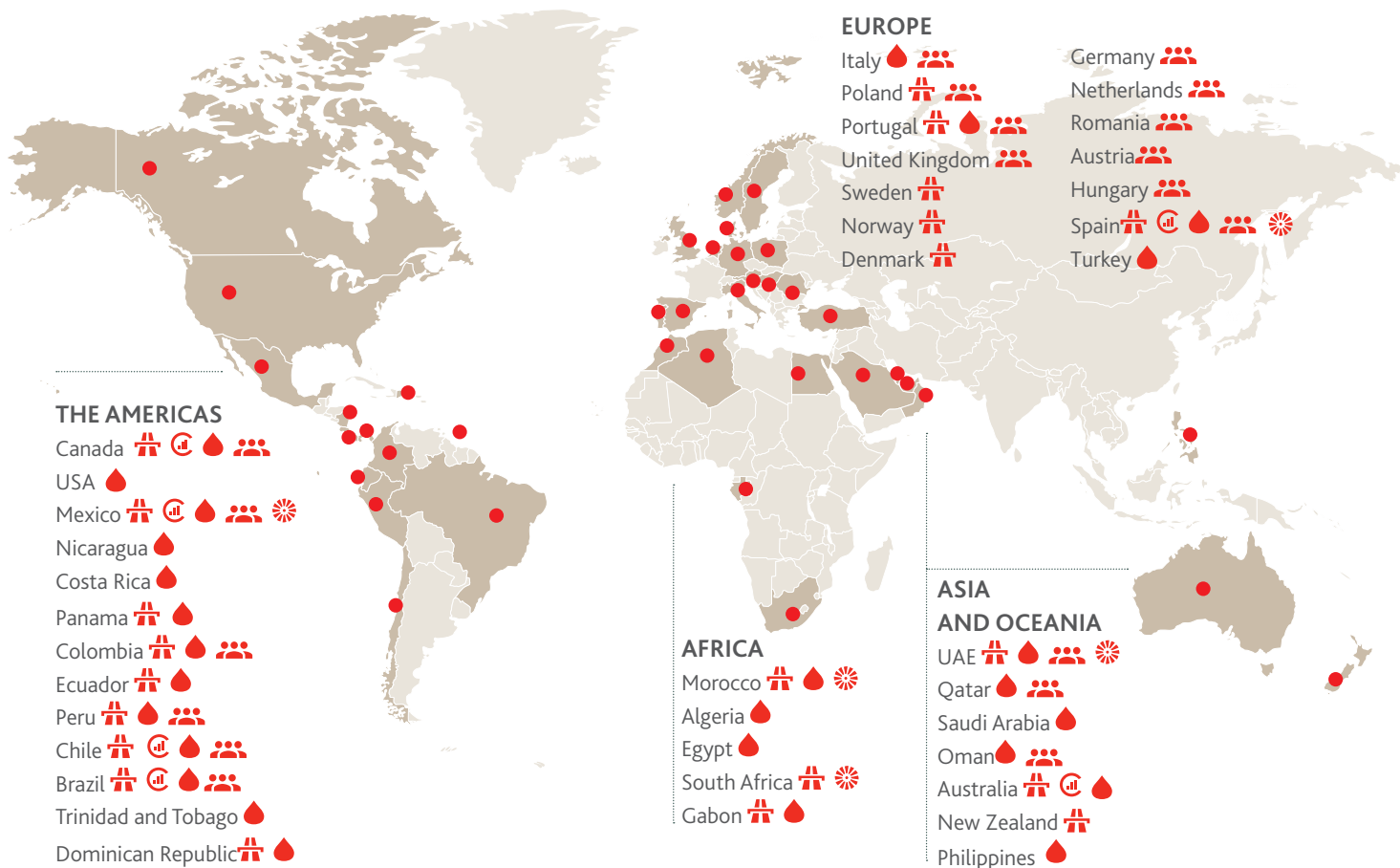
Innovation

The **innovations** featured in this project include:

- The incorporation, for the first time in the country, of concrete towers with a hub at a height of 100 metres. Use of self-compacting cement (SCC) to manufacture the tower segments. This solution results in lighter tower constructions that are more respectful to the environment, due to less materials being used and a lower impact from transportation.
- The SCADA system and planned control of active power and frequency, which has enabled compliance with the South African network codes, maintaining highly efficient control in following the grid instructions for the farm's active power and the coordinated response in the event of any abnormal variations to the grid frequency.

ACCIONA INFRAESTRUCTURE'S COMMITMENT

ACCIONA Infraestructure has extensive experience in the development and execution of large-scale projects throughout the world. Its activities are broken down into five main lines of business: Construction, Concessions, Water, Industrial and Services.



Construction



Concessions



Water



Services



Industrial

ACCIONA INFRASTRUCTURE IN 2016

28,880

EMPLOYEES

40

COUNTRIES ON FIVE
CONTINENTS772 hm³

WATER MANAGED

€120 MILLION

IN INNOVATION

93.3 %

LOCAL SUPPLIERS

98.42 %

CUSTOMER SATISFACTION

HIGHLIGHTS IN 2016

Economic
Dimension

» EUR 3,611 million in revenue and EUR 321 million in EBITDA

» Innovation figure EUR 120 million, a 4.5 % increase over the previous year

» EUR 22.3 million is savings through operational improvements in processes

Social
Dimension

» Implementation of the Social Impact Management methodology in several phases of 64 projects, compared to 45 projects in 2015

» 7 % reduction in the frequency rate for employees, down to 4

» Measurement of the socioeconomic impact begins for two (Industrial and Construction) projects: the Kathu solar thermal plant in South Africa and the metro in Quito, Ecuador

Environmental
Dimension

» 53,241 hours of environmental training

» Water consumption dropped by 22 % compared to 2015

» 306,715 t CO₂ equivalents generated

ACCIONA Infrastructure sustainability performance

This chapter details some of the main issues that were identified in 2016 as being highly relevant to ACCIONA Infrastructure's key stakeholders. Based on the relevance of the issues identified in the materiality analysis for each business in the division and the amount of available information, the division's sustainability performance during 2016 is described below.



HEALTH AND SAFETY AT ACCIONA INFRASTRUCTURE

The health and safety culture in the Infrastructure division is undergoing transformation, through the use of programmes that reinforce employees' commitment to the company's current vision and that of its stakeholders in this area.



Behaviour-Based Safety for You (BBS4U): safety based on behaviour

This project aims to control and avoid the onset of risk connected with worker behaviour. It is based on actions intended to strengthen and modify behaviour, as well as achieve a positive focus on change through a system of observation, intervention and incentives.

In 2016, it was used in 32 projects, reaching around 6,000 workers.



Leader Project: establishing leadership habits in OHS

The programme is based on improving behaviour through its modification, ensuring that leaders are directly involved in worker safety.

In 2016, the programme trained 324 directors and 165 middle managers through days during which basic and essential aspects of communication that influence the correct use of the leadership programme tools were presented.

ACCIONA Infrastructure's management system is global. This strategy will generate savings in certification costs as soon as the basic methodologies are standardised based on OHSAS 18001 standard processes. It will also maintain a flexible balance between local demands and customer demands.

The roles and responsibilities structure is highly developed within the company, which has created an Occupational Health and Safety (OHS) Steering Committee in addition to Steering Committees in the various countries.

It must be highlighted that, in 2016, OHSAS certification was attained in 95.79 % of the Construction business, in line with the Sustainability Master Plan 2020 (SMP 2020) objectives. The ESA Plus project was also launched and distributed in two languages for the creation of safety standards for special projects at ACCIONA Construction.

Training is an essential aspect of occupational health and safety. The division promotes training as a measure for preventing occupational risks for its own employees and for contractors. In Construction, for example, there is an annual Training Plan in place and it is worth noting that the company's general objectives included implementation of the international OHS course worldwide and that the 5th Edition of the International OHS Course took place in an Open Programme format on the online campus platform.

In the ACCIONA Agua business, besides the launch of the Leader Project, additional significant progress has been made in OHS management systems, such as the revision of the health and safety training tracks, in which a new course on chlorine gas has been added and the contents of the basic courses have been adapted for office and design staff.

Within the risk management model, reporting of and response to incidents by the company is key. Therefore, ACCIONA Infrastructure provides communication channels with employees available for managing any incident. In 2016, a new communication channel was created (prl.infraestructuras@acciona.com) to enable a faster response to incident management.

This progress made in 2016 is reflected in the results for accident rates. The frequency rate for the division dropped by 7 %, from 4.3 in 2015 to 4 in 2016.

Frequency rate evolution

	2015	2016
Infrastructure	4.3	4
Construction*	1.5	1.9
Concessions	1.7	2.3
Water	4.1	4.1
Services	5.2	4.6
Industrial	0	0

* Construction includes: AMISA, ACCIONA Engineering. In the Concessions and Construction businesses there was an increase in the frequency rate as a result of the change in criteria for calculating the number of hours worked.

In the case of in-transit and on-the-job accidents¹ related to road safety, despite the road safety awareness campaigns carried out, there was a significant increase during the year. Most on route accidents occurred in the Services division and in Spain, at a much higher percentage than in other countries.

On route incidents (with and without work leave) for own employees

	2015	2016
Infrastructure	87	178
Construction*	38	17
Water	11	14
Services	29	146
Industrial	1	1

* Includes ACCIONA Infrastructure S.A., Engineering and Concessions.

Reducing the number of accidents during travel is one of the company's lines of action. Several initiatives have been carried out in relation to road safety, including the following in Latin America, for example:

- Research project funded by Mapfre Foundation for analysing measures aimed at pedestrians contained in road safety plans in Latin America.
- Drafting of the Comprehensive Road Safety Scheme for Mexico City in collaboration with the Spanish Road Association and developed within the framework of a technical cooperation agreement with the Inter-American Development Bank.
- Road safety audit of Zone 3 in Ecuador for the Ministry of Public Works and Transport, on approximately 1,000 km of roads.

1. This figure includes accidents related not only to vehicle traffic but also any other type of case occurring on the way to or from work.

Health and safety in the supply chain

There is full collaboration from contractors or subcontractors and suppliers in almost all prevention activities, given that they participate in the company's normal management system procedures. The frequency rate for subcontractors at ACCIONA Infraestructuras rose slightly as a result of the increase in this rate in the Water business due to its entry into new service, operation and maintenance activities. The indicator dropped in comparison with 2015 for the other businesses.

Accident rate indicators in ACCIONA's supply chain

	Severity rate		Frequency rate	
	2015	2016	2015	2016
Infrastructure	19.7	29.6	1.7	2
Construction*	30.1	31.1	2.8	2
Concessions	43.2	75.7	2.8	3.1
Water	2.5	12.8	0.3	1.7
Services	53.2	0	2.1	0
Industrial	1.5	6.8	1.5	1

* ACCIONA Construction includes: ACCIONA Infraestructura S.A., AMISA, ACCIONA Engineering.

In 2016, a new communication channel was created to enable a faster response to incident management



VPP Project. Voluntary Protection Programmes (VPP) to foster best practices and participation by suppliers in occupational health and safety policies

The Voluntary Protection Programme, aimed at partner companies, is a project based on the assessment and practical improvement of projects or workplaces and their line of subcontracting. The main goal is to reduce accident rates and improve occupational well-being conditions in order to increase productivity and effectively integrate occupational health and safety.

ACCIONA's Protection Programmes revolve around the concept of willingness and shared participation by all the agents directly involved in occupational health and safety.

The programme offers awards in three categories: Candidate, Silver and Gold.

In June 2016, by including OHS criteria into the Supplier Approval and Assessment process, the improvement plans used that were aimed at supplier health and safety conditions performed within the VPP programme were included. In 2016, 23 Improvement Plans were implemented.

QUALITY AND CUSTOMER RELATIONS

ACCIONA Infraestructure sets quantifiable objectives as part of its commitment to ongoing improvement and customer satisfaction within the framework of its management systems. For 2016, the following examples are detailed:

2016 IMPROVEMENT GOALS	ACHIEVEMENT AND ACTIONS TAKEN
Improving the quality of products and services	
Services: Increasing the degree of quality compared to 2015 in the provision of services as regards food safety.	100 % achieved ■ The hygiene verification audit was passed. ■ Quality standards were raised.
Industrial: Enhancing the design control system, establishing an optimisation methodology in the following aspects for projects that are implemented: ■ In the execution phase: financial, construction and assembly issues. ■ In the operation phase: safety and sustainability issues.	60 % achieved ■ A procedure was drafted that establishes a methodology for reviewing key aspects during the design phase. ■ An Engineering Plan was created.
Progress in the certification of management systems	
Water: Passing the external audit for ISO 9001 and ISO 14001:2015 according to standard.	90 % achieved ■ Documentation was prepared, compliance with audit requirements was verified and the external audit for certification was conducted. ■ Pending receipt of the ISO certificate.
Industrial: Expanding the scope of activities certified according to ISO 9001 Oil & Gas and ISO 14001.	100 % achieved

ACCIONA
 Infraestructure
 sets **quantifiable
 objectives** as part
 of its commitment to
 ongoing improvement
 and customer
 satisfaction

To ensure its technical capacity, guarantee competitiveness and improve its processes, the company's Quality Management Systems (9001) and its Environmental Management Systems (14001) are certified for the following activities:

ACCIONA Infraestructure

Construction	<p>ISO 9001 AND ISO 14001 CERTIFICATIONS</p> <p>100 % construction activity in Spain, Chile, Brazil, Mexico, Colombia, Canada, Poland, Australia, Abu Dhabi, Ecuador, Peru and Panama.</p> <p>New in 2016: Certification of the Saint John Water Treatment Plant (New Brunswick, Canada), under both standards.</p>
Concessions	<p>ISO 9001 AND ISO 14001 CERTIFICATIONS</p> <p>90 % of directly managed concessions.</p> <p>New in 2016: certification of Novo Hospital in Vigo (Spain), under both standards.</p> <p>OTHER CERTIFICATIONS OBTAINED IN 2016</p> <p>A road safety management system was implemented and certified according to ISO 39001 at two concession in Spain: Sociedad Concesionaria A2, section 2, and Autovía de la Plata.</p>
Water	<p>ISO 9001 AND ISO 14001 CERTIFICATIONS</p> <p>100 % of water treatment activities in Spain, Italy and Australia (100 % Chile under ISO 9001) and 100 % of complete water management services in Spain.</p> <p>New in 2016: implementation and certification of the quality management system in Chile according to ISO 9001 and ISO 14001.</p> <p>OTHER CERTIFICATIONS OBTAINED IN 2016</p> <p>ACCIONA Agua's energy management system is ISO 50001 certified at three new centres: Villarrubia de los Ojos Water Services, Gartxeta DWTP and Falset WWTP.</p>
Services	<p>ISO 9001 AND ISO 14001 CERTIFICATIONS</p> <p>100 % of the ACCIONA Servicios Urbanos y Mediambientes [Urban and Environmental Services] activities.</p> <p>100 % of the Renewable Energy Operation and Maintenance (REOM) activities.</p> <p>100 % of the ACCIONA Servicios Ferroviarios [Rail Services] train and station cleaning activities.</p> <p>100 % of international transit activities under ISO 9001 (ACCIONA Forwarding).</p> <p>100 % of passenger boarding bridge handling and driving activities at ACCIONA Airport Services in Spain (100 % Germany under ISO 9001).</p> <p>100 % event organising and exhibition staging and museums (ACCIONA Producciones y Diseño [Productions and Design]).</p> <p>All activities by ACCIONA Facility Services, except conventional cleaning.</p> <p>New in 2016:</p> <ul style="list-style-type: none"> ■ Work on integrating the Division's management systems is ongoing, including ACCIONA Forwarding and ACCIONA Multiservicios into the ACCIONA Service Integrated Management System in 2016. ■ Certification of the Integrated Quality and Environmental Management System (ISO 9001 and ISO 14001) at ACCIONA Servicios Urbanos y Medioambientales México SA de C.V. <p>OTHER CERTIFICATIONS OBTAINED IN 2016</p> <p>Facility Services certified its Energy Management System according to ISO 50001:2011 within the following scope: "Energy efficiency services and energy management at facilities, performance of energy audits, development of engineering, design and execution projects for facilities intended to improve energy performance, monitoring energy consumption, energy tracking, measurement and verification of energy savings in projects with associated investment".</p> <p>Airport Services certified its Energy Management System according to ISO 50001:2011 at Frankfurt Airport.</p>
Industrial	<p>ISO 9001 AND ISO 14001 CERTIFICATIONS</p> <p>100 % of the activities conducted by ACCIONA Industrial.</p>

Improvement tools

ACCIONA Infraestructure launched 25 improvement groups with the aim of identifying and implementing innovative solutions that also aid in managing risks. Some of the most significant of these are as follows:

ACCIONA Agua organisation and process committee:

its purpose is to make proposals, track and implement improvements in business and support processes. Throughout 2016, it proposed and supervised implementation of several initiatives, such as the "Colabora" Project, a virtual space for collaboration and structured specialised knowledge.

ACCIONA Service Process Management Model (MGAS):

in this improvement group, work was carried out to develop and implement the processes described in the service provision management model in various contracts with customers. Its main objectives are: 1) to standardise the main processes from the service delivery perspective and 2) to identify and implement improvements. In 2016, seven standard processes were defined and they are starting to be implemented in the company, by training the staff involved.

Lessons learned and best practices are a key tool for documenting and sharing experiences to the benefit of the entire company. Some examples are explained below:

In the Water business, a working group was formed to prepare the operational lessons learned on technical, management or safety issues identified during the course of the business processes. After they are reviewed by specialists in the relevant subject area, they are published on the Colabora platform. In 2016, 12 technical case studies, 6 project phase-end cases and 4 related to worker health and safety were published.

A method for measuring the weekly results of the service provided to a customer was developed at ACCIONA Service, establishing a system of indicators managed through the use of mobile devices.

Customer relations and services at their disposal

Considering the diversity of ACCIONA Infraestructure's customers (please refer to the Company Profile chapter), communications and relations with them take place through a wide variety of channels, among which the following are worth noting:

- **Physical points:** water services concessions that have physical customer assistance offices and the commercial department of Airport Services that handles direct relations with customers, to name a few.

- **Online Channels:** such as websites for each of the Infrastructure businesses or virtual offices in ACCIONA Agua Servicios concessions.

Additionally, in relation to managing claims, complaints, suggestions received and solving incidents, ACCIONA Infraestructure has several communication channels for providing feedback to customers. The development of several digital channels in 2016 is worth noting: in one contract managed by ACCIONA Agua, an app was developed that enables citizens to report incidents via smartphone. ACCIONA Service launched two apps: *Cuidalosbarrios*, in the parks and gardens service in Los Barrios (Cádiz), so that citizens can report incidents; and "24 hours at your service", in which customers can use their mobiles to send service requests, surveys and suggestions, in addition to consulting incidents.

After complaints and claims are received, the parties in charge of assessing and resolving them are assigned. Taking into account the diversity of ACCIONA Infraestructure customers, the responsible area or party varies from one business to the next. For example, in the case of ACCIONA Agua Servicios, all complaints, claims and suggestions are registered and then each service has a limited number of days to provide a response. If the customer is not satisfied with the solution, a new treatment is given and, if this is still insufficient, the customer can file a claim with the relevant administrative court. The Quality Department requires technicians to send them the solution to non-conformities related to each claim, in order to ensure they are correctly resolved.

Customer satisfaction and loyalty

In 2016, the customer satisfaction rate was 100 % for the Water and Industrial businesses, 99 % for Construction and 95 % for Services. This is a reflection of ACCIONA Infraestructure's commitment to its customers.

In addition to the tools mentioned in the Value Chain chapter, the following specific methods for measuring satisfaction used by the Infraestructure division should be mentioned:

- **Online surveys:** ACCIONA Service used an e-survey platform in 2016 to design, send and issue reminders about surveys.
- **Internal information assessment:** ACCIONA Infraestructure's also uses assessment of existing internal information in the company arising from the day-to-day interactions with customers.

Regarding the degree of customer loyalty and recommendation, 100 % of ACCIONA Industrial customers and 91 % of Construction project customers in Spain confirm that the company is "better/ much better" than the competition. This figure is bolstered by the NPS index, which measures the recommendation rate as the difference between "detractor customers" and "promoter customers". According to this index, 100 % of the customers surveyed state that they would recommend ACCIONA Construction in Spain and ACCIONA Industrial.

Input elements for assessing ACCIONA Industrial customer satisfaction

1. Assessments made by customers themselves
2. Information garnered from claims and complaints
3. Direct communication or interviews held with customers
4. Certificates of satisfactory completion of work: Certificates of satisfactory completion were received for the solar thermal plant in Ouarzazate (Morocco) and Baja California V (Mexico)
5. Expressions of congratulation by customers
6. Market positioning studies
7. Figures on bid awards
8. Information from associations in the sector

The overall assessment by ACCIONA Industrial customers in 2016 resulted in a score of 10

ACCIONA Infrastructure maintains a **firm commitment** to the socioeconomic development of the communities in which it operates

CONTRIBUTION TO SOCIETY

The Infrastructure division, like the group's other businesses, helps improve society with its projects.

Two types of projects have been implemented in the division, focused on adding value to society:

- Using the Social Impact Management (SIM) methodology, the positive and negative social consequences of the projects on people are analysed and dealt with.
- In addition to this, investments linked to projects represent the company's contribution to improving the social well-being of communities.

Social impact management

During 2016, the Social Impact Management methodology was implemented in 64 projects at different phases (43 in Construction, 17 in Water, 3 in Services and 1 in Industrial), compared to 45 projects in 2015.

The methodology was applied in construction, operation, maintenance and service provision projects: metro lines, water purification plants, roads and highways, bridges, airport terminals, airport services and treatment plants, to name a few.

The projects are located in 18 different countries, namely: Australia, Brazil, Cape Verde, Canada, Qatar, Chile, Colombia, Costa Rica, Ecuador, United Arab Emirates, Spain, Mexico, Norway, Peru, Nicaragua, Oman, Portugal, Trinidad and Tobago and Turkey.



Los Angelinos DWTP in Bucaramanga (Colombia). ACCIONA Agua

ACCIONA Agua is working on construction of the Los Angelinos drinking water treatment plant in Bucaramanga (Colombia). This DWTP will generate water to cover the needs of the cities of Bucaramanga, Floridablanca and Girón, zones which are classified as having a high risk of drinking water shortages in dry years.

As part of the implementation of the SIM methodology, a series of social initiatives linked to identification of impacts are being carried out in this project. One of the impacts identified has to do with interference by the project in access to the Rural Bosconia educational centre. This centre is located along one of the roads in the Bosconia sector that vehicles and machinery related to the project use, leading to transit and road safety issues.

To minimise this impact, several initiatives have been undertaken, such as having educational talks about prevention measures with the boys, girls and teaching staff at the school and also with consortium workers, particularly with tipper lorry drivers. Furthermore, as a result of these talks, vertical and horizontal signage has been installed in strategic places, and a pedestrian path has been created for the pupils of the centre.

Investment associated with projects

ACCIONA Infraestructure maintains a firm commitment to the socioeconomic development of the communities in which it does business. To this end, it performs specific social initiatives in each country where it operates. In 2016, these include:

High Specialisation Hospital in Bajío (Mexico). ACCIONA Service and ACCIONA Construction

These businesses were commissioned to carry out the design, construction, financing and management of the services of this hospital, which serves the Bajío region in Mexico. In 2016, an agreement was signed with the Cáritas Foundation, under which some 200 computers were donated, to be distributed to different rural schools and educational centres in the area, for use by both children and adults. Furthermore, large amounts of medical equipment were donated to rural clinics (IV stands and gurneys, among other items).

Infanta Sofía University Hospital (Spain). ACCIONA Concessions

ACCIONA is responsible for managing the non-hospital services at Infanta Sofía Public University Hospital in Madrid. In 2016, several initiatives were carried out, including the following:

- Decoration of the paediatric unit in collaboration with the Department of Health and Juegaterapia Foundation to make children's hospital stays more enjoyable.
- Solidarity market, with participation by diverse NGOs.
- Agreement with the Integra Foundation, aimed at hiring people at risk of social exclusion as substitutes for staff on holiday.
- Support for the 'Una carta para todos' (A Letter for Everyone) project by the Gil Gayarre Foundation, which helps people with intellectual disabilities and their families.
- Support for other initiatives related to sport and music, to name a few.

Metro in Quito (Ecuador). ACCIONA Construction

ACCIONA is in the process of building the Labrador and La Magdalena stations in the Quito Metro system. In 2016, the following initiatives were carried out, which benefited more than 1,000 people:

- 33 types of plant life were relocated to areas near the intervention site. More than 143 pieces of wood were given to the Metropolitan Mobility and Public Works Public Utility to be made into benches for the city's parks.
- Reduction in cutting down trees.
- Periodic information campaigns on the project for members of the community.
- Support for recovery of the economy in the communities adjacent to the work site.

Integrated Sectorial Program for Water and Human sanitation in Nicaragua. ACCIONA Agua

ACCIONA Agua, as consortium leader, is carrying out the construction work and commissioning of systems that are part of Phase I of the Comprehensive Water and Human Sanitation Sector Programme (PISASH) in Nicaragua. The goal of this programme is to contribute to the social well-being of Nicaraguans through charitable, sustainable access to urban and rural drinking water supply and sanitation services.

Among the projects implemented in 2016, the initiatives carried out near the construction site of the water treatment plant in the city of Malpaisillo, Nicaragua, are worth noting, having directly benefited some 7,500 people:

- Informative talks about the project and detailed information on sewage and drinking water supply systems and hygiene for health benefits.
- Training about the subjects of water and sanitation among community leaders.
- Training for students about the subjects of water and sanitation, promoting the spread of these subjects among educational associations and schools around the project's catchment area.
- Fostering local entrepreneurship.

RISK MANAGEMENT IN SUSTAINABILITY

ACCIONA Infrastructure takes into account sustainability criteria in all of its business units. Its risk management model has defined six distinct phases: 1) Identification, 2) Analysis and assessment, 3) Planning, 4) Treatment and management, 5) Follow-up and control and 6) Improvement.

In the Identification phase, the possible features that could generate risks and opportunities within the construction process (design and execution) are defined. This list considers economic, social, environmental, ethical, cultural and, in general, all kinds of aspects related to the effect of the project on the community.

Once the risk events have been identified, they are assessed based on the likelihood of occurrence and the consequences thereof, and shown in a risk matrix. Thus, the risks are classified into four categories: low, moderate, significant and high.

In addition to this framework used in the identification phase of risk-generating aspects, the assessment also includes 6 categories of consequences to estimate the impact that each risk event could have:

- Economic (effect on cost and result of the project).
- Timing (effect on programming, milestones and deadlines).
- Environmental and community (effect on natural environment and third parties).
- Reputation (effect on image of the company or customer).
- Health and Safety (effect on people).
- Compliance and development of the infrastructure (effect on the functionality of the infrastructure, its design, execution process, location, internal organisation, performance, etc.).

In 2016, ACCIONA Infrastructure made the following progress in the risk management field:

- Enhancement of the IT tools used for risk analysis with proprietary internal development.
- Significant progress in the percentage of the volume of projects, in both the execution phase and the bidding phase, in which risks are analysed.
- Progress in expanding the scope of analysis in Water and in Industrial, as well as consolidation in Construction.
- Improvement and expansion of the country risk analyses performed.
- Consolidation of ACCIONA's rating for perceived risk for the businesses in a total of 80 countries.

All the businesses identify and assess the possible effects at each phase of the projects in order to implement the necessary preventive and corrective measures

ENVIRONMENTAL MANAGEMENT

The division's environmental management is based on the principles of improving the business's environmental performance. All the businesses have environmental objectives that are reviewed annually in line with the SMP 2020.

As an example, we could point out some actions taken in 2016 in the Water, Construction and Services businesses.

Water managed to increase the performance of the distribution grid in the Osuna service by 2.5 % over 2015, and the sludge line at the wastewater treatment plant in the Central Gran Canaria Zone was enhanced. To achieve this, civil engineering was carried out and a thickened sludge storage tank was purchased and installed prior to the drying process.

At ACCIONA Construction, progress was made in the definition and implementation of an environmental Management Supervision System (MSS) through two activities:

- Development of a systematic reporting methodology for environmental incidents and accidents.
- Definition and implementation of an ongoing assessment tool for environmental management of projects/centres.

Finally, at ACCIONA Service, a 71 % reduction in the consumption of plant health products was achieved in the gardening services in Gandía (Spain), well above the target of 20 %.

Protection and conservation of biodiversity

The division's activities may affect biodiversity as a result of the operations it performs. Therefore, all the businesses identify and assess the possible effects at each phase of the projects implemented, in order to put the necessary preventive and corrective measures in place.



Recovery of wetlands in forest areas of Spain. ACCIONA Service

ACCIONA Service has done recovery work in relation to wetlands in La Matea hills, in the province of Valencia, considered public domain. This area primarily contains limestone formations into which water from the thaw or runoff surface water from higher elevations runs and collects.

The main tasks involved recovery of springs, ponds and natural pools. The ultimate purpose of this project was to deal with water supply needs at certain times of the year and to bolster the water network system in certain waterways and irrigated plains. In addition, this project promotes the conservation of species linked to these eco-systems. Furthermore, people were given better access to the area through the creation of paths, thus also bolstering the scenic, cultural and environmental values of these hills. In order to monitor and control the ecological recovery involved in these activities, camera traps have been installed in order to observe the presence of species such as wild boar and mountain goats in the recovered zones.

Sustainable resource use and waste management

The Infrastructure division develops procedures and processes that aim to minimise, separate, reuse, recycle and recover waste. Some examples of best practices in waste management are as follows:

- Reuse of 14,740 m³ of soil generated in the construction work of branches of the Llanura Manchega pipeline (Spain) as fill for trenches and adjacent lands.
- Reuse of 7,000 m³ of rock in the construction of the Saint John DWTP (Canada).
- Fostering industrial symbiosis throughout the construction value chain through the FISSAC project, as part of the European 2020 Horizon programme, to define an innovative model that enables different industrial sectors to optimise their waste as secondary raw materials.

These activities also reduce the need to transport materials and waste foreseen in the project, thus reducing fuel consumption. Thanks to measures of this kind, ACCIONA Construction managed to recover more than 3,900,000 tonnes of soil.

In turn, ACCIONA Service fosters the reuse and recycling of waste through initiatives such as the purchase of a shredder, for example, for reuse of plant waste generated in forest work. With this measure, 14,000 tonnes of this type of waste were recovered in 2016.

Finally, the Water division recovered 12,800 tonnes of sludge in the drinking water purification process at ATLL, a water concession operator in Catalonia, and optimised the use of industrial waste at wastewater treatment plants to generate biogas using co-digestion processes.

Efficient management of water resources

ACCIONA Agua is the line of business that makes the greatest contribution to the company's positive water footprint, mainly through treatment and purification activities. In 2016, the treatment plants managed by ACCIONA Agua desalinated, made drinkable and purified 772 hm³ of water, a 22 % increase compared to 2015.

ACCIONA Infrastructure managed water volume evolution

(hm³)

Type	2013	2014	2015	2016
Desalinated water	99	89	110	196
Treated drinking water	133	143	133	218
Treated sewage water	431	416	390	358
TOTAL	663	648	633	772

In 2016, water consumption at ACCIONA Infrastructure dropped by 22 % compared to 2015 and Construction was the business that consumed the most, with 56 % of the total amount for Infrastructure, followed by ACCIONA Agua, with 35 %.

Over the year, all the businesses performed specific actions to accomplish their goal of reducing water consumption.

In the Construction division, for example, at the Pedralba-Padornelo Tunnel construction site, water from the filter in one of the tunnels is reused in driving the piles for the viaducts. This action entailed savings of 11,000 m³ of surface water.

In turn, Services managed to change the cooking acid treatment process at a food industry factory that has high water demands by applying foaming acid which prevents the need to fill the cookers with hot water before pouring the acid in. This enhancement has prompted savings of an estimated 752 m³ of clean water per year.

Water resource opportunities: Access

In 2016, the company continued to contribute to environmental sustainability in regions with limited access to water and sanitation. ACCIONA Agua takes its solutions for purification, drinking water production and desalination to areas of the planet that suffer from major water deficiencies, guaranteeing access to drinking water in areas with water stress.

Thus, for example, in the Middle East, which is one of the areas with the greatest water stress on the planet, ACCIONA has begun to supply the population of Qatar with drinking water by commissioning the Ras Abus Fontas (RAF A3) desalination plant, construction of which began in 2015. The facility, which currently operates at 60 % of its nominal capacity, will begin to run at full capacity in a few months and will provide 164,000 m³ of drinking water per day to a population of approximately one million inhabitants.

FIGHTING CLIMATE CHANGE THROUGH ENERGY EFFICIENCY

One of the division's priorities is to respond to global demand for sustainable infrastructures. In this regard, ACCIONA Infraestructure implements solutions in the energy efficiency field at its own centres and for its customers, optimising consumption and reducing the related CO₂ emissions.

In 2016, objectives defined in the area of energy efficiency were accomplished, such as the following:

- In the Water division, energy audits were conducted at four seawater desalination facilities and two wastewater treatment plants to identify efficiency measures that would achieve consumption savings of up to 47,000 MWh.
- In the Industrial business, an energy diagnostic study was conducted of the solar thermal plant in Olivenza (Spain) which proposes the implementation of solutions that would achieve savings of up to 5 % of the energy consumed in certain processes.
- In Services, transport routes have been assessed and optimised for several gardening and forestry services, managing to significantly reduce fuel consumption.

In relation to emissions generated by the division, there has been a 46 % increase in the volume of gases emitted in 2016 compared with 2015, despite the energy efficiency efforts made. This fact is due to the increase in activity by ACCIONA Agua, in which the use of energy is particularly intensive in desalination activities.

**Advanced control system in the aeration process at the La China WWTP. ACCIONA Agua**

With a nominal treatment capacity of 322,272 m³/day, the La China WWTP in Madrid (Spain) serves a population equivalent of almost 1,400,000 inhabitants.

In 2016, a new control system was implemented to optimise aeration in the biological treatment process of wastewater. With this new system, savings of over 2,500 MWh have been recorded, representing 10 % of the total electricity consumed at the plant.

In addition, all of the electricity consumed at the plant comes from certified renewable sources and therefore the WWTP saves more than 5,000 tonnes of CO₂ from being issued into the atmosphere each year.

ACCIONA Infrastructure is at the **cutting edge in R&D&I**, applying specific technologically-advanced solutions

The following activities related to customers can be highlighted:



Replacement of lighting at two industrial plants. **ACCIONA Service**

In the industrial sector, energy consumption can account for a high percentage of operating costs, so the use of the most energy efficient equipment and technology enables a drastic reduction in operating costs.

In this regard, as part of its provision of its energy services, ACCIONA Service replaced nearly 20,000 mercury vapour lamps with more efficient lights based on LED technology at two industrial plants.

This action guarantees energy savings in excess of 60 % and also prevents over 15,000 tonnes of CO₂ from being released into the atmosphere each year.



Improvement in generation efficiency in turbines at the hydroelectric plant in San Rafael (Mexico). **ACCIONA Industrial**

Hydraulic turbines are turbomachines subject to stress whose durability and efficiency can be significantly affected by issues such as the precision of the assembly or civil engineering flaws.

During the construction and commissioning of the San Rafael hydroelectric plant (Mexico), ACCIONA analysed the levels of stress to which the turbines would be subject, determining that the power limit curve could be less restrictive than initially considered in the project.

Thus, after receiving a technical permit from the manufacturer (without forfeiting any warranty conditions), ACCIONA made a proposal to the customer to change the limit curve in such a way as to guarantee an improvement in generation efficiency of up to 3.5 %.

The modification, once accepted, will assure greater financial returns in production, whilst also preventing the release of 2,450 tonnes of CO₂ into the atmosphere each year through the use of this renewable generation technology.

INNOVATION AT THE SERVICE OF SUSTAINABILITY

ACCIONA Infraestructure is at the cutting edge in R&D&I, applying specific technologically-advanced solutions to solve every issue that arises in its activities.

In this regard, ACCIONA Infraestructure increased its innovation figure in comparison with 2015, to EUR 120 million, especially in Water, up 94 % from 2015.

R&D&I figure per business at ACCIONA Infraestructure

(million euros)

	2014	2015	2016
Infraestructure	107.4	114.7	119.9
Construction*	87.7	54.4	63.8
Water	19.1	18.3	35.6
Services	0.3	16.5	2.6
Industrial	0.3	25.5	18

* Includes Engineering.

In addition, ongoing process improvement thanks to innovation enabled verified savings of EUR 22.3 million in 77 initiatives, which is 37 % more than in 2015.

Each business has a defined innovation strategy that revolves mainly around the ACCIONA technology centres (see Innovation chapter for more information). In 2016, the following progress was made per business:

ACCIONA Construction

In the area of Environmental Technologies, progress was made in the field of hydraulic binders as alternatives to cement for stabilised soil.

In terms of rail Infraestructure (line works), solutions have been developed related to ballast pick-up that significantly reduce track maintenance costs and the solution for a proprietary slab track design was also validated.



Follo Line (Norway). New solutions focused on the construction of underground infrastructure. ACCIONA Construction

This project proposes an application of technological innovation in the construction of a rail link between the cities of Oslo and Ski.

The main objective focuses on the design, development and validation of an innovative, high-performance, tunnel-boring machine for hard rock, the development and validation of an innovative construction procedure for optimal cavity excavation, bracing and simultaneous pre-grouting. These activities are intended to reduce execution time and simplify the cavity excavation process by simultaneously installing bracing and controlling filtrations with waterproofing.

Furthermore, new solutions are being proposed in relation to the manufacturing of construction elements for maritime works applications. These solutions are based on new foundation systems and the use of concrete with reduced corrosion issues thanks to the inclusion of nano-materials.

Finally, within ACCIONA Engineering, two projects should be highlighted in the field of innovation in construction procedures. On the one hand, NewSOL aims to develop a thermal storage system with molten salt in concrete tanks for newly built and existing solar thermal plants. And on the other, GBS is an internally developed project that has made it possible to design a LNG storage system in concrete casing, thus offering operational versatility and financial savings for ports that require these two facilities.

One of the innovations related to **new technologies** worth highlighting is the new Service line of business: **Reality Capture**

ACCIONA Agua

In the desalination field, work progressed in 2016 in activities relating to improvements in seawater pre-treatment, optimisation of desalination systems using the Internet of things technology and adapting industrial water treatment processes, specifically, adaptations of processes and technology for the Oil & Gas sector.



Ras Abus Fontas SWTP (Qatar). Innovative technological solution for desalination of complex water. ACCIONA Agua

The aim of this pilot project focuses on innovative integration of flocculation, flotation and ultra-filtration technology as pre-treatment for complex water desalination, in order to obtain high quality water. The project also aims to ensure that process performance is adequate and highly energy efficient when it comes to actual scale integration into a desalination plant.

In the area of treatment and reuse, the PROMETHANE project was launched with the intention of conducting a study about adding various substances to the anaerobic sludge digestion process to increase biogas production and, thus, the energy output of this process.

Progress was also made in 2016 regarding innovations in industrial water treatment. Specifically, the experience acquired in flotation was put into practice at a large-scale pilot plant to validate the technology with actual refinery and crude oil extraction water. With the new setup, at least 5 % more contaminants can be removed.

Finally, as regards drinking water, the LIFE BRAINYMEM project is ongoing at ACCIONA Agua, in which an advanced control system is being developed to reduce energy consumption. The innovative nature of the technology and its applicability have led to a patent and to implementation of the system in the business.



Innovation pilot programme with ACCIONA Agua

As part of the Imagine initiative, an Innovation pilot programme was conducted with ACCIONA Agua to solve a highly complex technical challenge using a process that combined several innovation methodologies: Synectics®, TRIZ, Design Thinking and Lean Startup. This initial project has satisfactorily confirmed that it is possible to apply a new way of working in the search for project solutions and key employees at ACCIONA Agua were trained in these methodologies so that they can be applied in operations in the company's activities.

During the course of this pilot programme, the Imagine innovation platform was used to share innovative ideas, develop them, assess them and pool the talents and skills of each of the participants.

ACCIONA Service

In 2016, various innovations were developed in relation to new technology and application development. One of these worth highlighting is the new Service line of business: Reality Capture.

Reality Capture technology lets the user take virtual strolls through actual settings by taking panoramic 360° photos. Furthermore, by using virtual reality devices an immersive experience is achieved. During the capture process, a 3D digital model of the space is automatically generated with its real dimensions, which can be used to create:

- A virtual tour virtual with 360° photographs and a 3D model of the captured shape.
- As-built plans of buildings, facilities or industrial plants.
- Three-dimensional BIM digital models using design software.
- Virtual reality models that can be viewed with virtual reality devices.

ACCIONA Industrial

Commissioning took place and the warranty period was started for the 46.8 MW Baja California Sur V thermal plant in Mexico, in which innovative new techniques have been included to help achieve greater efficiency and reduce environmental impact.

OTHER BUSINESSES'S COMMITMENT

ACCIONA pursues other types of business, such as: cargo and passenger transport by sea through Trasmediterranea, the promotion of real state properties by ACCIONA Inmobiliaria, financial fund management and stock brokerage services by Bestinver, and the production of high quality wines by Grupo Bodegas Palacio 1894.

OTHER BUSINESSES IN 2016

2,045
EMPLOYEES

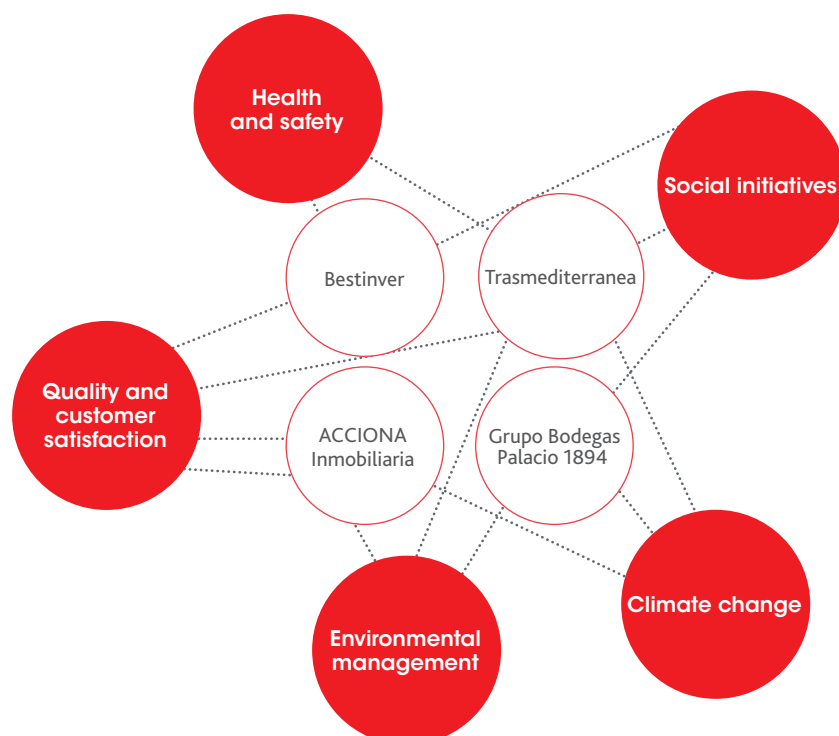
€668 M
REVENUE

€131 M
EBITDA

100 %
CUSTOMER SATISFACTION

Below are the main aspects identified in 2016 as the most relevant to the key stakeholders of Trasmediterranea, ACCIONA Inmobiliaria, Bestinver and Grupo Bodegas Palacios 1894. Each aspect describes the sustainability performance for each of the businesses during 2016.

Sustainability performance in other businesses



Trasmediterranea's sustainability performance

Trasmediterranea is the leading Spanish cargo and passenger transport company and one of the most important in Europe. The activity sustainability commitments are:

- To prevent or minimise the contamination generated by its business and the deterioration of its workers' health.
- To promote continuous training focussed on offering services that comply with the customers' requirements and facilitate the optimisation of resources and suitable risk prevention practices.
- To seek out innovative solutions to improve the quality of service and prevent contamination, injury and damage to health.
- To collaborate with suppliers, fostering relations based on trust, loyalty, transparency and mutual respect.

TRASMEDITERRANEA IN 2016

1,347

EMPLOYEES

€431 MILLION

REVENUE

€61 MILLION

EBITDA

2,508,535

PASSENGERS

5,780,966

CARGO HANDLED
(LANE METRES)

575,991

VEHICLES TRANSPORTED

Looking for innovative solutions to improve the quality of service and **minimise contamination**, amongst Trasmediterranea sustainability commitments

CUSTOMER SATISFACTION

The focus on customers is a key part of the Trasmediterranea strategy, which seeks to offer its passengers and cargo customers a quality service. To this end, all passenger and cargo transport activities are certified by national and international benchmark standards, like ISO 9001 and the Quality Reference Guide of the Spanish National Port Authority (Puertos del Estado).

In 2016, the business continued to take concrete actions to improve its customers' satisfaction and experience. For example, in order to improve customers' assessment of cleanliness on board by 10 %, the company created the figure of the Catering Manager, who conducted an analysis of a methodology by which to improve the effectiveness of the cleaning process and its quality, updating the Procedure and Manual for on-board cleaning accordingly. The implementation of these measures improved the assessment of the cleaning service on board by 7 % compared to 2015.

In 2016, all indicators measuring overall customer satisfaction improved:

- The number of satisfaction surveys received from passengers (5,954 in total) increased by 203 % compared to previous year.
- 79 % of respondents would use Trasmediterranea for a service or product again (16 % more than in 2015).
- The number of Business to Customer (B2C) claims fell by almost 50 %, going from 0.94 complaints per 1,000 customers in 2015 to 0.56 in 2016.
- 100% of customers who took part in the 2016 satisfaction survey declared that they were satisfied with the products and services received from the business.

These figures are the result of the effort made by the shipping company in 2016 to improve its customers' travel experience. It should be noted that more than 1,500 hours were spent on customer service training (passenger, teller and assistance for the disabled). Regarding loyalty, Trasmediterranea was the only Spanish shipping company to join (January 2017) the European loyalty programme "Miles Attack" dedicated to travel agents.

CONSUMPTION AND ENERGY EFFICIENCY

The nature of its business means that Trasmediterranea's greenhouse gas emissions (CO₂) exceed those of the other ACCIONA businesses, accounting for 55.5 % of the group's total emissions in 2016, mainly due to the consumption of fossil fuels by the ships.

Despite this, in recent years, the business has successfully reduced its energy consumption through various initiatives:

- Painting some ships using innovative paints that reduce friction in water.
- Redesign of the propellers and update of the ship propulsion system to optimise fuel consumption.
- Study of the adaptation of the engines of the fleet to use natural gas in order to reduce Trasmediterranea's carbon footprint and to avoid emissions of nitrogen oxide and sulphur into the atmosphere.
- Replacement of traditional lighting with low consumption lighting as a means of energy eco-efficiency, both in ships and maritime terminals.

IMPROVED PROPULSION SYSTEM FOR THE SHIP JOSÉ MARÍA ENTRECANALES

During the year, a propulsion system was successfully updated on the ship José María Entrecanales, installing the new Promas Lite system developed by Rolls-Royce. This system consists of an attachment joined to the rudder and hydrodynamic fairing in the propeller unit, which suitably directs the slipstream and improves hydrodynamic resistance.

At the same time, the propeller blade design has been optimised, adapting them to the new Promas Lite system and improving propulsion effectiveness even more.

The result is an increase in the propeller drive and a reduction in the resistance to movement, improving the ship's energy consumption during the crossing. This new technology guarantees savings of 12 % in fuel consumption. It is therefore hoped that energy savings will be achieved of around 93,000 GJ and 7,200 tonnes of CO₂ per year.

In addition to the initiatives described intended to reduce emissions, it should also be noted that as part of the company's Sustainability Master Plan, Trasmediterranea offset all its emissions generated in 2016, thereby helping achieve the ACCIONA carbon neutrality goal.

ENVIRONMENTAL MANAGEMENT

Trasmediterranea, whose passenger and cargo transport activity is certified ISO 14001, defines targets that are revised each year to minimise its environmental impact.

In 2016, the main milestones achieved in this area were the consignment for recovery of 100 % of the hazardous waste generated in greatest amounts in the ships (Marpol I waste) and the collaboration in biodiversity compensation with the NGO Oceánidas by cleaning the seabeds in Málaga, Ceuta and Melilla.

Additionally, its environmental management model has enabled the company to reclaim some of the taxes required for the development of its business:

- For the fifth consecutive year, the port authorities have subsidised Trasmediterranea with a 5 % reduction in "T1"¹ due to good environmental practices adopted by ISO 14001-certified ships.
- The maritime stations of Barcelona, Valencia, Cádiz and, for the first time, Tenerife, benefited from a 15 % reduction in the activity rate thanks to the stipulation of various Good Environmental Practice agreements.
- The company has also benefited from a reduction in the fixed tariff charged for the acceptance of waste generated by ships, because it has an environmental management system and a waste management plan.

HEALTH AND SAFETY

The health and safety of its employees is a priority for Trasmediterranea. In this respect, the company's commitment starts with OHSAS 18001 certification.

Some of the most important measures in occupational risk prevention carried out in 2016 are:

- Establishment of the figure OHS MANAGER in delegations, whose aim is to promote a greater integration of prevention at work centres and raise workers' awareness about health and safety issues.

- Update of risk assessments beyond the obligations laid down by current regulations, so as to have a better control over risk situations.

- Establishment of a quarterly safety inspection model based on observations of safe conduct, to improve the supervision of the work centres by managers.

- OHSAS certification in the maritime stations of Barcelona, Valencia, Cádiz and Las Palmas de Gran Canaria.

Thanks to the management model implemented and the progress made, the accident rates have declined in the last financial year. The frequency rate was 3.21, which marks a 39 % compared to 2015.

SOCIAL INITIATIVES

In 2016, Trasmediterranea collaborated with the 2nd edition of the Great Cleaning of the Seabed in some 20 points of the Spanish coastline, including Ceuta and Melilla. In this initiative, hundreds of voluntary divers of the Marine Watch Network (Red de Vigilantes Marinos) successfully removed around 10 tonnes of waste.

- In Melilla, around 100 people took part in the collection of waste, coordinated by the Melilla Diving Association (Asociación Melillense de Submarinismo), which successfully collected around 550 kilograms of waste (iron beams, pieces of engines and tyres, amongst others).
- In Ceuta, the cleaning of the seabed on the beach of Tarajal concluded with around 400 kilograms of waste collected. Under the organisation of CECAM (Centre for Studies and Conservation of Marine Animals) and the Federation of Underwater Activities of Ceuta (Federación de Actividades Subacuáticas de Ceuta), around 50 people were involved in the activity, along with a large number of local associations.

This initiative did not only target the collection of waste that is harmful to nature but also sought to make citizens aware, to thereby help prevent waste reaching the sea, instead consigning it to the respective waste-sorting containers.

In the same way, in 2016 Trasmediterranea collaborated with numerous social associations, such as Proyecto Hombre, Asociación Catalana por el Parkinson and Asociación Corazón and Vida de Canarias, amongst others.

1. Tax charged to ships for use of the port water and installations.

ACCIONA Inmobiliaria's sustainability performance

With 25 years of experience, ACCIONA Real Estate is one of Spain's leading residential management and development companies, having developed more than 9,000 housing units across Spain, Portugal, Poland and Mexico.

With solid technical and professional experience behind it, the company includes sustainability criteria in all its developments, as one of its main goals is the development of projects that help to conserve the environment and involve a reduction of costs for the owners.

CUSTOMER SATISFACTION

In 2016, ACCIONA Inmobiliaria carried out two major surveys to measure its customers' satisfaction: i) assessment of customer satisfaction in the residential and service sector rental business, and ii) surveys to customers of the residential rental assets with the greatest occupancy rates and at all students residences. The improvement in communication channels - the survey was left in customers' letterboxes - increased the level of participation by six points, rising by 16 % in the two surveys.

As part of its Quality Management System, in 2016 the company established the objective of improving the global score obtained in the satisfaction survey. It achieved this objective 100 %.

Additionally, 100 % of the property development activities run in Spain and Poland are certified ISO 9001.

ENVIRONMENTAL MANAGEMENT: ECO-EFFICIENT HOUSING

One of the main business objectives involves the commitment to work on projects that help to conserve the environment, firmly investing in eco-efficient housing.

Eco-efficient housing consumes less in terms of energy resources and reduces contamination as it does not use toxic products and generates less waste. To do so, from the moment of interior and exterior design, there is an efficient use of materials and systems and the location in the area (climate, surroundings and existing resources) is taken into account.

One of the main business objectives is to support for **eco-efficient housing**

ACCIONA INMOBILIARIA IN 2016

118

EMPLOYEES

€105 MILLION

REVENUE

€14 MILLION

EBITDA

100 %

PROPERTY DEVELOPMENTS IN SPAIN
CERTIFIED ISO 14001

100 %

OF THE ACTIVITY
CERTIFIED OHSAS 18001

100 %

CUSTOMER SATISFACTION

SUSTAINABILITY-CERTIFIED HOUSING

In compliance with the objective undertaken last year, ACCIONA Inmobiliaria worked throughout 2016 on 11 development projects, approximately 1,000 new housing units, designed in accordance with the rigorous requirements of the sustainability standard in construction, BREEAM ES.

BREEAM assesses the levels of sustainability of buildings both during design and in execution and maintenance, enabling certification on different levels. The aim of ACCIONA Inmobiliaria for all its developments is to obtain scores of Good or Very Good.

These measures take the form of savings such as the following:

- Reductions in the joint demand for heating-cooling that exceed 50 % due to an envelope comprising high thermal-acoustic performance materials.
- Reduction in NO_x emissions by means of the use of a centralised high-efficiency condensing boiler.
- Increase by up to 150 % of opening window surfaces to improve natural ventilation and lighting.
- Highly energy efficient internal and external lighting and special attention to the quality of light emission; regulated by environmental lighting sensors and presence detectors.
- Energy savings that exceed 30 % in the use of energy-efficient lifts.
- Bathroom fittings and taps offering very low water consumption.
- Reduced environmental impact of the materials to be used in construction.
- Existence of spaces and equipment for waste separation.

Thus, for example, the Adelfas project in Madrid (Spain) has obtained a Provisional Certificate - Design Phase, with an initial classification of Very Good.

In its environmental management commitment, the business certifies 100 % of its property development activities in Spain with ISO 14001.

It should be noted that ACCIONA Inmobiliaria has been chosen by the World Economic Forum to be part of the Advisory Board for the initiative "Emerging Horizons in Real Estate: An Industry Initiative on Asset Price Dynamics".

CLIMATE CHANGE

As part of energy savings and in line with its support for eco-efficient housing, ACCIONA Inmobiliaria division has undertaken to certify all its developments with the BREEAM sustainable seal.

This seal fosters more sustainable construction, which has repercussions in terms of economic, environmental and social benefits for all people living and using a building (owners, tenants and users).

HEALTH AND SAFETY

ACCIONA Inmobiliaria safety management is integrated into the whole of the company's organisational structure. At all permanent work centres, there is a liaison officer with the Prevention Service, who monitors health and safety matters.

It should be noted that as evidence of the management carried out, the OHS-IF accident rate has been kept at zero for the second year running.

Bestinver's sustainability performance

Bestinver is a leading company in management services of investment funds, pension funds and other collective investment institutions. Bestinver focuses on obtaining appealing, sustainable returns through the construction of strong portfolios. The alignment of interests is essential as both investors and managers co-invest with a single goal: to obtain the best possible returns over the long term. The Bestinver investment philosophy can be defined simply: "to obtain profitability investing in companies that are undervalued through essential analysis, suitable risk management and a long-term time frame shared by investors and managers".

In 2016, 100 %
of Bestinver
customers were
satisfied with its
products and
services

BESTINVER IN 2016

85

EMPLOYEES

€85 MILLION

REVENUE

€59 MILLION

EBITDA

€5,222 MILLION

UNDER MANAGEMENT

42,374

INVESTORS

100 %

CUSTOMER SATISFACTION

CUSTOMER SATISFACTION

Bestinver relies on an investor relations team whose aim is to keep customers informed at all times of the status of their portfolios as well as to facilitate their transactions in investment and pension funds. Bestinver's aim is to increase the satisfaction of its customer base constantly.

In 2016, 100 % of customers who took part in the satisfaction survey declared that they were satisfied with the products and services received from the business.

In a complementary manner, Bestinver organised in 2016, for the first time ever, an investor satisfaction survey, delivered to those attending the annual conference in Madrid (Spain), to gauge satisfaction with the event and level of brand recommendation (the Net Promoter Score) through the 148 surveys received. The results regarding satisfaction with the event were 8.4/10 (which ACCIONA considers as satisfied - very satisfied customers) and the level of recommendation was 37 %, which falls within the upper range of brands with high recommendation levels.

For FY 2017, the aim is to pursue the commitment to customer satisfaction by implementing a systematic model for measurement and the Net Promoter Score, which will be extended to the various segments of Bestinver. The aim of this measure is to develop the points for improvement identified, to increase the satisfaction and levels of recommendation.

EMPLOYEE HEALTH AND SAFETY

Bestinver works on the health and safety of its employees. In concrete terms, safety management is defined in the Corporate OHS Management System Manual. In this respect, the whole of the OHS risk control and management structure is the same as the corporate division (see the ACCIONA's Commitment chapter, section on Health and Safety). 100 % of the company's activities are certified OHSAS 18001.

It should be noted that as evidence of the management carried out, the OHS-IF accident rate has been kept at zero for the second year running.

SOCIAL INITIATIVES

In 2016, Bestinver collaborated with the channelling of funds to the project to construct a new primary school in Sierra Leone, in collaboration with the NGO África Directo. The Wara Wara Community Schools Project, located in Serekuday, in the region of Wara Wara, has the aim of building schools in the province, strengthening local employment as a means to reduce poverty.

The school is located in a mountainous area that is difficult to access, with the lowest schooling rate in the country and where many of the teachers are volunteers.

The project aim is to children of Serekuday and neighbouring communities access to school and, at the same time, provide them with an area to pursue cultural and sports activities.

Grupo Bodegas Palacio 1894's sustainability performance

Grupo Bodegas Palacio 1894* engages in the production and marketing of wines in five of the most prestigious designations of origin of Spain. Its activity involves both the domestic and international markets, with a presence in 40 markets across the globe.

The essential cornerstones of its business model are the constant search for excellence, its commitment to the environment, sustainability and the capacity to innovate.

COMMITMENT TO QUALITY AND CUSTOMER SAFETY

Grupo Bodegas Palacio 1894 works to offer top quality and safety in the products it offers its customers, as well as to foster responsible consumption, participating in initiatives like Wine in Moderation.

As part of its commitment to the continuous improvement of quality, environmental management and health and safety of its customers, the Group has management systems certified as follows:

The improvement in the quality of Group products has a direct impact on customer satisfaction. In 2016, various surveys were conducted to measure the satisfaction of its customers (direct sales, export, food and HORECA). One hundred percent of customers who took part in these surveys declared that they were satisfied with the products and services of the business.

Bodegas Viña Mayor obtained the Wineries for Climate Protection certification, the only seal that recognises improvements in processes that reduce emissions and increase energy efficiency

GRUPO BODEGAS PALACIO 1894 CERTIFICATIONS IN 2016

■ **ISO 9001 and ISO 14001:** 100 % of the wines produced in the Peñascal, Viña Mayor, Caserío de Dueñas and Palacio wineries. Also in ISO 9001: 100 % Viñedos Viña Mayor, Caserío de Dueñas and Finca Anzil.

■ **Wineries for Climate Protection:** the first and only specific certification for the wine sector in the area of environmental sustainability and the fight against climate change. Viña Mayor is also the first winery with Certificate of Origin Ribera de Duero to obtain this distinction.

It involves improvements to processes to reduce emissions and increase energy efficiency. This award was supported by the activities of Bureau Veritas Iberia, the certification entity authorised by the Spanish Wine Federation (FEV).

■ **Food Safety System Certification (FSSC 22000):** at Peñascal, Viña Mayor, Caserío de Dueñas and Palacio wineries. This is the international benchmark standard for the management of food safety risks, including those of the supply chain.

GRUPO BODEGAS PALACIO 1894 IN 2016

216

EMPLOYEES

€41 MILLION

REVENUE

€6 MILLION

EBITDA

+ 3,000

ONLINE CONSUMERS (DIRECT
SALE TO END CUSTOMER)

350

DISTRIBUTION PARTNERS
(POINT OF SALE)

100 %

CUSTOMER SATISFACTION

* Formerly called Hijos de Antonio Barceló (before 2017).

In 2016, the complaint management process and delivery periods were improved thanks to product centralisation with a logistics operator and the concentration of back office management activities (for Food, HORECA and Export). For the Direct Sales channel, complaint management is handled via the web page or telephone, solving issues within one or two days and always providing the customer with feedback. In the same way, the data collection process regarding complaints has been improved to allow for the inclusion of complaints caused by incidents in transport, receiving a total of 47 product complaints and 216 for the breakage of goods during transport.

It should be noted that in 2016, Grupo Bodegas Palacio 1894 developed its new webpage, offering an overview of all Group wineries and brands, as well as the different details about the wines: origin, vintage, grape variety and process of preparation and ageing, amongst others. Furthermore, customers can purchase online, return goods and join customer clubs.

For 2017, the group set the objective of improving the overall customer satisfaction, optimising the current survey and focussing on initiatives involving how complaints are managed, from reception to solution.

CLIMATE CHANGE

Grupo Bodegas Palacio 1894 is committed to the fight against climate change. In the sense, 100 % of electricity consumed by this business comes from renewable sources.

During last year, the Group studied and even implemented various measures in the field of energy efficiency and the use of renewable sources in Bodegas y Viñedos Viña Mayor, such as:

- Remodelling of the temperature control systems of the office, cask and bottling areas, so that the new technology, sector-division and control system increase energy efficiency by up to 24 %. Additionally, new systems are only based on electricity consumption, that comes on certified renewable sources, meaning that greenhouse gas emissions are zero.

- Reduction in the consumption of diesel by up to 7 % through the optimisation of the hot water operating temperature, in the bottling line for cask and bottle washing.
- Analysis of the viability of changing current heater burners to use alternative fuels, which will reduce the contaminating emissions released into the atmosphere.

ENVIRONMENTAL MANAGEMENT: REDUCTION OF WATER CONSUMPTION

Water consumption is one of the most important environmental variables in the wine-making business. More specifically, the property stretching out over more than 380 ha of vineyard manages water resources strategically. This is why in 2016 measures aimed at reducing water consumption, both in the vineyard and in the wineries:

- Re-grafting of 100 hectares (38.8 ha in 2016) with grape varieties requiring less water. Since 2013, water consumption has been reduced by up to 60 % comparing to previous varieties.
- Carrying out of a second study in Caserío de Dueñas on the use of fertilisers that increase water retention capacity in the roots. The results obtained indicate water savings between 5 % and 10 % with an average yield per hectare equal to the sample plot.
- Changes made to the water treatment system of the Viña Mayor winery, resulting in savings of up to 26 % in water.

SOCIAL INITIATIVES

For the second consecutive year, Grupo Bodegas Palacio 1894 has joined the social cooking project, Gastronomix. It offers training opportunities in catering to 50 young adults from vulnerable situations, aged between 16 and 23 years old.

The group has been responsible for introducing 50 young adults to wine culture in an educational, professional, responsible manner. Activities included a master class on the main principles of wine, giving the students tools and techniques to be applied on a daily basis in the Gastronomix canteen.

In addition to specialised training, Gastronomix offers participants a series of parallel activities, such as emotional intelligence and entrepreneurship.

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MATERIAL ASPECTS AND COVERAGE		
G4-17	About this Report (p. 8); Consolidated Financial Statements (p. 162)	
G4-18	About this Report (p. 8-9); Materiality Analysis (p. 24-26)	
G4-19	Materiality Analysis (p. 27; 32)	
G4-20	Materiality Analysis (p. 32)	
G4-21	Materiality Analysis (p. 32)	
G4-22	No restatements were made this year compared to 2015. About this Report (p. 9)	
G4-23	During this financial year, a thorough analysis was conducted of the material aspects of specific business areas, including: ACCIONA Energy's Commitment, ACCIONA Infrastructure's Commitment, Other Businesses's Commitment. The main news for 2016 is that the analysis of material aspects has been extended to other ACCIONA businesses (Bestinver, Grupo Bodegas Palacio 1894, ACCIONA Inmobiliaria and Trasmediterranea); About this Report (p.9)	

GENERAL BASIC CONTENTS

General Basic Contents	Page (or link)	Omissions
STAKEHOLDER PARTICIPATION		
G4-24	Society (p. 64)	
G4-25	Materiality Analysis (p. 25-26); Society (p. 64)	
G4-26	Materiality Analysis (p. 25-26); Society (p. 64, 66-69)	
G4-27	Society (p. 64, 66-69)	
REPORT PROFILE		
G4-28	2016	
G4-29	2015	
G4-30	About this Report (p. 8)	
G4-31	responsabilidadcorporativa@acciona.es	
G4-32	About this Report (p. 8); GRI Index (p. 224)	
G4-33	About this Report (p. 8); Independent Review Report (p. 234-237)	
GOVERNANCE		
G4-34	Corporate Governance (p. 103-107); Annual Corporate Governance Report (p. 7-8)	
G4-35	ACCIONA's Commitment (p. 44; 49)	
G4-36	ACCIONA's Commitment (p. 49); Annual Corporate Governance Report (p. 28-29);	
G4-37	ACCIONA's Commitment (p. 49)	
G4-38	Corporate Governance (p. 103-107); Annual Corporate Governance Report (p. 7-8)	
G4-39	Corporate Governance (p. 103-107); Annual Corporate Governance Report (p. 7-8); Regulations of the Board of Directors (p. 17)	
G4-40	Annual Corporate Governance Report (p. 17)	
G4-41	Annual Corporate Governance Report (p. 31)	
G4-42	Annual Corporate Governance Report (p. 25, 53)	
G4-43	ACCIONA's Commitment (p. 49)	
G4-44	Corporate Governance (p. 106); Annual Corporate Governance Report (p. 18)	
G4-45	ACCIONA's Commitment (p. 49); Corporate Governance (p. 112-114); ACCIONA Energy's Commitment (p. 186); ACCIONA Infrastructure's Commitment (p. 206)	
G4-46	Corporate Governance (p. 112-114); ACCIONA Energy's Commitment (p. 186); ACCIONA Infrastructure's Commitment (p. 206)	

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G4-47	Annual Corporate Governance Report (p. 32)	
G4-48	ACCIONA's Commitment (p. 49); Corporate Governance (p. 103-106); Regulations of the Board of Directors (p. 186)	
G4-49	Annual Corporate Governance Report (p. 36)	
G4-50	Corporate Governance (p.108-111)	
G4-51	Annual Report on Remuneration of Directors 2016 (p. 2-3); Corporate Governance (p. 107)	
G4-52	Annual Report on Remuneration of Directors 2016 (p. 2-3); Corporate Governance (p. 107)	
G4-53	Annual Report on Remuneration of Directors 2016 (p. 2-3); Corporate Governance (p. 72)	
G4-54		Due to the reorganisation of the company's business divisions and the effect of this reorganisation on the distribution of employees and corporate officers, both in Spain and in its markets, the information about these ratios is still confidential and subject to modification, so it will remain unavailable until the internal reorganisation process is concluded.
G4-55		Due to the reorganisation of the company's business divisions and the effect of this reorganisation on the distribution of employees and corporate officers, both in Spain and in its markets, the information about these ratios is still confidential and subject to modification, so it will remain unavailable until the internal reorganisation process is concluded.
ETHICS AND INTEGRITY		
G4-56	Company profile (p. 10); Corporate Governance (p. 108-111)	
G4-57	Corporate Governance (p. 108-111)	
G4-58	Corporate Governance (p. 108-111)	
CATEGORY: ECONOMY		
Material aspect: Procurement practices		
G4-DMA	Value Chain (p. 153-156); Materiality Analysis (p. 27-31)	
G4-EC9	Value Chain (p. 152)	
CATEGORY: ENVIRONMENTAL		
Material aspect: Materials		
G4-DMA	Environment (p. 97-99); ACCIONA Energy's Commitment (p. 186); ACCIONA Infrastructure's Commitment (p. 207-209); Other Businesses's Commitment (p. 217-219); Materiality Analysis (p. 27-31)	
G4-EN1	Environment (p. 98); ACCIONA Infrastructure's Commitment (p. 208-209); Other Businesses's Commitment (p. 218-219)	
G4-EN2	Environment (p. 99); ACCIONA Infrastructure's Commitment (p. 208)	

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General
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Material aspect: Energy

G4-DMA Climate Change (p. 72-75); ACCIONA Energy's Commitment (p. 183); ACCIONA Infrastructure's Commitment (p. 209); Other Businesses's Commitment (p. 216; 219; 223)

G4-EN3 Climate Change (p. 74-75); ACCIONA Energy's Commitment (p. 194); ACCIONA Infrastructure's Commitment (p. 209); Other Businesses's Commitment (p. 216; 223)

G4-EN4 Climate Change (p. 76)

G4-EN5 Climate Change (p. 74; 78); ACCIONA Energy's Commitment (p. 183); Other Businesses's Commitment (p. 216)

G4-EN6 Climate Change (p. 80-81); ACCIONA Energy's Commitment (p. 183); ACCIONA Infrastructure's Commitment (p. 209-210); Other Businesses's Commitment (p. 216; 218-219; 223)

G4-EN7 Climate Change (p. 80-81); ACCIONA Energy's Commitment (p. 183); ACCIONA Infrastructure's Commitment (p. 209-210); Other Businesses's Commitment (p. 216; 219)

Material aspect: Water

G4-DMA Environment (p. 88-92); ACCIONA Energy's Commitment (p. 186); ACCIONA Infrastructure's Commitment (p. 208-209); Other Businesses's Commitment (p. 219-223)

G4-EN8 Environment (p. 90; 92); ACCIONA Infrastructure's Commitment (p. 208); Other Businesses's Commitment (p. 223)

G4-EN9 Environment (p. 90-92)

G4-EN10 Environment (p. 90); ACCIONA Infrastructure's Commitment (p. 208); Other Businesses's Commitment (p. 223)

Material aspect: Biodiversity

G4-DMA Environment (p. 93-95); ACCIONA Energy's Commitment (p. 186); ACCIONA Infrastructure's Commitment (p. 207); Other Businesses's Commitment (p. 217)

G4-EN11 Environment (p. 95)

G4-EN12 Environment (p. 95-96)

G4-EN13 Environment (p. 95-96)

G4-EN14 Environment (p. 96)

Material aspect: Emissions

G4-DMA Climate Change (p. 72-74); ACCIONA Energy's Commitment (p. 183); ACCIONA Infrastructure's Commitment (p. 209); Other Businesses's Commitment (p. 216; 219; 223)

G4-EN15 Climate Change (p. 74-78); ACCIONA Energy's Commitment (p. 183); ACCIONA Infrastructure's Commitment (p. 209); Other Businesses's Commitment (p. 216; 223)

G4-EN16 Climate Change (p. 74-78); ACCIONA Energy's Commitment (p. 183); ACCIONA Infrastructure's Commitment (p. 209); Other Businesses's Commitment (p. 216; 219; 223)

G4-EN17 Climate Change (p. 76; 79)

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General Basic Contents	Page (or link)	Omissions
G4-EN18	Climate Change (p. 74)	
G4-EN19	Climate Change (p. 74; 77; 79-80; 163); Value Chain (p. 163); ACCIONA Infrastructure's Commitment (p. 209-210); ACCIONA Energy's Commitment (p. 216); Other Businesses's Commitment (p. 216; 219; 223)	
G4-EN20	ACCIONA does not use ozone-depleting gases in its facilities.	
G4-EN21	Climate Change (p. 80)	
Material aspect: Effluents and waste		
G4-DMA	Materiality Analysis (p. 27-31); Environment (p. 90-92; 97-99); ACCIONA Energy's Commitment (p. 186); ACCIONA Infrastructure's Commitment (p. 207-208); Other Businesses's Commitment (p. 217; 219)	
G4-EN22	Environment (p. 89; 91-92); ACCIONA Infrastructure's Commitment (p. 208)	
G4-EN23	Environment (p. 97-99); ACCIONA Energy's Commitment (p. 186); ACCIONA Infrastructure's Commitment (p. 208); Other Businesses's Commitment (p. 217; 219)	
G4-EN24	Environment (p. 87)	
G4-EN25	Environment (p. 97; 99); ACCIONA Energy's Commitment (p. 186); Value Chain (p. 164)	
G4-EN26	Environment (p. 95-96)	
Material aspect: Products and services		
G4-DMA	Materiality Analysis (p. 27-31); Climate Change (p. 84; 96-97); Innovation (p. 178-179); ACCIONA Energy's Commitment (p. 183; 186); ACCIONA Infrastructure's Commitment (p. 211-213)	
G4-EN27	Climate Change (p. 84; 96-97); Innovation (p. 178-179); ACCIONA Energy's Commitment (p. 183; 186); ACCIONA Infrastructure's Commitment (p. 211-213)	
G4-EN28	Given the nature of ACCIONA's business, three types of products are produced: bottled wines in reusable glass, wind turbines and housing. The latter two products are long-lifetime products, so they have yet to reach the end of their service life.	
Material aspect: Regulatory compliance		
G4-DMA	Materiality Analysis (p. 27-31); Environment (p. 99); Corporate Governance (p. 108)	
G4-EN29	Environment (p. 99)	
Material aspect: Transportation		
G4-DMA	Materiality Analysis (p. 27-31); Climate Change (p. 80-81); Other Businesses's Commitment (p. 216)	
G4-EN30	Climate Change (p. 80-81); Other Businesses's Commitment (p. 216)	
Material aspect: General		
G4-DMA	Materiality Analysis (p. 27-31); Environment (p. 84-85)	
G4-EN31	Environment (p. 84)	

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Material aspect: Material assessment of suppliers		
G4-DMA	Materiality Analysis (p. 27-31); Value Chain (p. 153-161)	
G4-EN32	Value Chain (p. 155, 157, 160-161)	
G4-EN33	Value Chain (p. 155, 157, 160-161)	
Material aspect: Environmental complaint mechanisms		
G4-DMA	Materiality Analysis (p. 27-31); Corporate Governance (p. 109); Society (p. 54-55)	
G4-EN34	Society (p. 54-55); Corporate Governance (p. 109)	
CATEGORY: SOCIAL		
Subcategory: Labour practices and decent work		
Material aspect: Employment		
G4-DMA	People (p. 123-125); Value Chain (p. 162); Materiality Analysis (p. 27-31)	
G4-LA1	People (p. 125, 137)	
G4-LA2	People (p. 134, 136)	
G4-LA3	People (p. 125)	
Material aspect: Health and safety at work		
G4-DMA	People (p. 140); ACCIONA Energy's Commitment (p. 190-191); ACCIONA Infrastructure's Commitment (p. 197-199); Other Businesses's Commitment (p. 217, 219, 221); Materiality Analysis (p. 27-31)	
G4-LA5	People (p. 145)	
G4-LA6	People (p. 140-142, 146-147); ACCIONA Energy's Commitment (p. 191); ACCIONA Infrastructure's Commitment (p. 198); Other Businesses's Commitment (p. 217, 219, 221)	
G4-LA7	People (p. 142)	
G4-LA8	People (p. 145)	
Material aspect: Training and education		
G4-DMA	Materiality Analysis (p. 27-31); People (p. 129-133)	
G4-LA9	People (p. 129)	
G4-LA10	People (p. 130)	
G4-LA11	People (p. 134)	
Material aspect: Diversity and equal opportunities policy		
G4-DMA	Materiality Analysis (p. 27-31); People (p. 136, 138)	
G4-LA12	Corporate Governance (p. 106); People (p. 125, 136-138);	
Material aspect: Equal pay for men and women		
G4-LA13	People (p. 138)	

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Material aspect: Assessment of suppliers' labour practices		
G4-DMA	Value Chain (p. 152, 154, 160, 161); People (p. 147); ACCIONA Energy's Commitment (p. 184, 185); ACCIONA Infrastructure's Commitment (p. 199); Materiality Analysis (p. 27-31)	
G4-LA14	Value Chain (p. 152, 154, 160, 161); ACCIONA Energy's Commitment (p. 184, 185); ACCIONA Infrastructure's Commitment (p. 199)	
G4-LA15	Value Chain (p. 152, 154, 160, 161); ACCIONA Energy's Commitment (p. 184, 185); ACCIONA Infrastructure's Commitment (p. 199)	
Subcategory: Human Rights		
Material aspect: Investment		
G4-DMA	Society (p. 54, 55); Value Chain (p. 154-157)	
G4-HR1	Society (p. 54, 55); Value Chain (p. 154-157)	
G4-HR2	Corporate Governance (p. 111)	
Material aspect: Freedom of association and collective bargaining		
G4-DMA	Corporate Governance (p.114); People (p. 136); Materiality Analysis (p. 27-31)	
G4-HR4	Value Chain (p. 157, 162)	
Material aspect: Forced labour		
G4-DMA	Materiality Analysis (p. 27-31); Corporate Governance (p. 108-111); Value Chain (p. 153-163);	
G4-HR6	Value Chain (p. 157-162)	
Material aspect: Indigenous rights		
G4-DMA	Materiality Analysis (p. 27-31); Society (p. 55-57)	
G4-HR8	Corporate Governance (p. 112-114)	
Material aspect: Assessment		
G4-DMA	Materiality Analysis (p. 27-31); Society (p. 54-55); Corporate Governance (p. 114)	
G4-HR8	Society (p. 54-55); Corporate Governance (p. 114)	
Material aspect: Assessment of suppliers with regard to human rights		
G4-DMA	Materiality Analysis (p. 27-31); Value Chain (p. 153-162)	
G4-HR10	Value Chain (p. 153-162)	
G4-HR11	Value Chain (p. 156-158)	
Subcategory: Society		
Material aspect: Local communities		
G4-DMA	Materiality Analysis (p. 27-31); Society (p. 54, 55, 61); ACCIONA Energy's Commitment (p. 187-189); ACCIONA Infrastructure's Commitment (p. 204, 205); Other Businesses's Commitment (p. 217, 221, 223)	
G4-SO1	Society (p. 54, 55, 61); ACCIONA Energy's Commitment (p. 187-189); ACCIONA Infrastructure's Commitment (p. 204, 205); Other Businesses's Commitment (p. 217, 221, 223)	
G4-SO2	Society (p. 54, 55, 61); ACCIONA Energy's Commitment (p. 187-189); ACCIONA Infrastructure's Commitment (p. 204, 205)	

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General Basic Contents	Page (or link)	Omissions
Material aspect: Anti-Corruption		
G4-DMA	Materiality Analysis (p. 27-31); Corporate Governance (p. 110-111)	
G4-SO3	Corporate Governance (p. 112-114); ACCIONA Energy's Commitment (p. 186); ACCIONA Infrastructure's Commitment (p. 206);	
G4-SO4	Corporate Governance (p. 110-111)	
G4-SO5	Corporate Governance (p. 110-111); People (p. 132)	
Material aspect: Anti-competitive behavior		
G4-DMA	Corporate Governance (p. 108-110); Materiality Analysis (p. 27-31)	
G4-SO7	The proceedings brought against Trasmediterranea company by the defunct National Commission on Competition (currently the National Markets and Competition Commission) finally ended satisfactorily for the company following the court rulings (by the Supreme Court and the Spanish High Court) that voided, without exception, the heavy fines levied against it for its alleged participation in various cartels in the shipping markets between the Iberian Peninsula and the Balearic Islands, on the one hand, and between the Iberian Peninsula and Northern Africa, on the other. Based on the existing evidence, the courts considered that there were no grounds for the violation for which Trasmediterranea company had been fined.	
Material aspect: Supplier assessment for impacts on society		
G4-DMA	Value Chain (p. 153-157)	
G4-SO9	Value Chain (p. 155-161)	
G4-SO10	Value Chain (p. 155-161)	
Subcategory: Product responsibility		
Material aspect: Customer health and safety		
G4-DMA	Value Chain (p. 168-169); Materiality Analysis (p. 27-31)	
G4-PR1	Value Chain (p. 168-169); Other Businesses's Commitment (p. 222)	
G4-PR2	Value Chain (p. 169)	
Material aspect: Labelling of products and services		
G4-DMA	Value Chain (p. 169); Materiality Analysis (p. 27-31)	
G4-PR3	Value Chain (p. 169)	
G4-PR4	Value Chain (p. 169)	
G4-PR5	Value Chain (p. 166); ACCIONA Energy's Commitment (p. 185); ACCIONA Infrastructure's Commitment (p. 202, 203); Other Businesses's Commitment (p. 216, 218, 221, 222)	

SECTOR SUPPLEMENT: 'CONSTRUCTION & REAL ESTATE'		
Management approach and Indicators	Page (or link)	Omissions
CRE1	Climate Change (p. 74, 75); ACCIONA Infrastructure's Commitment (p. 208). Other Businesses's Commitment (p. 218, 219)	
CRE2	Environment (p. 90); ACCIONA Infrastructure's Commitment (p. 208). Other Businesses's Commitment (p. 218, 219).	
CRE3	Climate Change (p. 78); ACCIONA Infrastructure's Commitment (p. 209, 210). Other Businesses's Commitment (p. 218)	
CRE4	Climate Change (p. 78); ACCIONA Infrastructure's Commitment (p. 209, 210). Other Businesses's Commitment (p. 218)	
CRE5	Environment (p. 94, 95); ACCIONA Infrastructure's Commitment (p. 207, 208)	
CRE6	People (p. 144); ACCIONA Energy's Commitment (190); ACCIONA Infrastructure's Commitment (p. 197); Other Businesses's Commitment (p. 217, 218, 221)	
CRE7	According to the information available to the company, no displacement of the population under its responsibility has been necessary in the projects that are currently under way. However, a few houses have been expropriated in isolated cases, when these were not compatible with the construction of the infrastructure, and compensation was paid in these cases. In the majority of projects, expropriations and evictions are carried out by the customer before the company begins its operations.	
CRE8	Environment (p. 86); ACCIONA Energy's Commitment (p. 184, 185); ACCIONA Infrastructure's Commitment (p. 200, 201, 202, 203); Other Businesses's Commitment (p. 218, 219)	
	In addition, ACCIONA participates, <i>inter alia</i> , in projects for the certification of building sustainability, including the BREEAM and LEED systems.	

SECTOR SUPPLEMENT 'ELECTRIC UTILITIES'		
Management approach and Indicators	Page (or link)	Omissions
EU1	Company Profile (p. 12); ACCIONA Energy's Commitment (p. 180); Consolidated Financial Statements (p.15)	
EU2	Company Profile (p. 18, 19, 20, 21, 22, 23); ACCIONA Energy's Commitment (p. 180); 2016 Consolidated Financial Statements (p. 15)	
EU3	Company Profile (p. 14)	
EU5	Climate Change (p. 79-80)	
EU10	Consolidated Financial Statements (p. 15)	
EU11		ACCIONA does not have a significant number of thermal plants. The plants of this type are used exclusively for its own electricity consumption.
EU12		ACCIONA has no significant activity in the transmission and distribution of electricity.
EU15	In accordance with the principles of non-discrimination, diversity and inclusion by reason of age, the company makes no short-, medium- or long-term retirement forecasts.	
EU17		The available information systems do not allow information to be disaggregated according to days worked, since the majority of contracts are performed on a per-service basis rather than a number of hours/days.
EU18	People (p. 147, 145); ACCIONA Energy's Commitment (p. 187)	The company's information systems do not allow this information to be reported.
EU22	According to the information available to the company, no displacement of the population under its responsibility has been necessary in the projects that are currently in progress. However, a few houses have been expropriated in isolated cases, when these were not compatible with the construction of the infrastructure and compensation was paid out in these cases. In most projects, expropriations and evictions are carried out by the customer before the company begins its operations.	
EU25	Company Profile (p. 15); People (p. 140); Value Chain (p. 167); ACCIONA Energy's Commitment (p. 185)	

Independent Assurance Report



KPMG Asesores, S.L.
Pº. de la Castellana, 259 C
28046 Madrid

Independent Review Report to the Management of ACCIONA, S.A.

(Free translation from the original in Spanish.
In case of discrepancy, the Spanish language version prevails.)

In accordance with our engagement letter, ACCIONA, S.A. management has requested that we provide reasonable and limited assurance on the non-financial information contained in the Sustainability Report of ACCIONA, S.A. (hereinafter ACCIONA) for the year ended 31 December 2016 (hereinafter "the Report").

The indicators covered by reasonable assurance are GRI G4-10, G4-11, G4-EC5, G4-EC6, G4-EC9, G4-EN3, G4-EN11, G4-EN15, G4-EN16, G4-EN21, G4-LA1, G4-LA3, G4-LA5, G4-LA9, G4-LA10, G4-LA11, G4-LA12, G4-LA13, on the quantitative information derived from these indicators, related to the progress on complying with 2020 Sustainability Master Plan objectives (hereinafter SMP 2020), and on the qualitative information related to the progress on complying with Sustainability Master Plan objectives. The indicators covered by limited assurance comprise the other indicators described in the GRI Index of the Report.

Management responsibilities

ACCIONA management is responsible for the preparation and presentation of the Report in accordance with the Sustainability Reporting Guidelines version 4.0 (G4) and the Sector Supplement for Construction & Real Estate and Electric Utilities of the Global Reporting Initiative as described in point G4-32 of the Report for limited and reasonable assurance indicators.

It is also responsible for compliance with the Materiality Disclosure Service, obtaining confirmation from the Global Reporting Initiative on the proper application of these. Management is also responsible for the information and assertions contained within the Report; for the implementation of processes and procedures which adhere to the principles set out in the AA1000 AccountAbility Principles Standard 2008 (AA1000APS); for determining ACCIONA's objectives in respect of the selection and presentation of sustainable development performance, including the identification of stakeholders and material issues; and for establishing and maintaining appropriate performance management and internal control systems from which the reported performance information is derived.

These responsibilities include establishing such controls as management determines are necessary to enable the preparation of limited and reasonable assurance indicators that are free from material misstatement whether due to fraud or error.

Our responsibility

Our responsibility is to carry out a review to provide reasonable assurance on the preparation and presentation of the indicators GRI G4-10, G4-11, G4-EC5, G4-EC6, G4-EC9, G4-EN3, G4-EN11, G4-EN15, G4-EN16, G4-EN21, G4-LA1, G4-LA3, G4-LA5, G4-LA9, G4-LA10, G4-LA11, G4-LA12, G4-LA13, on the quantitative information derived from these indicators, related to the progress on complying with 2020 Sustainability Master Plan objectives, and on the qualitative information related to the progress on complying with Sustainability Master Plan objectives, a limited assurance review on the preparation and presentation of the other indicators within the review scope, and to express a conclusion based on the work performed. We conducted our engagement in accordance with International Standard on Assurance Engagements (ISAE) 3000, "Assurance Engagements other than Audits or Reviews of Historical Financial Information", and the Standard ISAE 3410 "Assurance Engagements on Greenhouse Gas Statements" issued by the International Auditing and Assurance Standards Board (IAASB) and with the Performance Guide on the revision of Corporate Responsibility Reports of the Instituto de Censores Jurados de Cuentas de España (ICJCE). These standards require that we plan and perform the engagement to obtain limited assurance about whether the report is free from material misstatement.

KPMG applies International Standard on Quality Control 1 (ISQC1) and accordingly maintains a comprehensive system of quality control including documented policies and procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

We have complied with the independence and other ethical requirements of the Code of Ethics for Professional Accountants issued by the Internal Ethics Standards Board for Accountants, which is founded on fundamental principles of integrity, objectivity, professional competence and due care, confidentiality and professional behavior.

We have also conducted our engagement in accordance with Accountability Assurance Standard AA1000 APS 2008 (Type 2), which covers not only the nature and extent of the organisation's adherence to the AA1000 APS, but also evaluates the reliability of performance information as indicated in the scope.

Reasonable assurance over reasonable assurance indicators

The procedures selected in our reasonable assurance engagement depend on our judgement, including the assessment of the risks of material misstatement of the indicators whether due to fraud or error.

In making those risk assessments, we have considered internal control relevant to the preparation and presentation of the indicators in order to design assurance procedures that are appropriate in the circumstances, but not for the purposes of expressing a conclusion as to the effectiveness of ACCIONA's internal control over the preparation and presentation of the Report.

Our engagement also includes assessing the appropriateness of the indicators with the criteria of the Global Reporting Initiative's G4 Sustainability Reporting Guidelines, obtaining an understanding of the compilation of the financial and non-financial information to the sources from which it was obtained, evaluating the reasonableness of estimates made by ACCIONA, and re-computation of the calculations of the reasonable assurance indicators.

Limited assurance over limited assurance indicators

Our limited assurance engagement consisted of making enquiries of management and persons responsible for the preparation of information presented in the Report, and applying analytical and other evidence gathering procedures. These procedures included:

- Verification of ACCIONA's processes for determining the material issues, and the participation of stakeholder groups therein.
- Interviews with management and relevant staff at group level and selected business unit level concerning sustainability strategy and policies and corporate responsibility for material issues, and the implementation of these across the business of ACCIONA.
- Evaluation through interviews concerning the consistency of the description of the application of ACCIONA's policies and strategy on sustainability, governance, ethics and integrity.
- Risk analysis, including searching the media to identify material issues during the year covered by the Report.
- Review of the consistency of information comparing General Basic Content with internal systems and documentation.
- Analysis of the processes of compiling and internal control over quantitative data reflected in the Report, regarding the reliability of the information, by using analytical procedures and review testing based on sampling.
- Review of ten sites through visits and remote review, selected on the basis of a risk analysis including the consideration of both quantitative and qualitative criteria.

- Review of the application of the Global Reporting Initiative's G4 Sustainability Reporting Guidelines' requirements in accordance with the comprehensive option for preparing Reports.
- Reading the information presented in the Report to determine whether it is in line with our overall knowledge of, and experience with, the sustainability performance of ACCIONA.
- Verification that the financial information reflected in the Report was audited by independent third parties.

Our multidisciplinary team included specialists in AA1000 APS, stakeholder group dialogue and in social, environmental and economic business performance.

The procedures performed in a limited assurance engagement vary in nature and timing from, and are less in extent than for, a reasonable assurance engagement. Consequently the level of assurance obtained in a limited assurance engagement is lower than that of a reasonable assurance engagement. This report may not be taken as an auditor's report.

Conclusions

Our conclusion has been formed on the basis of, and is subject to, the matters outlined in this Independent Review Report. We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our conclusions.

In our opinion, the indicators GRI G4-10, G4-11, G4-EC5, G4-EC6, G4-EC9, G4-EN3, G4-EN11, G4-EN15, G4-EN16, G4-EN21, G4-LA1, G4-LA3, G4-LA5, G4-LA9, G4-LA10, G4-LA11, G4-LA12, G4-LA13, the quantitative information derived from these indicators, related to the progress on complying with Sustainability Master Plan objectives, and the qualitative information related to the progress on complying with Sustainability Master Plan objectives, reviewed with reasonable assurance, are prepared and presented, in all material aspects, in accordance with the Sustainability Reporting Guidelines version 4.0 (G4) and the Sector Supplement for Construction & Real Estate and Electric Utilities of the Global Reporting Initiative as described in point G4-32 of the GRI Index, including the reliability of data, adequacy of the information presented and the absence of significant deviations and omissions.

Based on the limited assurance procedures performed and the evidence obtained, as described above, nothing has come to our attention that causes us to believe that the limited assurance indicators have not in all material respects, been prepared and presented in accordance with the Sustainability Reporting Guidelines version 4.0 (G4) and the Sector Supplement for Construction & Real Estate and Electric Utilities of the Global Reporting Initiative as described in point G4-32 of the GRI Index, including the reliability of data, adequacy of the information presented and the absence of significant deviations and omissions.

Additionally, nothing has come to our attention that causes us to believe that as a result of ACCIONA implementing the procedures described in sections G4-26 and G4-27 of the Report, any material issues have been omitted as applies to the principles of inclusivity, materiality and responsiveness as included in the AA1000 AccountAbility Principles Standard 2008.

Under separate cover, we will provide ACCIONA management with an internal report outlining our complete findings and areas for improvement. Without prejudice to our conclusions presented above, we present some of the key observations and areas for improvement below:

In relation to the INCLUSIVITY principle

For the establishment of the new 2020 Sustainability Master Plan (hereinafter SMP 2020), ACCIONA has taken into account its main stakeholders and continues to respond to its commitment to update the company's sustainability strategy. ACCIONA also carries out specific consultations with its stakeholders focusing on the social and environmental assessment of its projects. This way, stakeholders are a key element in the characterization of risk and in the definition of measures to be implemented in the projects developed. In order to continue working on the company's relations with its stakeholders, it is recommended to enrich and strengthen ACCIONA's approach to those who are directly and indirectly affected by the company's activity, to identify its expectations and perceptions in a global manner and establish prioritized relationship actions to reinforce both company performance and decision making.

In relation to the MATERIALITY principle

ACCIONA continues to conduct a materiality analysis annually to identify, prioritise and validate those matters relevant to the company. As the main novelties of the 2016 financial year, the study has been extended to "Other Businesses" (Bestinver, Grupo Bodegas Palacio 1894, Inmobiliaria and Trasmediterranea) and concrete material issues has been considered for Construction and Industrial. However, in order to gain clarity in the report, the results obtained for ACCIONA material subjects could be grouped by dimension (economic, environmental, ethical or social, among others). Also, it would be recommended to review the degree of relevance of material issues and their degree of coverage in the contents of the Report to ensure that the company considers and responds to those issues that matter and impact both within the company and outside the organization.

In relation to the RESPONSIVENESS principle

Through its new SMP 2020, ACCIONA responds to the main challenges related to sustainable development and establishes its new sustainability strategy. This new Plan, structured into strategic and operational objectives, applies to the entire organization and to all businesses. In future years, the company should focus on accountability, measurement and monitoring of its performance and the achievement of its objectives that should be prioritised and aligned with the interests and expectations of stakeholders in a comprehensive and balanced manner, as well as being part of the communication strategy of the company.

Purpose of our report

In accordance with the terms of our engagement, this Independent Review Report has been prepared for ACCIONA in relation to its 2016 Sustainability Report and for no other purpose or in any other context.

KPMG Asesores, S.L.

(Signed)

José Luis Blasco Vázquez

20 April 2017



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