



# Acciona, S.A. and Subsidiaries

Consolidated Financial Statements

31 December 2019

Consolidated Directors' Report

2019

(With Independent Auditor's Report Thereon)

*(Free translation from the original in Spanish. In the event of discrepancy, the Spanish-language version prevails.)*



KPMG Auditores, S.L.  
Paseo de la Castellana, 259C  
28046 Madrid

## **Auditor's Report on the Consolidated Financial Statements issued by an Independent Auditor**

*(Translation from the original in Spanish. In the event of discrepancy, the Spanish-language version prevails.)*

To the Shareholders of Acciona, S.A.

### **REPORT ON THE CONSOLIDATED FINANCIAL STATEMENTS**

#### **Opinion**

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We have audited the consolidated financial statements of Acciona, S.A. (the "Parent") and subsidiaries (together the "Group"), which comprise the balance sheet at 31 December 2019, the income statement, the statement of comprehensive income, the statement of changes in total equity, the statement of cash flows, and the notes, all of them consolidated, for the year then ended.

In our opinion, the accompanying consolidated financial statements give a true and fair view, in all material respects, of the consolidated equity and consolidated financial position of the Group at 31 December 2019 and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with International Financial Reporting Standards as adopted by the European Union (IFRS-EU) and other provisions of the financial reporting framework applicable in Spain.

#### **Basis for Opinion**

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We conducted our audit in accordance with prevailing legislation regulating the audit of accounts in Spain. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Consolidated Financial Statements* section of our report.

We are independent of the Group in accordance with the ethical requirements, including those regarding independence, that are relevant to our audit of the consolidated financial statements in Spain pursuant to the legislation regulating the audit of accounts. We have not provided any non-audit services, nor have any situations or circumstances arisen which, under the aforementioned regulations, have affected the required independence such that this has been compromised.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.



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## Key Audit Matters

Key audit matters are those matters that, in our professional judgement, were of most significance in the audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

### Recognition of revenue from infrastructure construction contracts and estimation of margins

See notes 4.2(O) and 26 to the consolidated financial statements

<i>Key audit matter</i>	<i>How the matter was addressed in our audit</i>
<p>A large part of the Group’s revenue is from construction service contracts, whereby revenue is recognised in accordance with the percentage of completion method, which requires the estimation of aspects such as the margin on each contract, the costs to be incurred and the probability of revenue being received in relation to amounts associated with customer claims, negotiations or disputes, if applicable.</p> <p>The recognition of revenue and the profit or loss on these contracts therefore requires a high level of judgement by management and the Directors and an exhaustive control of the estimates made and any deviations that might arise over the contract term. The estimates take into account all costs and revenue directly associated with the contracts, including any additional costs not initially budgeted and any amounts to be recognised as revenue in relation to customer claims, negotiations or disputes. The Group recognises revenue related to amounts being claimed, negotiated or disputed with customers for the amount at which it is considered highly probable will not be subject to significant change once the inherent uncertainty is resolved, either because customer approval has been obtained or because there are technical and/or legal reports that support this circumstance.</p> <p>Due to the uncertainty associated with these estimates and the fact that changes therein could give rise to material differences in the revenue recorded, this has been considered a key audit matter.</p>	<p>Our audit procedures included the following:</p> <ul style="list-style-type: none"> <li>• We evaluated the design, implementation and effectiveness of the key controls in relation to the process for revenue recognition using the percentage of completion method and the process for budget control, evaluating the methodology used to draw up the contract budgets and monitor the assumptions used therein.</li> <li>• Based on certain quantitative and qualitative selection criteria, we obtained a sample of construction contracts, for which we evaluated the most significant and complex estimates therein used by the Group for purpose of revenue recognition, having obtained supporting documentation for such estimates and evidence of the judgements made by management and the Directors.</li> <li>• We performed a comparative analysis of the profit/loss on the completed contracts with the budgeted profit/loss, including historical performance and the Group’s control over the budget, to evaluate the reasonableness of the estimates made regarding the contracts.</li> <li>• We evaluated the judgement applied by the Group and, in general, the reasonableness of completed work with progress billings pending which are being claimed, negotiated or disputed with customers, and have been recognised as revenue at the reporting date, as well as the judgement applied with respect to the recognition of variable consideration. In this respect, we updated the status of customer negotiations for the main case files and agreed the reasonableness and consistency of the documentation supporting such recognition, including, where applicable, the related technical and/or legal reports.</li> </ul>



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## Recognition of revenue from infrastructure construction contracts and estimation of margins

See notes 4.2(O) and 26 to the consolidated financial statements

<i>Key audit matter</i>	<i>How the matter was addressed in our audit</i>
	<ul style="list-style-type: none"><li data-bbox="858 595 1422 779">• We visited some of the most significant building sites, carrying out on-site inspections of the stage of completion of the projects and identifying possible areas of risk through observation, analysis of documentation and discussions with work personnel.</li><li data-bbox="858 792 1422 1196">• We assessed whether the provisions recognised at year end reasonably reflect the main liabilities and the level of risk of the contracts, assessing the judgement of management and the Directors in these estimates. Among other procedures, we analysed the key clauses of a selection of contracts, identifying relevant contractual mechanisms, such as penalties and bonuses, to assess whether or not such clauses have been appropriately reflected in the amounts recognised in the consolidated financial statements.</li><li data-bbox="858 1209 1422 1323">• We assessed whether the information disclosed in the consolidated financial statements meets the requirements of the financial reporting framework applicable to the Group.</li></ul>



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## Recoverability of property, plant and equipment of the Energy division

See notes 4.2 (F) and 5 to the consolidated financial statements

<i>Key audit matter</i>	<i>How the matter was addressed in our audit</i>
<p>At 31 December 2019, and in prior years, the Group recognised impairment of Euros 785 million on property, plant and equipment of the Energy division.</p> <p>In accordance with the applicable financial reporting framework, at the end of each reporting period the Group assesses whether there has been any indication of possible impairment or any evidence of changes in the events or circumstances that gave rise to previously recognised impairment and, where applicable, regulatory or other changes that could modify the expected recoverable amount.</p> <p>Determining and measuring the indications of possible impairment requires management and the Directors to make significant judgements and estimates, which, in conjunction with the significant carrying amount of the Energy division's property, plant and equipment, has led us to consider this area a key audit matter.</p>	<p>Our audit procedures included the following:</p> <ul style="list-style-type: none"><li>• We obtained an understanding of the evaluation process used by the Group to identify indications of impairment when measuring the Energy division's property, plant and equipment, or indications that previously recognised impairment should be reassessed. In addition, we tested the design and implementation of the Group's key controls over this process.</li><li>• We assessed the analysis performed by management and the Directors of the impairment of the Energy division's property, plant and equipment, and the conclusions drawn.</li><li>• We also assessed whether the disclosures in the consolidated financial statements meet the requirements of the applicable financial reporting framework.</li></ul>



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## Valuation of the investment in Nordex SE

See notes 3.2 (f) and 10 to the consolidated financial statements

<i>Key audit matter</i>	<i>How the matter was addressed in our audit</i>
<p>The Group has an investment in Nordex SE, an equity-accounted company listed in Germany, with a carrying amount of Euros 640 million at 31 December 2019. Since the acquisition of the investment in 2016, there has been a decline in the listed price of Nordex SE to below the carrying amount at which this investment is recognised in the Group's consolidated balance sheet.</p> <p>At 31 December 2019 the Group has estimated the recoverable amount of its investment in Nordex SE based on the estimated value in use, determined as the present value of the expected future cash flows from the investment.</p> <p>There is a high level of judgement and complexity involved in determining whether there are indications of impairment and estimating the value in use of the Group's investment in Nordex SE, encompassing, among other things, financial projections that consider the assumptions made regarding macroeconomic trends, internal circumstances of the investee and its competitors, discount and growth rates, and future performance of the business.</p> <p>Changes in the key assumptions considered by the Group in its valuation of Nordex SE could entail substantial modifications to the investee's value in use and, therefore, its carrying amount at year end.</p> <p>Due to the uncertainty and judgement associated with these estimates, as well as the significance of the carrying amount of the Group's investment in Nordex SE, we have considered the valuation a key audit matter.</p>	<p>Our audit procedures included the following:</p> <ul style="list-style-type: none"> <li>• We obtained an understanding of the processes followed by the Group in identifying indications of impairment and estimating the value in use, including tests of the design and implementation of the key controls defined by the Group in relation to these processes.</li> <li>• We evaluated the reasonableness of the methodology and assumptions used by the Group in estimating the recoverable amount of the investment in Nordex SE, in collaboration with our business valuation specialists. In this respect, we considered the degree of fulfilment of the business plans estimated in the past and contrasted the information contained in the valuation model with the business plans of Nordex SE used by the Group and the estimated and forecast future performance of the industry in which Nordex SE operates, obtained from external information sources. We also evaluated the growth rates and discount rates that were used as a basis to calculate the recoverable amount, and the sensitivity of that recoverable amount to changes in the key assumptions, in order to determine their potential impact on the valuation.</li> <li>• Lastly, we assessed whether the disclosures in the consolidated financial statements meet the requirements of the applicable financial reporting framework.</li> </ul>



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## Lawsuits and contingencies

See notes 4.2 (m) and 18 to the consolidated financial statements

<i>Key audit matter</i>	<i>How the matter was addressed in our audit</i>
<p>The Group is exposed to possible claims and disputes in the course of its activity and could become involved in both administrative and legal proceedings, as well as arbitration matters.</p> <p>The control, monitoring and assessment process for claims and disputes affecting the Group is complex and requires the exercising of judgement by management and the Directors in estimating future developments therein, the probability of a ruling against the Group's interests being handed down, the possible financial consequences and, where applicable, the amount of any provisions that might need to be recognised to cover the related liabilities, as well as other accounting impacts and/or the disclosures to be included in the consolidated financial statements.</p> <p>Due to the judgement inherent in assessing such matters, in view of the uncertainty associated with the estimates and resolution timeframes related to claims and disputes, and because changes in estimates could give rise to significant differences with respect to the amounts recognised by the Group at the reporting date, we have considered lawsuits and contingencies to be a key audit matter.</p>	<p>Our audit procedures included the following:</p> <ul style="list-style-type: none"><li>• We obtained details of the claims and lawsuits in which the Group is involved, through information provided by the Group's legal counsel.</li><li>• We evaluated the design and implementation of the key controls established by the Group in relation to the control processes for the integrity of claims and litigation, the estimation of their possible consequences for the Group and, where applicable, the estimation of the provisions required and their recognition.</li><li>• We obtained replies from the Group's lawyers, including their statement in relation to the situation, the probability and the possible consequences for the Group as regards the significant claims and disputes, in quantitative or qualitative terms.</li><li>• For relevant claims and lawsuits, we evaluated the reasonableness of the estimates made by management and the Directors, as well as any made by the Group's lawyers, and we assessed the legal arguments and the effects of such estimates on the consolidated financial statements of the Group at 31 December 2019.</li><li>• We also assessed whether the disclosures in the consolidated financial statements meet the requirements of the applicable financial reporting framework.</li></ul>



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## **Other Information: Consolidated Directors' Report**

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Other information solely comprises the 2019 consolidated directors' report, the preparation of which is the responsibility of the Parent's Directors and which does not form an integral part of the consolidated financial statements.

Our audit opinion on the consolidated financial statements does not encompass the consolidated directors' report. Our responsibility regarding the content of the consolidated directors' report is defined in the legislation regulating the audit of accounts, which establishes two different levels:

- a) A specific level applicable to the consolidated statement of non-financial information and to certain information included in the Annual Corporate Governance Report, as defined in article 35.2. b) of Audit Law 22/2015, which consists solely of verifying that this information has been provided in the consolidated directors' report, or where applicable, that the consolidated directors' report makes reference to the separate report on non-financial information, as provided for in legislation, and if not, to report on this matter.
- b) A general level applicable to the rest of the information included in the consolidated directors' report, which consists of assessing and reporting on the consistency of this information with the consolidated financial statements, based on knowledge of the Group obtained during the audit of the aforementioned consolidated financial statements and without including any information other than that obtained as evidence during the audit. Also, assessing and reporting on whether the content and presentation of this part of the consolidated directors' report are in accordance with applicable legislation. If, based on the work we have performed, we conclude that there are material misstatements, we are required to report them.

Based on the work carried out, as described above, we have verified that the information mentioned in section a) above has been provided in the consolidated directors' report, that the rest of the information contained in the consolidated directors' report is consistent with that disclosed in the consolidated financial statements for 2019 and that the content and presentation of the report are in accordance with applicable legislation.

## **Directors' and Audit Committee's Responsibility for the Consolidated Financial Statements**

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The Parent's Directors are responsible for the preparation of the accompanying consolidated financial statements in such a way that they give a true and fair view of the consolidated equity, consolidated financial position and consolidated financial performance of the Group in accordance with IFRS-EU and other provisions of the financial reporting framework applicable to the Group in Spain, and for such internal control as they determine is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, the Parent's Directors are responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Directors either intend to liquidate the Group or to cease operations, or have no realistic alternative but to do so.

The Parent's audit committee is responsible for overseeing the preparation and presentation of the consolidated financial statements.



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## **Auditor's Responsibilities for the Audit of the Consolidated Financial Statements**

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Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with prevailing legislation regulating the audit of accounts in Spain will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with prevailing legislation regulating the audit of accounts in Spain, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Parent's Directors.
- Conclude on the appropriateness of the Parent's Directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves a true and fair view.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the Group audit. We remain solely responsible for our audit opinion.

We communicate with the audit committee of the Parent regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the Parent's audit committee with a statement that we have complied with the applicable ethical requirements, including those regarding independence, and to communicate with them all matters that may reasonably be thought to bear on our independence and, where applicable, related safeguards.



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From the matters communicated to the audit committee of the Parent, we determine those that were of most significance in the audit of the consolidated financial statements of the current period and which are therefore the key audit matters.

We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter.

## **REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS**

### **Additional Report to the Audit Committee of the Parent** \_\_\_\_\_

The opinion expressed in this report is consistent with our additional report to the Parent's audit committee dated 27 February 2020.

### **Contract Period** \_\_\_\_\_

We were appointed as auditor of the Group by the shareholders at the ordinary general meeting on 18 May 2017 for a period of three years, from the year ended 31 December 2017.

KPMG Auditores, S.L.  
On the Spanish Official Register of  
Auditors ("ROAC") with No. S0702

*(Signed on original in Spanish)*

Borja Guinea López  
On the Spanish Official Register of  
Auditors ("ROAC") with No. 16210

27 February 2020

**ACCIONA, S.A.**  
**AND**  
**SUBSIDIARIES**  
**(Consolidated Group)**

**CONSOLIDATED**  
**FINANCIAL STATEMENTS**  
**AND**  
**DIRECTORS' REPORT**  
**2019**



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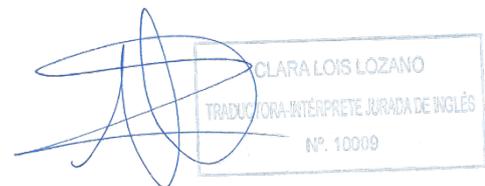


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DIRECTORS' REPORT



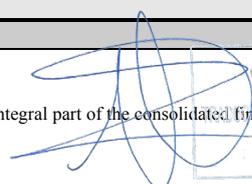
## ACCIONA, S.A. AND SUBSIDIARIES

### CONSOLIDATED BALANCE SHEET FOR FINANCIAL YEARS 2019 and 2018 (Thousand euros)

ASSETS	Note	31.12.2019	31.12.2018
Property, plant and equipment	5	7,120,440	6,735,988
Investment property	6	49,524	130,800
Right of use	7	408,958	--
Goodwill	8	233,403	198,466
Other intangible assets	9	533,260	584,583
Other non-current financial assets	12	210,887	208,086
Investments accounted for using the equity method	10	1,116,520	1,000,822
Deferred tax assets	24	860,906	787,378
Non-current receivables and other non-current assets	13	777,400	355,959
<b>NON-CURRENT ASSETS</b>		<b>11,311,298</b>	<b>10,002,082</b>
Inventories	14	1,248,116	914,311
Trade and other accounts receivable	15	2,090,946	1,700,814
Other current financial assets	12	198,592	178,305
Current income tax assets	24	85,128	107,475
Other current assets		266,492	317,201
Cash and cash equivalents	16	2,148,615	1,717,405
Non-current assets held for sale		--	--
<b>CURRENT ASSETS</b>		<b>6,037,889</b>	<b>4,935,511</b>
<b>TOTAL ASSETS</b>		<b>17,349,187</b>	<b>14,937,593</b>

EQUITY AND LIABILITIES	Note	31.12.2019	31.12.2018
Share capital	17. a)	54,857	57,260
Retained earnings and issue premium	17.b)	3,578,495	3,637,683
Treasury shares	17.c)	(28,633)	(199,616)
Translation differences	17.d)	(183,520)	(205,902)
Interim dividend		--	--
<b>Equity attributable to equity holders of the Parent Company</b>	<b>17</b>	<b>3,421,199</b>	<b>3,289,425</b>
Non-controlling interests	17.f)	219,490	205,713
<b>EQUITY</b>		<b>3,640,689</b>	<b>3,495,138</b>
Preferred shares, debentures and other marketable securities	19	696,646	405,980
Bank borrowings	19	4,599,674	3,673,960
Lease obligations	7	346,631	--
Deferred tax liabilities	24	577,964	475,929
Provisions	18	399,836	420,354
Other non-current liabilities	22	926,187	892,371
<b>NON-CURRENT LIABILITIES</b>		<b>7,546,938</b>	<b>5,868,594</b>
Preferred shares, debentures and other marketable securities	19	1,054,059	1,243,758
Bank borrowings	19	911,984	904,838
Lease obligations	7	55,233	--
Trade and other accounts payable	23	2,604,027	2,459,030
Provisions	27	311,104	231,888
Current income tax liabilities	24	59,000	60,366
Other current liabilities	22	1,166,153	673,981
Liabilities held for sale		--	--
<b>CURRENT LIABILITIES</b>		<b>6,161,560</b>	<b>5,573,861</b>
<b>TOTAL EQUITY AND LIABILITIES</b>		<b>17,349,187</b>	<b>14,937,593</b>

Accompanying Notes 1 to 36 and the appendices are an integral part of the consolidated financial statements for 2019.

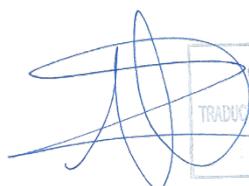
  
 CLARA LOIS LOZANO  
 Nº. 10009

## ACCIONA, S.A. AND SUBSIDIARIES

### CONSOLIDATED INCOME STATEMENT FOR 2019 and 2018 (Thousand euros)

	Note	2019	2018
Revenue	26	7,190,589	7,509,529
Other income	4.2 A)	684,344	461,928
Changes in inventories of finished goods and work in progress		16,426	43,837
Cost of goods sold	27	(2,021,196)	(2,170,316)
Personnel expenses	27	(1,598,856)	(1,486,319)
Other operating expenses	27	(2,914,707)	(3,113,997)
Depreciation and amortisation charge and change in provisions	4,5,6,7,8,27	(656,709)	(638,805)
Impairment and profit/(loss) on disposals of non-current assets	27	8,592	151,683
Other gains and losses		(9,604)	(129)
<b>OPERATING PROFIT</b>		<b>698,879</b>	<b>757,411</b>
Financial income	29	33,020	48,600
Finance costs	29	(264,932)	(341,807)
Translation differences		9,382	2,506
Profit/(loss) from changes in value of financial instruments at fair value	27	5,241	(196)
Profit/(loss) of companies accounted for using the equity method	10	63,184	42,266
<b>PROFIT/(LOSS) BEFORE TAX</b>		<b>544,774</b>	<b>508,780</b>
Income tax expense	24	(147,272)	(136,323)
<b>YEAR'S PROFIT/(LOSS) FROM CONTINUING OPERATIONS</b>		<b>397,502</b>	<b>372,457</b>
<b>Profit/(Loss) after tax from discontinued operations</b>		<b>--</b>	<b>--</b>
<b>YEAR'S PROFIT/(LOSS)</b>		<b>397,502</b>	<b>372,457</b>
Non-controlling interests	17	(45,824)	(44,427)
<b>PROFIT/(LOSS) ATTRIBUTABLE TO THE PARENT COMPANY</b>		<b>351,678</b>	<b>328,030</b>
<b>BASIC EARNINGS PER SHARE FROM CONTINUING OPERATIONS</b>	<b>32</b>	<b>6.46</b>	<b>5.90</b>
<b>DILUTED EARNINGS PER SHARE (euros) CONTINUING OPERATIONS</b>	<b>32</b>	<b>6.46</b>	<b>5.90</b>
BASIC EARNINGS PER SHARE (euros)	32	6.46	5.90
DILUTED EARNINGS PER SHARE (euros)	32	6.46	5.90

Accompanying Notes 1 to 36 and the appendices are an integral part of the consolidated financial statements for 2019.

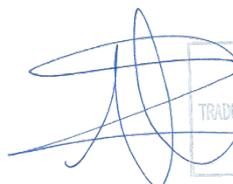

  
 CLARA LOIS LOZANO  
 TRADUCTORA-INTÉRPRETE JURADA DE INGLÉS  
 Nº. 10009

## ACCIONA, S.A. AND SUBSIDIARIES

### CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME FOR 2019 and 2018 (Thousand euros)

	Note	2019	2018
<b>A) CONSOLIDATED PROFIT FOR THE YEAR</b>		<b>397,502</b>	<b>372,457</b>
1.- Profit attributed to the Parent Company		351,678	328,030
2.- Non-controlling interests		45,824	44,427
<b>B) ITEMS THAT WILL NOT BE RECLASSIFIED TO THE INCOME STATEMENT</b>		<b>(685)</b>	<b>(168)</b>
1.- Revaluation/(Reversion of revaluation) of property, plant and equipment and intangible assets		--	--
2.- Actuarial gains and losses and other adjustments	18	(913)	(224)
3.- Tax effect		228	56
<b>C) ITEMS THAT MAY BE RECLASSIFIED TO THE INCOME STATEMENT</b>		<b>(21,064)</b>	<b>86,911</b>
<b>Income and expense recognised directly in equity:</b>		<b>(53,379)</b>	<b>25,619</b>
1.- Revaluation of financial instruments:		(30)	(193)
a) Available-for-sale financial assets	17	(30)	(193)
b) Other income / (expenses)		--	--
2.- Cash flow hedges	21	(113,092)	23,570
3.- Translation differences		31,462	8,087
4.- Other income and expenses recognised directly in equity		--	--
5.- Tax effect		28,281	(5,845)
<b>Transfers to the income statement:</b>		<b>32,315</b>	<b>61,292</b>
1.- Revaluation of financial instruments:		--	--
a) Available-for-sale financial assets		--	--
b) Other income / (expenses)		--	--
2.- Cash flow hedges	21	43,087	50,482
3.- Translation differences		--	23,430
4.- Other income and expenses recognised directly in equity		--	--
5.- Tax effect		(10,772)	(12,620)
<b>TOTAL RECOGNISED INCOME / (EXPENSE) (A+B+C)</b>		<b>375,753</b>	<b>459,200</b>
<b>a) Attributed to the Parent Company</b>		<b>326,937</b>	<b>396,218</b>
<b>b) Attributed to non-controlling interests</b>		<b>48,816</b>	<b>62,982</b>

Accompanying Notes 1 to 36 and the appendices are an integral part of the consolidated financial statements for 2019.


  
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## ACCIONA, S.A. AND SUBSIDIARIES

### CONSOLIDATED STATEMENT OF CHANGES IN TOTAL EQUITY AT 31 December 2019 (thousand euros)

	Equity attributed to the Parent Company (thousand euros) Shareholders' Equity (Note 17)							Total equity
	Share capital	Share premium, reserves and interim dividend	Treasury shares	Year's profit attributed to the Parent Company	Other equity instruments	Value adjustments	Non-controlling interests	
<b>Opening balance at 01/01/19</b>	<b>57,260</b>	<b>3,410,678</b>	<b>(199,616)</b>	<b>328,030</b>	<b>--</b>	<b>(306,927)</b>	<b>205,713</b>	<b>3,495,138</b>
Adjustments due to changes in accounting policies (note 4.1)	--	(16,576)	--	--	--	--	(6,436)	<b>(23,012)</b>
Adjustments due to errors	--	--	--	--	--	--	--	--
<b>Adjusted opening balance</b>	<b>57,260</b>	<b>3,394,102</b>	<b>(199,616)</b>	<b>328,030</b>	<b>--</b>	<b>(306,927)</b>	<b>199,277</b>	<b>3,472,126</b>
<b>Total recognised income/(expense)</b>	<b>--</b>	<b>--</b>	<b>--</b>	<b>351,678</b>	<b>--</b>	<b>(24,741)</b>	<b>48,816</b>	<b>375,753</b>
<b>Transactions with shareholders or owners</b>	<b>(2,403)</b>	<b>(345,363)</b>	<b>164,764</b>	<b>--</b>	<b>--</b>	<b>--</b>	<b>(30,417)</b>	<b>(213,419)</b>
Capital increases/(reductions)	(2,403)	(162,425)	164,828	--	--	--	--	--
Conversion of financial liabilities into equity	--	--	--	--	--	--	--	--
Dividends paid	--	(191,819)	--	--	--	--	(17,647)	(209,466)
Treasury share transactions (net)	--	345	(64)	--	--	--	--	281
Increases/(Decreases) due to business combinations	--	17,649	--	--	--	--	4,579	22,228
Other transactions with shareholders or owners	--	(9,113)	--	--	--	--	(17,349)	(26,462)
<b>Other changes in equity</b>	<b>--</b>	<b>326,226</b>	<b>6,219</b>	<b>(328,030)</b>	<b>--</b>	<b>--</b>	<b>1,814</b>	<b>6,229</b>
Share-based payments	--	2,319	6,219	--	--	--	--	8,538
Transfers between equity items	--	328,030	--	(328,030)	--	--	--	--
Other changes	--	(4,123)	--	--	--	--	1,814	(2,309)
<b>Closing balance at 31/12/19</b>	<b>54,857</b>	<b>3,374,965</b>	<b>(28,633)</b>	<b>351,678</b>	<b>--</b>	<b>(331,668)</b>	<b>219,490</b>	<b>3,640,689</b>

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## ACCIONA, S.A. AND SUBSIDIARIES

### CONSOLIDATED STATEMENT OF CHANGES IN TOTAL EQUITY AT 31 December 2018 (thousand euros)

Equity attributed to the Parent Company (thousand euros) Shareholders' Equity (Note 17)							
Share capital	Share premium, reserves and interim dividend	Treasury shares	Year's profit attributed to the Parent Company	Other equity instruments	Value adjustments	Non-controlling interests	Total equity

<b>Opening balance at 01/01/18</b>	57,260	3,861,097	(3,146)	220,131	--	(375,115)	203,041	3,963,268
Adjustments due to changes in accounting policies	--	(499,086)	--	--	--	--	(2,736)	(501,822)
Adjustments due to errors	--	--	--	--	--	--	--	--
<b>Adjusted opening balance</b>	57,260	3,362,011	(3,146)	220,131	--	(375,115)	200,305	3,461,446
<b>Total recognised income/(expense)</b>	--	--	--	328,030	--	68,188	62,982	459,200
<b>Transactions with shareholders or owners</b>	--	(171,352)	(204,781)	--	--	--	(58,185)	(434,318)
Capital increases/(reductions)	--	--	--	--	--	--	--	--
Conversion of financial liabilities into equity	--	--	--	--	--	--	--	--
Dividends paid	--	(171,779)	--	--	--	--	(46,648)	(218,427)
Treasury share transactions (net)	--	427	(204,781)	--	--	--	--	(204,354)
Increases/(Decreases) due to business combinations	--	--	--	--	--	--	(15,324)	(15,324)
Other transactions with shareholders or owners	--	--	--	--	--	--	3,787	3,787
<b>Other changes in equity</b>	--	220,019	8,311	(220,131)	--	--	611	8,810
Share-based payments	--	(162)	8,311	--	--	--	--	8,149
Transfers between equity items	--	220,131	--	(220,131)	--	--	--	--
Other changes	--	50	--	--	--	--	611	661
<b>Closing balance at 31/12/18</b>	57,260	3,410,678	(199,616)	328,030	--	(306,927)	205,713	3,495,138

Accompanying Notes 1 to 36 and the appendices are an integral part of the consolidated financial statements for 2019.


  
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**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2019 OF ACCIONA, S.A. AND  
SUBSIDIARIES  
(Consolidated Group)**

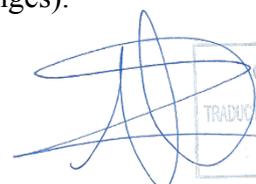
**1. - Group activities**

Acciona, S.A. (“the Parent Company” or “the Company”) and its subsidiaries integrate the Acciona Group (“Acciona” or the “Group”). Acciona, S.A.’s registered office and headquarters are in Alcobendas (Madrid) at Avenida de Europa 18.

The Acciona Group companies operate in several sectors of economic activity, including most notably:

- Energy includes the electric business, encompassing the promotion, construction, operation and maintenance of renewable generation facilities and the sale of the energy produced. All the electricity generated by Acciona Energía is renewable.
- Infrastructure:
  - Construction: includes infrastructures construction activity, as well as turn-key projects for power generation plants and other facilities.
  - Concessions: including the exploitation of mainly transport and hospital concessions.
  - Water: including the activities relating to the construction of desalination plants, water and wastewater treatment plants, as well as the management of the entire water cycle, an activity that covers from the initial water collection, to its treatment, including desalination, to its purification and return to the environment after use. It also operates concessions for services related to the entire water cycle.
  - Services: includes urban mobility activities such as rental of all types of vehicles, analysis, design and implementation of energy efficiency and renewables improvement projects in all types of energy-consuming facilities, as well as facility services activities, airport handling, waste collection and treatment and logistics services, among others.
- Other activities include the business of Real Estate, business related to fund management and stock market brokerage, wine production and other businesses.

The accompanying notes include Note 28 “Segment Reporting”, which includes detailed information on the assets, liabilities and operations carried out in each of the business activities developed by Acciona Group. Acciona, S.A.’s shares are listed on the SIBE (Madrid, Barcelona, Valencia and Bilbao stock exchanges).

  
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## 2. - Regulatory framework for the energy division

### Spain

The regulatory framework for the energy division in Spain, which is the most significant within Acciona Group's activity, is summarised below.

Up until the regulatory reform of the electrical sector in 2013, the electricity production business was regulated under the special system in Spain by the Spanish Electricity Industry Act 54/1997 of 27 November, and by the regulatory provisions developing the Act, mainly Royal Decree 661/2007 of 25 May, which regulated electricity production under the special system.

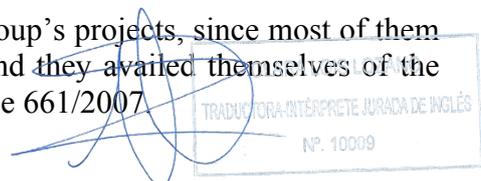
Most of the Group's electricity production facilities in Spain were constructed, as far as the remuneration framework for the support of renewable energy sources is concerned, under the special system.

Royal Decree 661/2007 of 25 May, which regulated electricity production under the special system, acknowledged in its first transitional provision the right of wind generated power facilities, inter alia, with start-up certificates pre-dating 1 January 2008, to continue to receive the premiums and incentives existing under the previous system (Royal Decree 436/2004, of 12 March) until 31 December 2012, before transitioning into the new system. The facilities owned by the Group's subsidiaries that commenced operations prior to that date availed themselves of the aforementioned Transitional Provision. For all the facilities that came into service after 1 January 2008 caps and floors were set for the aggregate price (market price plus premium) applicable to power sales in the market, or a regulated fixed tariff was established.

Royal Decree-Law 6/2009 of 30 April, adopting certain measures for the energy sector and approving the social bond, introduced the facility pre-assignment system for entitlement to the premiums system of the Special System defined in the Spanish Electricity Industry Act until the targets set in the Renewable Energy Plan for 2020 had been met. The facilities that, at the date of publication of the Royal Decree-Law, met the pre-assignment conditions established therein, would be entitled to the premiums and tariffs provided for in Royal Decree 661/2007.

Royal Decree 1614/2010 was approved on 7 December 2010. This Royal Decree established a limit on the equivalent hours of operation with entitlement to a premium for solar photovoltaic, solar thermal and wind technologies, the obligation to sell electricity at the regulated tariff for the solar and solar thermal photovoltaic sector for the twelve months following the entry into force of the Royal Decree or following the start-up of the related facility if at a later date, and a 35% reduction in the premiums for wind technology subject to Royal Decree 661/2007 and for the period from the date of approval of the Royal Decree to 31 December 2012, while maintaining the amounts relating to the cap, floor and regulated tariff unchanged.

The reduction in the premiums hardly affected the Group's projects, since most of them had start-up certificates pre-dating 1 January 2008 and they availed themselves of the aforementioned Transitional Provision of Royal Decree 661/2007.



The remainder of the facilities sold their energy under the regulated tariff system. Also, the limits placed on operating hours had little impact on the Group's facilities, since the number of hours established in the Royal Decree exceeded the hours that the facilities actually operated.

On 28 January 2012, Royal Decree-Law 1/2012 was published in the Spanish Central Government Gazette, giving rise to the suspension of remuneration pre-assignment procedures and the removal of economic incentives for new electricity production facilities which use combined heat and power, renewable energy sources and waste. Royal Decree-Law 1/2012 affected, inter alia, facilities under the special system that at 28 January 2012 had not been registered in the Pre-assignment Register. Since the Group's facilities had been registered in the aforementioned Register before 28 January 2012, this Royal Decree did not have any effect on the profitability of the Group's facilities.

On 28 December 2012, Act 15/2012 of 27 December was published regarding tax measures aimed at energy sustainability, which affected all electricity production facilities in Spain from 2013 onwards. All of Acciona's facilities became subject to the tax on the value of electricity output, which means 7% tax over income from electricity sales. In addition, the aforementioned Act also introduced in the Consolidated Text of the Water Act - which was later modified by Act 1/2018 of 6 March, on urgent measures to mitigate the effects of drought - a charge for the use of inland water for electricity production. This charge meant a 25.5% tax on the economic value of electricity output, with a 92% reduction in the tax for hydroelectric facilities with a capacity equal to or lower than 50 MW, and a 90% reduction in the tax for pumped facilities with a capacity greater than 50 MW. Lastly, Act 15/2012 also established a dual tax on solar thermal plants: on the one hand, the Act eliminated the incentives for power produced using fossil fuels and, on the other, it introduced a tax of 0.65 euros per GJ of gas consumed.

Until 31 December 2012, practically all the facilities owned by the companies in the Acciona Group operating on the Spanish market were selling their energy under the free market system ("pool") through Acciona Green Energy Development, S.L., part of the Group companies.

Royal Decree-Law 2/2013 of 1 February on urgent measures in the electricity sector was approved in 2013. This RDL, in force from 1 January 2013, set the premiums at 0€/kWh for all special system facilities applying the market sale option, with the option for tariff-based sales being maintained, although the coefficient for annual updating of said tariff was modified, it being referenced to core inflation instead of to the Consumer Price Index (CPI). This RDL established that the registered holders of facilities had to opt for selling the electricity under the regulated tariff option or selling it freely on the market without receiving any premium. Once an option was taken, it was then irrevocable.

For practical purposes, this RDL meant that the Acciona Group's wind farms and thermoelectric or biomass power stations had to choose the regulated tariff sale option from 2013 on. The hydroelectric power plants under the Special System were already selling at the tariff prior to the publication of this RDL.



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Royal Decree-Law 9/2013 was published on 13 July, whereby urgent measures to guarantee the financial stability of the electricity system were adopted. This Royal Decree-Law repealed the remuneration system supporting renewable energies up to that date, and introduced substantial changes in the applicable legal and economic framework.

This new regulation meant that, in addition to the remuneration for the sale of electricity generated valued at market prices, facilities could receive a specific remuneration comprising (i) a term per unit of power installed, covering, where appropriate, the investment costs for a standard facility that cannot be recovered through electricity sales and (ii) an operating remuneration term that covers, where applicable, the difference between operating costs and the revenue of a “standard” facility that participates on the market, to which each pre-existing facility would assimilate.

To calculate this specific remuneration, for each type of facility, the following items are considered throughout its regulatory lifetime and with respect to activities conducted by an efficient and well-managed company:

- a) The standard revenue from the sale of the energy generated valued at market production price.
- b) Standard operating costs, and
- c) The standard value of the initial investment.

According to the regulation, the aim of these parameters is not to exceed the minimum level necessary to cover the costs that enable the renewable facilities to compete on a similar level with the rest of the technologies on the market and make it possible to obtain a reasonable profit.

With regard to this reasonable profit, the Royal Decree-Law 9/2013 indicated that in general it would be similar, before tax, to the average profit of ten-year Government Bonds on the secondary market after applying an appropriate differential. For the facilities under the premium-based economic system prior to the enactment of Royal Decree-Law 9/2013, the first additional provision specified that reasonable profit would be around (i) the average profit for the 24 months prior to the enactment of said Royal Decree-Law plus (ii) a differential of 300 basis points, all without prejudice to a possible review every six years.

RD-L 9/2013 came into force on 14 July 2013. Its regulatory development (RD relating to the production activity with renewable energies and remuneration parameters order for such activity) was still pending approval at the close of financial year 2013. Based on a draft Ministerial Order containing the parameters for remuneration, based on which, at 31 December 2013, the Group estimated and re-appraised its revenue and other key figures, posting the resulting impairments according to the new model.

Act 24/2013 on the Electricity Industry was published on 26 December 2013, which was enacted to replace Act 54/1997 and it established the new legal framework for the industry. This Act, including the provisions of RDL 9/2013, eliminates the concept of the special system and regulates specific remuneration, as well as establishing the formula for defining the reasonable profit of the facilities.



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Royal Decree 413/2014 of 6 June was published in the Central Government Gazette on 10 June 2014, to regulate the activities of electricity generation from renewable energy sources, co-generation and waste. As a follow-up to the same, final Ministerial Order IET 1045/2014 was issued on 20 June 2014 and published in the Central Government Gazette on 29 June 2014. This Order contained the final remuneration parameters applicable to all renewable energy facilities, whether already in existence or planned for the future. The new model defined the remuneration of assets applicable from 14 July 2013 as a consequence of RDL 9/2013.

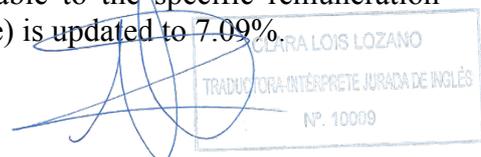
Lastly, the European Commission's Decision of 10 November 2017 on matters of state aid (SA.40348) is also relevant, wherein it was concluded that the Spanish support system for electricity generation from renewable energy sources, high-efficiency cogeneration of heat and electricity and waste, complies with EU standards regarding state aid. In this decision, the Commission declared the compatibility of the current support system with European legislation, and noted that the old system - which was in fact built into and replaced by the current one -, did not need to be replaced. Therefore, an eventual negative impact on renewable energy producers receiving incentives (currently and/or in the past) that could have been derived on an unfavourable resolution is disregarded.

Hardly any relevant modifications were made to the regulatory framework for Acciona Group's Energy Division in Spain during 2018, although the following should be noted: (i) on the one hand, Order ETU/1133/2017 amending Order ITC/3127/2011 of 17 November, regulating the power availability service for capacity payments, essentially removed the possibility for part of Group's hydroelectric dam power plants to provide the power availability service, which implies a non-material decrease in revenues, and, (ii) on the other hand, Royal Decree-Law 15/2018 on urgent measures for the ecological transition, which includes the temporary "suspension" (during two quarters) of the Tax on the Value of Electricity Generation.

It is also important to note that in 2018, the so-called "Clean Energy Package for all Europeans" was approved at the European level in 2018; this package consists of a series of standards aimed to govern the energy sector in the EU up to 2020, and it is generally expected to have a positive impact on the Acciona Group. Specifically, Directive 2018/2001 on renewable energy establishes a common objective for the EU to have at least 32% of its energy supplied from renewable sources based on end consumption. In addition, Regulation 2018/1999 on the Governance of the Energy Union sets out the guidelines for the contribution of all member states to achieve the EU objectives. Finally, the new regulatory standards for the internal electricity market promote the integration of renewable energies into the network and the market, in line with the other standards in the clean energy package.

In 2019, the main novelty consists of the approval of Royal Decree Law 17/2019 of 22 November, which adopts the urgent measures required to adapt the remuneration parameters affecting the electricity system, and which responds to the process of thermal power plants discontinuing operations. The main points affecting Acciona are:

- a) The value of the reasonable return applicable to the specific remuneration system for the period 2020 - 2025 (inclusive) is updated to 7.09%.



- b) Operators of installations with active primary remuneration at the time of the cuts in 2013 are allowed to opt to maintain the rate of return set for the first regulatory period (7.398%) until 2031. This is conditional on waiving the right to continue with or initiate new legal or arbitration proceedings against the regulations that altered the remuneration system for renewables, and on the Group and its shareholders waiving any possible compensation arising therefrom.
- c) The approval deadline for the parameter Order is extended until 29 February 2020.

The Company's assessment of this Royal Decree-Law is very positive, as it maintains the value of reasonable returns for Acciona Group's facilities until 2031, thus eliminating the risk of reduction arising from various interpretations of the "automatic updating" of the bond, which would have been negative for Acciona.

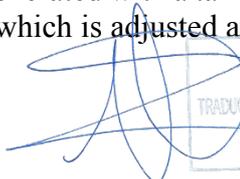
As regards the condition of waiving or continuing arbitral or legal proceedings to benefit from the stable rate until 2031, Acciona has already taken all the necessary steps to withdraw from any national legal proceedings that might prevent it from benefiting from the rate of return of 7.398%; these steps shall be duly accredited with the Directorate General for Energy Policy and Mines before 30 September 2020 in order to comply with the provisions of point 3 bis of the third final provision of Law 24/2013 on the electricity sector, introduced by Royal Decree-Law 17/2019 mentioned above. The law also clarifies the liability in the event that a facility co-operator has filed for arbitration, which could affect facilities that are not 100% owned by Acciona.

On the European level, it is important to note that on 11 December 2019 the European Commission presented the "European Green Deal", which is the central element among the priorities of the new European Commission. Its objective is to seek to mitigate climate change through a fair transition, facilitate investment in sustainable activities and infrastructure, and align all EU policies of various kinds (energy, taxation, transport) with this objective of climate neutrality.

The proposal incorporates a roadmap with nearly 50 measures and an estimated timetable for their adoption, covering a wide range of areas of interest to Acciona.

#### United States

The "Renewable Portfolio Standard" (RPS) is a market policy freely established by some states which requires that a minimum proportion of the electricity supply comes from renewable sources. The percentages vary between states, with the majority being between 20% and 30% of the supply from 2020 to 2025. Its implementation of it is usually done using Renewable Energy Credits (RECs), a system of tradeable certificates that verifies that a kWh of electricity has been generated from a renewable source. At the end of a certain year, the electricity generators must have sufficient certificates to cover their annual quota, and sanctions will be applied in the event of non-compliance. The Production Tax Credits (PTCs) grant the electricity generated with a tax deduction during the first 10 operating years for an amount per MWh which is adjusted annually based on the CPI (regulated by the "Energy Policy Act").



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In 2005, Congress established an investment tax credit (ITC) of 30% initially applicable to solar energy projects.

In 2009, a law was adopted according to which the companies that could access the PTC regime could receive ITC in exchange, or alternatively, could receive payment equivalent to 30% of the investment.

These tax incentives have always needed to be renewed annually, with the associated uncertainty, but in December 2015 a long-term extension of the PTC and ITC was approved, for both wind and solar energy, with a gradual decrease in the incentive. In the case of wind energy, the PTC decreases 20% each year until 2020, ending with 0% incentive. In the same way, the ITC is also progressively reduced until it is eliminated in 2020. In the case of solar energy, 30% of the ITC is maintained until 2020 (31 December 2019), from when it will begin to decrease until it is set at 10% after 2022. The milestone that determines the time frames is the start of construction.

In May 2016, the Internal Revenue Service (IRS) clarified what it considers as “start of construction” for wind projects, which can comply with both the defined “beginning of the physical work” or with a “safe harbour” for a certain minimum expense (5%). In June 2018, the IRS issued a guide clarifying when the construction of a solar facility started in order to qualify for the ITC. Two methods are provided to determine the “construction start” date: i) when physical work of a significant nature has started, or ii) when 5% or more of the costs that the installation will have in the year that construction begins have been incurred, in order to comply with the “5 percent safe harbour test”.

The Bipartisan Budget Act of 2018 increased the PTC and the ITC which previously only applied to wind and solar energy to other renewable energy resources: biomass, geothermal, landfill gas, waste facilities, small-scale hydraulic and marine.

There is also another tax benefit linked to the ability of a wind farm’s owner to take advantage of the accelerated depreciation in most of the capital assets (Modified Accelerated Cost Recovery - MACRs), which can be fiscally transferred to an average depreciation period of five years. This benefit has no expiration date.

The fight against climate change in the United States at the state level was undermined by the announcement, formally issued on 5 November 2019, of the withdrawal of the United States from the Paris Agreement, which will take effect in one year. However, it is not clear that these measures will have a real impact, as there is significant movement of states and corporations that aim to compensate for the federal government’s efforts to push the fight against climate change to one side.

In 2019, progress has been made to develop policies that promote the use of energy storage technologies. The FERC issued Order 841 in 2018 which requires that all Regional Transmission Operators (RTOs) and Independent System Operators (ISOs) make changes to market rules so that energy storage can become part of all the services. It also requires that market operators consider the physical and technical characteristics of a storage unit on market operations. This order was transposed to various markets in 2019: in December 2018, the six RTOs and ISOs made proposals to comply. Following the review, FERC staff issued deficiency letters, seeking additional clarification and more specific details on their respective proposed rules, which the different markets have been working on all year. The work being done on this issue in both state and federal regulation

is also noteworthy: states are beginning to set storage targets in their climate and energy laws (for example, Virginia has set a target of 3,100 MW by 2035). Laws are also being discussed and passed at the federal level, such as the one passed in 2019 establishing a research programme, a demo programme and a technical assistance programme.

In 2019, the problem caused by the new 30% tariff on imported solar panels, imposed in January 2018, has continued. Certain measures announced throughout the year have eased the tension. For example, these tariffs are expected to decrease by 5% each year, the first 2.5 GW of imported cells are exempt each year, and there are certain innovative products.

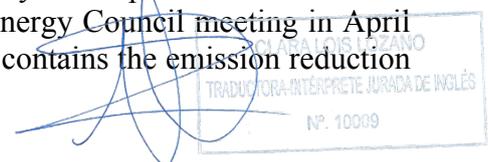
### Australia

The “Renewable Energy (Electricity) Amendment Bill 2015” was approved in June 2015, which introduced stability to the green certificate system, setting the Renewable Energy Target (RET) to 33,000 GWh in 2020 and eliminating the target revisions that took place every two years (which are now to be done every four). The first and only case to date of a company that chose to pay a penalty for non-compliance rather than delivering the corresponding renewable electricity certificates took place in January 2017.

The State of South Australia suffered a major blackout in September 2016, which caused storage and renewable energy integration issues to become more relevant in the country. In June, the final version of the Finkel report was published, which was commissioned by the government after the blackout with the aim of providing recommendations to enhance the safety and reliability of the system and to reduce emissions according to the Paris targets. The report stresses the importance of carrying out the energy transition in an orderly, studied and planned manner, in addition to the need for strong governance and it poses systemic recommendations to maintain the level of security of the system (such as revision of market rules, for example). It gives the consumer a greater role to play. A continuation of the RET after 2020: the Clean Energy Target (CET) is also proposed, which would be based on a green certificate system that would include Renewable Energy Schemes (RES) and technologies that comply with an emissions limit. Some of the recommendations in the report were approved at the Coalition Joint Party meeting on 20 June, although the Minister of Energy announced that the implementation of the CET would be analysed later more calmly.

In April 2017, the Clean Energy Council published a recommendations report to eliminate regulatory barriers to storage and to improve the security of the network (“Policy and regulatory reforms to unlock the potential of energy storage in Australia”), and in August the Victoria Government announced a renewable energy auction of 650MW, which is part of the Victorian Renewable Energy Auction Scheme (VREAS) to achieve the Victorian Renewable Energy Target (VRET) of 40% of renewable energy by 2025.

In October 2017, the government announced the National Energy Guarantee (NEG) scheme to replace the current CET after 2020. Its key aspects are: i) Reliability Guarantee (obligation for retailers to contract a certain amount of “dispatchable” energy - from coal, gas, hydraulic or stored); (ii) Emissions Guarantee (obligation for retailers to reach an emissions intensity level in their energy portfolio that supports Australia's commitment to reduce emissions by 26% by 2030). The Energy Security Board published a document on the design of the NEG which was presented at the Energy Council meeting in April 2018. Australia would then suspend the draft bill which contains the emission reduction target for the NEG.



Victoria's Labor Government, elected in November 2018, promised to increase the state's renewable target to 50% by 2030, based on the already legislated target of 40% by 2025. In this regard, the Renewable Energy (Jobs and Investment) Amendment Bill 2019 (Vic) which introduces the VRET 2030 objective into the legislation was approved on 30 October 2019. In the absence of a federal renewable target beyond 2020, investment will continue to be driven by states.

### Mexico

Until December 2013, the generation, transmission, distribution and sale of electrical energy was reserved exclusively to the Federal Government through the Federal Energy Commission (FEC).

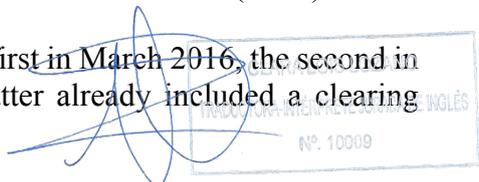
The only options for the sale of renewable energy were Independent Energy Production (electricity generation plants that sell their production directly to the FEC) or Self-Sufficiency Contracts (electricity generation plants that sell their production to a load centre plant which has a certain ownership percentage of the generation plant).

On 20 December 2013, a constitutional reform introducing significant changes to the Mexican energy model was published, leading the market to open up and accepting greater private participation. The new Law on the Electricity Industry (LEI) published on 11 August 2014 defines these substantial changes to the electricity sector: it reduces the role of the State in the sector, which is limited to operating the system and to providing transmission and distribution services; the legal separation of activities is imposed; a wholesale electrical market is created which is operated by the National Centre for Energy Control, the bids for which will be based on costs, and establishes an obligations system for generators to cover with Clean Energy Certificates (CECs). In addition, auctions for Electricity Coverage Contracts will take place to cover the supply to Basic Services Users. Clean energy, power and CEC electricity coverage contracts are assigned in the Long-Term Auctions. With regards to the existing contracts from the previous law, the LEI contemplates their continuity.

The first market bases were published in 2015 and must be re-evaluated every 3 years (the manual to carry out this re-evaluation is currently being discussed). In January 2016, the Energy Secretary published a resolution authorising operations to start in the short-term market in the different interconnected systems, and the National Centre for Energy Control started the Day-Ahead Market (DAM) operations. The DAM is in operation to date, and the Real Time Market (RTM) will not open to the public until the Market Information System (MIS) is ready. Also, in February 2017 the Power Balancing Market was opened, which determines the price that supports the capacity of the previous year, the volume and the total amount. It is an annual and ex-post market.

2018 was the first year with CEC obligations, and the certificates must be delivered until 5% of the electricity sold is reached. The CEC Requirements were published in February 2017, corresponding to the Obligation Periods 2020, 2021 and 2022, (7.4%, 10.9% and 13.9%, respectively) that complement the one published in 2016 for 2019 (5.8%).

To date, three long-term auctions have taken place: the first in March 2016, the second in September 2016 and the last in October 2017. The latter already included a clearing



house, potentially allowing the participation of suppliers other than the FEC. The National Centre for Energy Control announced the fourth long-term auction in 2018, SLP-1/2018, for the purchase and sale of energy, capacity and CECs. The first draft auction guidelines were published in March, and in August the prequalification was held, potential buyers were registered and prequalification sales proposals were presented. In December 2018, it was announced that they would be suspended, and they were cancelled in January 2019.

The last PRODESEN (Development Programme of the National Electrical System) published by the Energy Secretary for the period 2018-2032 estimates that in 2032 electricity generation will be of 485 TWh, greater than what was estimated in the 2017-2030 estimates for 2030 (443 TWh).

The Agreement was published on 28 October 2019 amending the Guidelines that establish the criteria to grant Clean Energy Certificates, which extends the possibility of CECs to be generated for the Federal Electricity Commission's plants prior to the LEI (Legacy Power Plants). Faced with the risk of an oversupply of CECs on the market, several generators are demanding this measure and are requesting protection. As a result, the regulation has been suspended until the final ruling is published, which is expected in 2020.

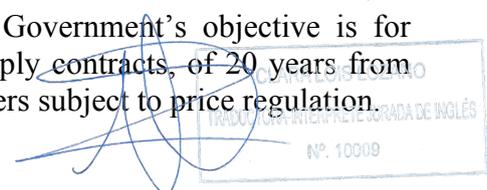
### Chile

Chile amended Law 20.257 (Non-Conventional Renewable Energy Law) of 2008 through Law 20.698 (Law 20/25) in 2013, and established a renewable target on the total power generation of 20% in 2025. The electricity companies must prove that a percentage of the energy that is removed from the system comes from this type of technology. The law also imposes a penalty for breaching the obligation amounting to 0.4 UTM per MWh that is not accredited (approximately 32 USD) and, for companies that continue to breach the obligation in the three years following the first breach, the penalty will be 0.6UTM/MWh (approximately 48 USD). The law indicates that those companies that have administrated renewable energy in excess of their obligation may transfer that excess to other companies. However, a green certificate market has not been established, but bilateral contracts are signed between the parties concerned and the transfer certification is made through an authorised copy of the contract.

To achieve the target set, Law 20/25 also introduced annual auctions according to the demand forecasts from the Government for the next three years. The introduction of the auctions provides the possibility to offer differentiated blocks (Block A for the night, Block B during solar hours, and Block C for the remaining hours of the day), facilitating renewable energy.

In April 2016, an Exempted Resolution was published, approving the preliminary tender report which established the values of regulated consumptions (in GWh-year) that should be put out to tender in the next few years. The volumes included a decrease in the energy demand forecast of approximately 10% between 2021 and 2041, which implies a significant decline of what was going to be auctioned that year (from the 13,750 GWh expected to approximately 12,500 GWh).

Up to date 3 auctions have been held: The Chilean Government's objective is for electrical distribution companies to have long-term supply contracts, of 20 years from 2024, in order to meet the consumptions of their customers subject to price regulation.



The Transmission Law was published in July 2016, which establishes a new electrical power transmission system and creates a single independent coordinator entity for the national electrical system. Work on the associated regulations began after the Transmission Law was approved.

In 2017, the regulation to implement a tax on CO2 emissions was approved (exempted resolution 659), which as it stands involves all generation companies, including non-polluting companies, making compensation payments. Nevertheless, in the final version this compensation was significantly reduced by changing the way it is quantified (annually instead of monthly - at the suggestion of Acciona).

The Complementary Services Regulation and the Coordination and Operation of the National Electrical System Regulation were withdrawn from the comptroller in 2018, delaying the approval process.

In January 2018, the Chilean Government stated that the country would not build new coal-fired power plants without carbon capture, and has started discussions to replace the existing capacity with cleaner sources.

Following the riots that started in October 2019 and the various economic and political impacts derived from them, the government approved to freeze the tariffs through a transitional mechanism to stabilise electricity prices for customers subject to tariff regulation (Law No. 21.185 dated 2/11/2019), which affects the public service distribution concessionaires who will only be able to transfer pre-defined prices to their regulated customers, and to the generators that supply these suppliers, who will be subject to an adjustment factor during a transitional period.

### **3. - Basis of presentation of financial statements and consolidation principles**

#### **3.1 Basis of presentation**

The consolidated financial statements for the financial year 2019 of the Acciona Group were prepared by the Directors of Acciona, S.A. at the Board of Directors Meeting held on 27 February 2020, and disclose a true and fair view of the Group's equity and consolidated financial position at 31 December 2019, and of the results of its operations, the changes in the consolidated statement of recognised income and expenses, the changes in the consolidated equity and the consolidated cash flows in the years then ended.

These financial statements were prepared in accordance with the applicable regulatory financial reporting framework and, in particular, with the principles and criteria contained in the International Financial Reporting Standards (IFRS) as adopted by the European Union, in conformity with Regulation (EC) no. 1606/2002 of the European Parliament and of the Council. The main mandatory accounting principles and measurement criteria applied, the alternative treatments permitted by the relevant legislation in this respect, and the standards and interpretations issued but not yet in force at the date of formal preparation of these financial statements are summarised in Note 4.

At 31 December 2019, there were no material changes in accounting estimates or accounting policies; nor any corrections of errors, except for those described in Note 4.1.

with regards to changes in accounting policies adopted at 01 January 2019 after IFRS 16 – Leases and IFRIC 23 - Uncertainty over tax treatments were introduced. As established in the transition models for both standards, it was possible to opt not to restate prior years, an alternative applied by the Acciona Group, and therefore the headings affecting these standards are not comparable with the figures detailed for 2018.

These financial statements were prepared on the basis of the accounting records kept by the Parent Company and by the other Group companies. These records include the figures relating to the joint ventures, groupings and consortia considered to be joint operations, in which the Group companies have interests, through the proportional consolidation method, that is, through the inclusion, based on the percentage of participation, of the assets, liabilities and operations of these entities, after asset and liability balances are appropriately eliminated, as well as operations in the year.

The Acciona Group's consolidated financial statements for 2018 were approved by the shareholders at the Annual General Meeting on 30 May 2019. The consolidated financial statements for 2019 of the Acciona Group have not yet been approved by the shareholders at the Annual General Meeting. However, the Parent Company's Board of Directors considers that the aforementioned financial statements will be approved without any material changes.

Unless otherwise indicated, these consolidated financial statements are presented in thousands of euros, since this is the main currency in which the Acciona Group operates. Foreign operations are accounted for in accordance with the policies established in Notes 3.2.g) and 4.2.q).

## **3.2 Consolidation principles**

### **a. Consolidation methods**

The companies over which control is exercised were fully consolidated under IFRS 10. These companies are considered subsidiaries and they are listed in Appendix I, and their consolidation method is explained in section d. of this same note.

Entities managed jointly with third parties as a joint operation are proportionately consolidated when it is concluded that the participating company has direct rights and obligations for its share percentage in the assets and liabilities under the agreement. This is explained in section e. in this note. The agreements that confer joint control by means of separate vehicles are listed in Appendix II.

Finally, the companies not included in the paragraphs above, where significant influence is held in their management or they are a joint venturer, are associates, and they are measured by applying the equity method (Appendix III). This consolidation method is explained in section f. in this note.

### **b. Eliminations on consolidation**

All material balances and effects of the transactions performed between the subsidiaries and the associates and joint operations, and intra-subsidaries, were eliminated on the consolidation process.



The gains on transactions with associates and jointly controlled entities are eliminated to the extent of the Group's share percentage in their capital. Exceptionally, the profit and loss on internal transactions with Group companies, jointly controlled entities, or associates in connection with certain concession-related activities were not eliminated.

**c. Uniformity**

Companies with registered addresses in Spain included in the scope of consolidation were consolidated on the basis of their separate financial statements prepared in accordance with the Spanish General Accounting Plan and foreign companies were consolidated in accordance with their local standards. All material adjustments required to adapt these financial statements to International Financial Reporting Standards and/or make them compliant with the Group's accounting policies were considered in the consolidation process.

**d. Subsidiaries**

"Subsidiaries" are defined as companies over which the Company has the capacity to exercise effective control; control is generally seen in three elements that must be complied with: having authority over the subsidiary, exposure or the right to variable returns from its investment, and the ability to use said authority to influence the amount of these returns.

The financial statements of the subsidiaries are fully consolidated with those of the Company. Accordingly, all material balances and effects of the transactions between consolidated companies were eliminated on consolidation.

When a subsidiary is bought, its assets, liabilities and contingent liabilities are measured at their acquisition-date fair values, as provided for in IFRS 3, Business Combinations. Any excess in the cost of acquisition over the fair values of the identified net assets is recognised as goodwill. If the cost of acquisition is lower than the fair value of the identifiable net assets, the difference is credited to profit or loss on the acquisition date.

For subsidiaries acquired during the year, only the results generated from the date of acquisition are included in the consolidation. Similarly, for subsidiaries disposed of during the year, only the results generated up to the date of disposal are included in the consolidated income statement.

The interest of non-controlling shareholders is stated at their proportion of the fair values of the assets and liabilities recognised.

The share of third parties in the equity of investees is disclosed within the Group's equity under "Non-Controlling Interests" on the consolidated balance sheet. Similarly, their share in the profit or loss for the year is disclosed under "Non-Controlling Interests" on the consolidated income statement.



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#### **e. Joint operations**

Joint arrangements are deemed to be ventures in which the investee is managed by a Group company and one or more unrelated third parties, all of whom act jointly to manage the relevant activities and where strategic decisions require the unanimous consent of the parties.

Joint arrangements where the investing company is deemed to hold direct rights and obligations for its share percentage in the assets and liabilities under the arrangement are considered joint operations.

The financial statements of joint operations are proportionately consolidated with those of the Company and, therefore, the aggregation of balances and subsequent eliminations are only applied in proportion to the Group's share in these operations.

The assets and liabilities relating to operations are recognised on the consolidated balance sheet classified according to their specific nature. Similarly, the income and expenses from joint operations are disclosed in the consolidated income statement on the basis of their nature.

#### **f. Associates and joint ventures**

In the consolidated financial statements, investments in associates and joint ventures (joint arrangements giving a right to the net assets of the arrangement) are recorded by applying the equity method, i.e., at the Group's share in net assets of the investee, after taking into account the dividends received therefrom and other equity eliminations.

The value of these investments on the consolidated balance sheet implicitly includes, where applicable, the goodwill arising on their acquisition.

When the Group's investments in associates are reduced to zero, any additional implicit obligations in the subsidiaries that are accounted for by the equity method are recognised under "Non-current provisions" on the consolidated balance sheet.

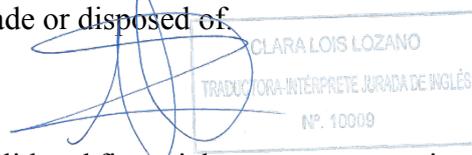
In order to disclose results uniformly, the Group's share in the profit or loss of associates is disclosed on the consolidated income statement before and after tax.

#### **g. Translation differences**

On consolidation, the assets and liabilities of Group companies with a functional currency other than the euro are translated to euros at the exchange rates prevailing on the balance sheet date. Income and expense items are translated at the average exchange rates for the period, unless exchange rates fluctuate significantly. Capital and reserves are translated at the historical exchange rates. Translation differences, if any, are classified as equity. Such translation differences are recognised as income or as expenses in the year in which the investment is made or disposed of.

#### **h. Changes in the scope of consolidation**

Appendices I, II and III to the accompanying consolidated financial statements contain relevant information about the Acciona Group's subsidiaries, joint operations, and



associates and joint ventures, and Appendix IV shows the changes in consolidation scope in the year.

On 2 July 2019, the Acciona Group launched a public tender offer for shares in Mostostal Warszawa, S.A., a company listed on the Warsaw Stock Exchange and of which the Group held 50.09% of the share capital at 31 December 2018. The takeover was launched on the remaining 49.91%, i.e. on 9,981,267 shares with a total value of PLN 34,435,371 (8,120,401 euros) corresponding to PLN 3.45 (0.81 euros) per share, with the intention of taking over 100% of the company and delisting it from the stock exchange. The subscription period ended on 26 August 2019 and Acciona Construcción, S.A. acquired 2,407,655 shares, at a price of PLN 4.5 (€1.03 euros) per share, increasing its shareholding to 62.13%. A negative impact on reserves of 5 million euros has been recorded for this operation (see note 17).

On 22 July 2019, Bestinver, S.A. signed an agreement with Grupo Fidentiis Equities, S.L. (hereinafter GFE) to acquire 100% of Fidentiis Equities, S.V., S.A. and Fidentiis Gestión, S.G.I.I.C., S.A., companies specialised in South European capital markets. The agreement also provides for the integration of GFE's two partners into Bestinver's management team. This transaction was approved by the CNMV in November 2019. The acquisition price amounted to 30,907 thousand euros and was paid through (i) a cash payment of 10,905 thousand euros and (ii) the delivery of 6,555 newly-issued shares in Bestinver, S.A., following the capital increase carried out therein for a total amount of 20,002 thousand euros (197 thousand euros of share capital and 19,805 thousand euros of share premium) by virtue of which GFE now has a 3.17% ownership share in Bestinver. The agreement also provides for an additional delivery of Bestinver shares representing 1.33% of the share capital after five years, provided that the following conditions are met: (i) that the two partners of GFE continue to form part of Bestinver's management team, (ii) that GFE continues to be a shareholder of Bestinver and (iii) that the percentage of GFE's participation in Bestinver, at the delivery date, is equal to that resulting from the capital increase described above. This additional delivery has not been included in the exchange transaction, being considered as a consideration for future services that will accrue over the five-year period indicated.

On 27 November 2019, once all the conditions precedent had been met and the capital increase in Bestinver, S.A. had been formalised, control was acquired of both companies, which will now be fully consolidated. The breakdown of the main aggregates included in the business combination is as follows (in thousand euros):

Company	Acquisition cost	Percent acquired	Provisional fair value of assets and liabilities of the acquired companies	Provisional goodwill
Fidentiis Equities, S.V., S.A. and Fidentiis Gestión, S.G.I.I.C., S.A.	30,907	100%	8,601	22,304



At 31 December 2019, the initial accounting for the business combination was incomplete because the process to measure the assets and liabilities identified in the acquired companies was in progress. The table below shows the breakdown of the provisional fair value of the assets and liabilities acquired in the companies Fidentiis Equities, S.V., S.A. and Fidentiis Gestión, S.G.I.I.C., S.A. at the time control was taken over (in thousand euros):

<b>Fidentiis Equities + Fidentiis Gestión</b>	<b>27.11.2019</b>
<i>Provisional detail of assets:</i>	
Other intangible assets	37
Property, plant and equipment	623
Other non-current assets	366
<b>Non-current assets</b>	<b>1,026</b>
<b>Current assets</b>	<b>14,545</b>
<b>Total provisional assets</b>	<b>15,571</b>
<i>Provisional detail of liabilities:</i>	
<b>Non-current liabilities</b>	<b>71</b>
<b>Current liabilities</b>	<b>6,899</b>
<b>Total provisional liabilities</b>	<b>6,970</b>
<b>TOTAL PROVISIONAL NET ASSETS</b>	<b>8,601</b>



As indicated by IFRS 3, the Group has initiated a process to assess the fair value of the acquired companies' assets and liabilities in order to determine the "Purchase Price Allocation" (PPA). This valuation process had not yet been completed at year-end and, therefore, the Group temporarily recognised the difference between the acquisition cost and the provisional value of the assets and liabilities identified at year-end, which amounted to 22,025 thousand euros under the heading of goodwill.

This transaction will strengthen Bestinver's position as the leading independent financial group in the Spanish market and will enable it to develop new business lines in which Fidentiis has great prestige, especially in the "sell side" area, taking advantage of the competitive advantage provided by the Fidentiis brand, as well as its portfolio of customers and funds managed. It is possible that assets associated with these concepts will be identified when the valuation process is completed.

According to applicable accounting regulations, the allocation of assets and liabilities identified shall be deemed final once twelve months have passed since the acquisition date.

The net revenue and the after-tax result provided by the companies Fidentiis Equities, S.V., S.A. and Fidentiis Gestión, S.G.I.I.C., S.A. from the effective acquisition date until 31 December 2019 amounted to 880 and 1,122 thousand euros and 111 and 411 thousand euros, respectively. If the acquisition date of these companies had been 01 January 2019 then the net revenue and after-tax result would have been 9,517 and 4,514 thousand euros and 4,705 and 528 thousand euros, respectively. The functional currency of the two acquired companies is the euro.

On 25 July 2019, Acciona Producciones y Diseño, S.A. (APD) acquired 100% of Auriga Sport, S.L., a leading event production agency in Spain. The price of the transaction amounted to 13,807 thousand euros and included, as part of the consideration, the recognition of a contingent payment of 4,500 thousand euros with one of Auriga's former shareholders linked to the future development of the business. This cash payment commitment is not conditioned by the termination of the employment relationship with the former shareholders.

The company has been fully consolidated since July 2019 and the detail of the business combination is as follows (in thousands of euros)

Company	Acquisition cost	Percent acquired	Fair value of company assets and liabilities	PPA	Goodwill
Auriga Sport, S.L.	13,807	100%	4,261	115	9,431

The table below shows the breakdown of the fair value of the Auriga Sport, S.L. company's assets and liabilities at the time control was taken over (in thousand euros):

Auriga Sport, S.L.	25.07.2019
<i>Detail of identified assets:</i>	
Other intangible assets	115
Property, plant and equipment	313
Financial investments	9
<b>Non-current assets</b>	<b>437</b>
<b>Current assets</b>	<b>6,510</b>
<b>Total identified assets</b>	<b>6,947</b>
<i>Detail of identified liability:</i>	
Current liabilities	2,571
<b>Total identified liabilities</b>	<b>2,571</b>
<b>TOTAL IDENTIFIED NET ASSETS</b>	<b>4,376</b>

At the time of the acquisition, as indicated by IFRS 3, the Group carried out an analysis of the fair value of the acquired company's assets and liabilities in order to determine the Purchase Price Allocation (PPA), for which a gross amount of 153 thousand euros were recognised associated with confirmed contracts presented by the company. As at 31 December 2019, this intangible asset has been fully amortised.

As a result of the aforementioned process and due to the difference between the fair value of the net assets acquired and the acquisition cost, goodwill of 9,431 thousand euros has been recognised. With this acquisition, the Group consolidates its position in the event production sector, expands its client portfolio and acquires a team with extensive experience in the automotive sector.

According to applicable accounting regulations, the allocation of assets and liabilities identified shall be deemed final once twelve months have passed since the acquisition date.

The net revenue and the after-tax result provided by the company Auriga Sport, S.L. from the effective acquisition date until 31 December 2019 amounted to 6,138 thousand euros and 203 thousand euros, respectively. If the acquisition date of this company had been 01 January 2019 then the revenue and after-tax result would have been 13,014 thousand euros and 298 thousand euros, respectively. The functional currency of Auriga Sport, S.L. is the euro.

On 8 October 2019, Acciona Group accepted the proposal made by the Board of Directors of its investee Nordex SE to subscribe the entire 10% capital increase at a price of €10.21 per share corresponding to the average price per share based on the three-previous-days market price of Nordex SE, as indicated by the German market regulator BaFin, representing a disbursement of 99 million euros. After the subscription, Acciona S.A.'s shareholding rose from 29.9% to 36.27%. When the regulatory limit of 30% was exceeded, the Group was obliged to launch a public tender offer to all Nordex SE shareholders. The public tender offer was made at a price of €10.34 per share, calculated as the average price per share based on the market price of Nordex SE in the three months prior to launching the bid. The acceptance period for the public tender offer (initial period plus additional period) ended on 8 January 2020 and a total of 149,399 shares were accepted, representing 0.14% of the shareholding (see note 33).

At 31 December 2019, Acciona, S.A. holds significant influence over Nordex SE and, therefore, the investment in this subsidiary continues to be accounted for by the equity method.

On 20 December 2019, the Company transferred its shareholding in S.C. Autovía Gerediaga Elorrio, S.A. and Sociedad Explotadora Autovía Gerediaga Elorrio, S.A., in which it held 22.8% and 28.7%, respectively. The joint price of the shares amounted to 20.2 million euros, with capital gains for the Group of 5.5 million euros.

In the financial year 2019 no significant additions to or removals from the scope of consolidation took place, apart from those described in the paragraphs above.

#### **4.- Main accounting policies**

##### **4.1 Adoption of new standards and interpretations issued**

###### Standards and interpretations applicable in this financial year

In financial year 2019, the following accounting standards, amendments and interpretations came into force and, accordingly, were considered in the preparation of the accompanying consolidated financial statements.



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Standards, amendments and interpretations	Description	Mandatorily applicable in annual periods beginning on or after:
<b><u>Approved to be applied in the EU</u></b>		
IFRS 16 - Leases	Replaces IAS 17 and associated interpretations. The novelty centres around a unique accounting model for lessees, which will include all leases in the balance sheet (with some limited exceptions) with an impact similar to that of the current financial leases (there will be amortisation of the asset by the right of use and a finance expense for the amortised cost of the liability on leases).	01 January 2019
Amendment to IFRS 9 - Prepayment features with negative compensation.	This amendment will permit the measurement of certain financial assets that can be cancelled early at amortised cost for an amount less than the outstanding amount of principal and interest on that principal.	01 January 2019
IFRIC 23 - Uncertainty over tax treatment	This interpretation clarifies how to apply the recognition and measurement criteria from IAS 12 when there is uncertainty about the tax authority's acceptability of a particular tax treatment used by the entity.	01 January 2019
Amendment to IAS 28 - Long-term interests in associates and joint ventures	Clarifies that IFRS 9 should be applied to the long-term interests in an associate or joint venture to which the equity method is not applied.	01 January 2019
Amendment to IFRS 3 - Business Combinations - Improvement Cycle 2015-2017	Acquisition of control over a business previously registered as a joint venture.	01 January 2019
Amendment to IFRS 11 - Joint Arrangements - Improvement Cycle 2015-2017	Acquisition of joint control over a joint operation constituting a joint arrangement.	01 January 2019
Amendment to IFRS 12 - Income tax - Improvement Cycle 2015-2017	Recognition of the tax impact of the remuneration of financial instruments classified as equity.	01 January 2019
Amendment to IFRS 23 - Borrowing costs - Improvement Cycle 2015-2017	Capitalisation of interest on outstanding financing, specific to a ready-to-use asset.	01 January 2019
Amendment to IAS 19 - Plan amendment, curtailment or settlement	Clarifies how to calculate the cost of the service for the current period and the net interest for the remainder of an annual period when a defined benefit plan is amended, curtailed, or settled.	01 January 2019

With respect to IFRIC 23 - Uncertainty over tax treatment, the Group reviewed whether there is uncertainty over the acceptability by the corresponding tax authority of certain tax treatments used in each jurisdiction. The initial application of this interpretation has not entailed any adjustment to the balance of retained earnings and has only required certain balances to be reclassified between "Provisions" and "Other Liabilities", so its application has not led to substantial changes.

IFRS 16 - Leases came into force on 1 January 2019 and replaces the IAS 17 – Leases, IFRIC 4 - Determining whether an arrangement contains a lease, SIC 15 Operating leases - Incentives and SIC 27, Evaluating the Substance of Transactions Involving the Legal Form of a Lease.

This new standard establishes a single lease model for the lessee in which a liability will be recorded for any payments due for the lease, including any reasonable extensions, and an asset that will represent the right to use the underlying asset for the duration period of the lease.

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The lease obligations correspond to the committed fixed payment rents and the initial or future disbursements considered highly probable, excluding variable rents that depend on the future measurement of a parameter from this calculation. The liability shall be deducted at the implicit interest rate in the contract or, failing that, at the incremental interest rate that corresponds to the Group.

Assets recognised under "Right of use" are initially recognised at amortised contract cost and subsequently measured at cost less any accumulated amortisation and recognised impairment losses.

Given that it is materially impossible to identify the implicit interest rate in the lease contracts in force at 31 December 2018, the Group has considered using the incremental interest rate corresponding to each contract in the first application of the standard. The weighted average incremental rate applied by the Group on 1 January 2019 amounts to 5.78%.

#### First application of IFRS 16 - Leases:

The Acciona Group has chosen to apply the standard on a non-retrospective basis and not to restate the previous comparative year, and therefore the standard is applied from 1 January 2019.

The accounting for lease contracts where the Group acts as lessor has not been affected by this standard.

A mixed transition method has been chosen for the valuation of lease contracts where the Group acts as lessee. Depending on the characteristics of the existing contracts and the historical information available on them, the Group has applied the modified retroactive transition method (paragraph C8 (b) (i)) or the simplified modified retroactive transition method (paragraph C8 (b) (ii)) at 1 January 2019.

In relation to lease contracts of land on which the wind power generation facilities are located, after a detailed analysis, serious doubts arose as to whether the right to obtain substantially all the economic benefits from the use of the asset and control over the asset had been transferred. The lessor's right of access and ability to carry out business thereon was interpreted by the Group as a limitation on the ability to control the use of the land on an exclusive basis and, therefore, the Group initially decided to exclude these contracts from the scope of IFRS 16.

However, practice has shown that this issue has not been given uniform accounting treatment by the different issuing companies. Thus, aware that this interpretation involves a high level of judgement that is not exempt from discussion, and in line with various conversations held with the market supervisor in the interests of homogenization, the Group has finally decided to include these land leases within the scope of IFRS 16 in these financial statements.

The impact of the first application of IFRS 16 on the Group's consolidated balance sheet at 1 January 2019 is as follows:



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	01.01.2019		01.01.2019
Land	214	Reserves	(17)
Technical facilities	70	Non-controlling interests	(6)
Buildings	58	<b>Equity</b>	<b>(23)</b>
Transport elements	24		
Machinery	26	Lease obligations	424
Others	1	<b>Liabilities</b>	<b>424</b>
<b>Right of use</b>	<b>393</b>		
<b>Deferred tax assets</b>	<b>6</b>		
<b>Other assets</b>	<b>2</b>		
<b>Total assets</b>	<b>401</b>	<b>Total liabilities and equity</b>	<b>401</b>

A reconciliation of the amount of operating lease commitments at 31 December 2018 to the recognition of the lease obligation liability recognised at 1 January 2019 upon the first application of the standard is:

	Million euros
Operating lease commitments (see note 7)	735
Low-value leases	(5)
Short-term leases	(2)
Weighted average incremental rate discount adjustment 5.78%	(304)
<b>Lease obligations</b>	<b>424</b>

The remaining standards, amendments and interpretations have not had significant impacts, as either they do not suppose significant changes, or they refer to economic events that do not affect the Acciona Group.

#### Standards and interpretations issued but not in force

At 31 December 2019, the following were the most significant standards and interpretations published by the IASB, but they have not come into effect yet, either because their effective date is later than the date of the consolidated financial statements, or because they have not been adopted by the European Union yet:



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Standards, amendments and interpretations	Description	Mandatorily applicable in annual periods beginning on or after:
<b><u>Approved to be applied in the EU</u></b>		
Amendments to IFRS 9, IAS 39 and IFRS 7 – Reference Interest Rate Reform	Amendments to IFRS 9, IAS 39 and IFRS 7 related to reference interest rate reform.	01 January 2020
Amendments to IAS 1 and IAS 8 - Definition of “materiality”	Amendments to IAS 1 and IAS 8 to align the definition of "materiality" with that contained in the conceptual framework.	01 January 2020
<b><u>Not approved for use in the EU</u></b>		
Amendment to IAS 1 - Presentation of Financial Statements	Classification of liabilities as current and non-current.	01 January 2020
IFRS 17 - Insurance Contracts	Replaces IFRS 4, and incorporates the principles of recognition, measurement, presentation and disclosure of insurance contracts with the aim that the entity provides relevant and reliable financial information that enables users of the information to determine the effect that insurance contracts have on the financial statements.	01 January 2021
Amendments to IFRS 3	Clarification on business definition.	01 January 2020

The Group’s Directors do not anticipate any significant impacts to arise as a result of the introduction of the standards, amendments and interpretations published but not yet in force, since they are applications to be applied prospectively, amendments related to presentation and disclosure issues and/or matters that are not applicable to the Group’s operations.

The IASB has recently amended certain requirements for hedging relationships in order to be able to continue applying hedge accounting under the assumption that the reference interest rate on which the cash flows of the hedging instruments and the hedged items are based is not affected by the uncertainties generated by the interest rate reform. The mandatory application date is 2020 and the Group has not applied it in advance. At the date these statements were prepared, the Group's Directors are in the process of assessing the impact that the application of this new standard will have on the consolidated financial statements.

#### 4.2 Measurement standards

The main measurement standards applied in the preparation of the Group’s consolidated financial statements, in accordance with International Financial Reporting Standards (IFRS) as adopted by the European Union, were as follows:

A) Property, plant and equipment

Property, plant and equipment acquired for use in the production or supply of goods or services or for administrative purposes are stated on the consolidated balance sheet at the lower of acquisition or production cost less any accumulated depreciation and their recoverable amounts.

The costs of expansion, modernisation or improvements leading to increased productivity, capacity or efficiency or to a lengthening of the useful lives of the assets are capitalised. Acquisition cost includes professional fees and borrowing costs incurred during the construction period that are directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial

period of time to get ready for their intended use. The finance costs relating to this funding used for the construction of these assets are entirely capitalised during their construction.

The acquisition cost of elements acquired before 31 December 2003 includes any asset revaluations permitted in the various countries to adjust the value of the property, plant and equipment due to the effect of inflation until that date.

The balances of assets retired as a result of modernisation or for any other reason are de-recognised from the related cost and accumulated depreciation accounts.

In-house work done by the Group on its own property, plant and equipment is recognised at accumulated cost (external costs plus internal costs calculated on the basis of in-house consumption of warehouse materials and manufacturing costs incurred). At 31 December 2019 “other income” on the accompanying consolidated income statement recorded the amount of 453 million euros (207 million euros at 31 December 2018) for work done by the Group on its own property, plant and equipment, mostly related to wind projects developed in Chile, the United States, Mexico and Australia, and photovoltaic projects in Chile.

Upkeep and maintenance costs are charged to the consolidated income statement for the year in which they are incurred.

Generally, depreciation is calculated using the straight-line method, on the basis of the acquisition cost of the assets less their residual value; it is understood that the land on which the buildings and other structures stand has an indefinite useful life and, therefore, is not depreciated. The Group companies depreciate their property, plant and equipment over the years of estimated useful life. The annual depreciation rates applicable in 2019 were as follows:

Annual depreciation rates	
Buildings	2 - 10%
Special facilities:	
Wind farms	4%
Hydroelectric power plants	1 - 4%
Biomass plants	4%
Solar thermal plants	3.33%
Solar PV plants	4%
Remaining plant	3 - 33%
Machinery	5 - 40%
Furniture	5 - 20%
Computer hardware	13 - 30%
Transportation elements	10 - 32%
Other PPE	6 - 33%

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The consolidated companies recognise in the books any loss that may have occurred in the registered value of these assets due to their impairment, and the heading “Impairment and profit/(loss) on disposal of non-current assets” on the consolidated income statement is used as balancing entry. The criteria to recognise the impairment losses of these assets and, if appropriate, the loss recoveries that might occur subsequently are detailed in section F) in this note.

B) Investment property

“Investment Property” on the accompanying consolidated balance sheet reflects the net accumulated depreciation and value adjustments of the land, buildings and other structures held either to earn rentals or for capital appreciation on their sale.

Investment property is stated at acquisition cost and for all purposes the Group applies the same policies as those used for property, plant and equipment of the same kind.

Each year the Group determines the fair value of its investment property with the support of appraisals undertaken by independent experts (see Note 6).

Investment property is depreciated on a straight-line basis over the years of estimated useful life of the assets, which constitutes the period over which the Group companies expect to use them. The average depreciation rate is as follows:

Annual depreciation rate	
Buildings held for rental	2 - 3%



C) Leases and right of use

A contract is deemed to contain a lease if there is a transfer of the right to manage the use of an identified asset for a period of time in exchange for a consideration.

Right of use identified in lease contracts:

At the date the lease contract begins, a liability will be recorded for the future lease payments, including any highly probable extensions, and an asset that will represent the right to use the underlying asset for the duration period of the lease.

Assets are recognised under "Right of use" and are classified according to the nature of the underlying asset; they are initially recognised at amortised cost of the contract and subsequently measured at cost less any accumulated amortisation and recognised impairment losses (see section F) in this note). These assets are amortised on a straight-line basis over the life of the contract, except when the useful life of the asset is shorter than that or when it is estimated that a purchase option will be exercised on the asset, in which case the amortisation period is the same as the useful life of the asset.

The lease liability is recognised under "Lease Obligations", which corresponds to the committed fixed payment rents and the initial or future disbursements considered highly probable to occur (direct costs associated with start-up or penalties, among others), excluding variable rents that depend on the future measurement of a parameter from this calculation. This liability is measured at amortised cost using the implicit interest rate in the contract or, if this cannot be readily determined, using the incremental interest rate that applies to the Group for that contract. The liability is discounted according to the effective interest method and is decreased by the payments made.

The liability is revalued, generally as an adjustment to the asset for the right of use, whenever there are subsequent modifications to the contract, such as in the following cases: changes in lease term period, changes in future lease payments due to index rate

update as defined in the contract, changes in future payments, etc. In the event of changes that alter the lease term period or substantial amendments to the scope of the lease, the liability under the contract is revalued considering an updated discount rate.

There are two exceptions to the recognition of the lease asset and lease liability for which the expense is recognised in the income statement on an accrual basis:

- *Low-value* leases: These refer to insignificant leases, i.e. contracts for which the underlying asset is attributed a value as new that is not significant. The Group has set the upper limit of this value at 5,000 euros as a reference amount.
- *Short-term* leases: Contracts with an estimated rental term of less than 12 months.

Leases (accounting policy from the perspective of the lessee had been in 2019 by IFRS 16):

*Lessee's perspective:*

The comparative figures for 2018 included in these financial statements for the lease contracts in which the Group companies acted as lessees were recognised in accordance with IAS 17 - Leases. Under this standard, leases were classified as finance leases whenever the terms of the lease contract transferred substantially all the risks and rewards of ownership of the leased asset to the lessee. All other leases are classified as operating leases.

*Finance leases*

The companies acting as lessees presented the cost of the leased assets in the consolidated balance sheet, based on the nature of the asset under the contract, and simultaneously, a liability for the same amount. These assets were depreciated using the same criteria as those applied to similar items of property, plant and equipment that are owned.

The finance charges arising under finance leases were charged to the consolidated income statement on a straight-line basis over the term of the leases.

*Operating leases*

In operating leases where the ownership of the leased asset and substantially all the risks and rewards of the asset remained with the lessor, the costs of the lease, including any incentives granted by the lessor, were charged to the income statement.

*Lessor's perspective:*

The accounting for lease contracts where the Group acts as lessor has not been affected by the application of IFRS 16, applying the following criteria:

*Finance leases:*

In those lease contracts where the lessor retains ownership of the asset and transfers substantially all the risks and rewards of the leased asset, the lessor must derecognise the asset subject to lease and recognise an account receivable for an amount equal to the net



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investment in the lease at the start date, considering the implicit interest rate in the contract.

A lessor shall recognise finance income over the term of the lease on the basis of a pattern that reflects a constant rate of return on the lessor's net investment in the lease.

D) Goodwill

As part of the process carried out in a business combination, the existing excess between the given consideration, plus the allocated value to non-dominant stake holdings and the net amount of the assets acquired and the liabilities assumed measured at fair value are recognised as goodwill. If applicable, the shortcoming after measuring the given consideration, the value assigned to non-dominant stake holdings and the identification and measurement of the net amount of the assets acquired at fair value is recognised in the profit/(loss).

The assets and liabilities acquired are measured provisionally at the date on which control is acquired, and the resulting value is reviewed no later than one year from the date of acquisition.

Goodwill is not amortised, but impairment is verified each year, or before then if there are signs of a potential loss of asset value. For these purposes, the goodwill resulting from the business combination is assigned to each of the Cash-Generating Units (CGU) or groups of CGUs that belong to the Group which are expected to benefit from the synergies of the combination. After the initial recognition, goodwill is measured at its cost less the accumulated impairment losses.

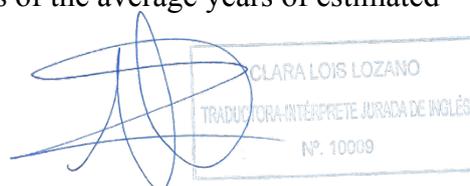
Goodwill generated internally is not recognised as an asset. Goodwill is only recognised when it has been acquired for a consideration and represents, therefore, a payment made by the buyer in anticipation of future economic benefits from assets of the acquired company that are not individually and separately identifiable and recognisable.

Goodwill arising in the acquisition of companies with a functional currency other than the euro is translated to euros at the exchange rates prevailing at the date of the consolidated balance sheet.

E) Other intangible assets

Intangible assets are recognised initially at acquisition or production cost and are subsequently measured at cost less, if applicable, any accumulated amortisation and any accumulated impairment losses.

Intangible assets with finite useful lives are amortised over those useful lives using methods similar to those used to depreciate property, plant and equipment. The amortisation rates, which were determined on the basis of the average years of estimated useful life of the assets, are basically as follows:



Annual depreciation rate	
Development expenditure	10 - 33%
Administrative concessions	2 - 25%
Leasehold assignment rights	10 - 33%
Computer software	10 - 33%

The consolidated companies recognise any impairment loss in the carrying amount of these assets with a charge to “Impairment and profit/(loss) on disposal of non-current assets” on the consolidated income statement. The criteria to recognise the impairment losses of these assets and, if appropriate, the loss recoveries that might occur subsequently are detailed in section E) in this note.

### *Research and development*

As a general rule, expenditure on research activities is recognised as an expense in the year in which it is incurred, except in development projects in which an identifiable asset is created, it is probable that the asset will generate future economic benefits, and the development cost of the asset can be reliably measured. The Group’s development expenditure, basically related to the wind power business, is only recognised as an asset if it is probable that it will generate future economic benefits and the development cost of the asset can be reliably measured.

Development expenditure is amortised on a straight-line basis over its useful life. Unless the aforementioned conditions for recognition as an asset are met, development expenditure is recognised as an expense in the year in which it is incurred.

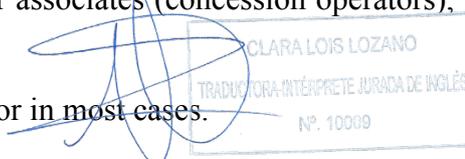
### *Administrative concessions*

The “Administrative Concessions” line item includes concessions that have been acquired by the Group for a consideration (in the case of concessions that can be transferred) or for the amount of the expenses incurred to directly obtain the concession from the Government or from a public agency. Administrative concessions are amortised on a straight-line basis over the term of the concession. Appendix V details the duration (and, therefore, amortisation) of the main concessions.

### *Intangible assets in infrastructure projects*

Since the adoption of IFRIC 12, the Acciona Group has included under “Intangible Assets in Infrastructure Projects”, the intangible assets associated with concessions in which the demand risk is borne by the operator. This type of concession-related activity is carried out through investments mainly in transport and water supply infrastructure that is operated by subsidiaries, jointly controlled entities or associates (concession operators), the main characteristics being as follows:

- The concession infrastructure is owned by the grantor in most cases.
- The concession grantor, which can be a public or private sector entity, controls or regulates the service offered by the concession operator and the conditions under which it should be provided.



- The infrastructure is operated by the concession operator as established in the concession tender specifications for an established concession term. At the end of this period, the assets are handed over to the concession grantor, and the concession operator has no right whatsoever over these assets.

- The concession operator receives revenue for the services provided either directly from the users or through the concession grantor.

The most significant accounting criteria applied by the Acciona Group in relation to these concession arrangements are as follows:

- Capitalisation of the borrowing costs incurred during the construction period and non-capitalisation of the borrowing costs subsequent to the entry into service of the related assets.

- Amortisation of the concession infrastructure on a straight-line basis over the concession term.

- Concession operators amortise these assets so that the carrying amount of the investment made plus the costs considered necessary to return the assets in working order is zero at the end of the concession term.

- Practically in all the concessions of the Acciona Group, the construction work was carried out by Group companies. In this regard, the income and expenses corresponding to infrastructure construction or upgrade services are recognised at their gross amount (recognition of the sales and the cost of sales on the consolidated financial statements of the Acciona Group), with the construction margin recognised on the consolidated financial statements. If construction were not carried out by the Group itself, this fact would be taken into account for the purpose of recognising sales and the cost of sales on the consolidated financial statements. No adjustment was necessary in 2019 for this reason.

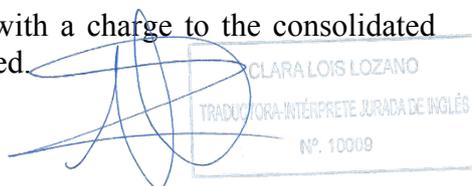
#### *Computer software*

The acquisition and development costs incurred in relation to the basic computer systems used in the Group's management are recognised at acquisition cost with a charge to "Other Intangible Assets" on the consolidated balance sheet.

Computer system maintenance costs are recognised with a charge to the consolidated income statement for the year in which they are incurred.

#### F) Impairment of non-current assets

At the closing date of each balance sheet, the Group reviews the carrying amounts of its property, plant and equipment, investment property, right of use, intangible assets and investments accounted for using the equity method to determine whether there is any indication that those assets might have sustained an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the value impairment loss (if any). When the asset does not generate cash flows that are independent from other assets, the Group estimates the recoverable amount of the smallest identifiable cash-generating unit to which the asset belongs.



If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or cash-generating unit) is reduced to its recoverable amount.

Where an impairment loss subsequently reverses, the carrying amount of the asset (or cash-generating unit) is increased to the revised estimate of its recoverable amount, but in such a way that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (or cash-generating unit) in previous years.

At the end of each reporting period, goodwill is reviewed for impairment (i.e. a reduction in its recoverable amount to below its carrying amount) and any impairment is written down with a charge to “Impairment and profit/(loss) on Disposals of Non-Current Assets” on the consolidated income statement. Impairment losses recognised for goodwill do not reverse in a subsequent period.

Recoverable amount is the higher of fair value less costs to sell and value in use. The methodology used to estimate the recoverable amount varies on the basis of the type of asset in question. For these purposes, the Group considers three types of assets: investment property (assets held to earn rentals and inventories), goodwill of companies and assets of a limited duration (primarily assets related to electricity production and infrastructure concessions); the way they are measured is explained below.

#### **Real estate assets (assets held to earn rentals and inventories)**



The Group’s real estate investment relates to properties earmarked for lease. The fair value at 31 December 2019 of the Group’s real estate investment was calculated with the support of valuations conducted at that date by Savills Aguirre Newman Valoraciones y Tasaciones, S.A.U. (its report was issued on 13 February 2020 as an independent expert).

These valuations are carried out in accordance with the Appraisal and Valuation Standards issued by the Royal Institute of Chartered Surveyors (RICS) of Great Britain and the International Valuation Standards (IVS) issued by the International Valuation Standards Committee (IVSC).

Assets of this type are measured by updating the rents at rates that vary on the basis of the type of building earmarked for lease and of the specific characteristics of the buildings. In proportion to their carrying amounts, the assets held to earn rentals may be classified as residential for rent (18.27%), offices (34.02%) and other property (47.71%) (housing, car parks, etc.) The updated rates used for each type of property lie in the following ranges: residential property for rent (5.50-6.50%), offices (7.25-9.25%) and other property (8-12%).

The method used to calculate the market value of real estate investment consists in preparing ten-year forecasts for the income and expenses of each asset that will then be updated at the date of the balance sheet, through a market discount rate. The residual amount at the end of the tenth year is calculated by applying a yield rate (“exit yield” or “cap rate”) from the forecasts for net income in the eleventh year. The market values thus obtained are analysed through calculation and analysis of the capitalisation of the yield implicit in these values. The forecasts are used to reflect the best estimate of income and

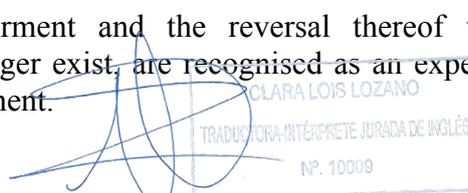
expenses of property assets over the future. The yield rate and the discount rate are defined according to the domestic market.

To calculate the fair value of land and developments in progress, the residual method was applied. This method consists in estimating the value of the final product on the basis of the comparison or cash flow discount method, and the development costs are taken off this value. Development costs include the cost of urbanisation, construction, fees, levies and all the costs needed to carry out the projected development. Revenue and costs are distributed over time according to the development and sale periods estimated by the appraiser. The update rate used is the rate representing the annual average yield of the project, and the external financing that would be required by an average developer for a development of the characteristics of the development analysed is not taken into account. This update rate is calculated by adding the risk premium (determined through the risk assessment of the development, with the type of property asset to build, its location, liquidity, term of construction and amount of required investment being taken into account) to the free-risk rate. Where in the determination of the cash flows external financing is taken into account, the risk premium mentioned above increases depending on the percentage of said financing (leverage level) attributed to the project and on the usual interest rates on the mortgage market.

The comparison or cash flow discount method has been used to calculate the fair value of completed developments.

The carrying amount of real estate assets is adjusted at the end of each year through the corresponding provision for impairment, in order to adjust the carrying amount to the recoverable amount or to the net realisable value, when this value has been lower than the carrying amount, adjusting the provision with additions or reversals.

Valuation adjustments for asset impairment and the reversal thereof when the circumstances giving rise to them no longer exist, are recognised as an expense or an income, respectively, in the income statement.



Based on the valuations made, the corresponding impairment losses are recognised, where appropriate, under "Impairment and profit/(loss) on disposals of non-current assets" in the consolidated income statement in the case of Investment Property and Non-Current Assets (see note 6) and under "Changes in Inventories of Finished Goods and Work in Progress" and "Procurements" in the case of Inventories.

### **Goodwill of companies**

The impairment test takes into consideration the cash-generating units' overall capacity to generate future cash flows.

The Group prepares five-year forecasts of projected cash flows, including the best available estimates of income and expenses for the cash-generating units, using industry projections, past experience and future expectations.

Also, a residual value is calculated on the basis of the normalised cash flows of the last year of the forecast, to which a perpetuity growth rate is applied which under no circumstances exceeds the growth rates of previous years or those estimated in the long

term for the market where the cash generating unit is located. The cash flow used to calculate residual value takes into account the replacement investments required for the continuity of the business in the future at the estimated growth rate.

The weighted average cost of capital (WACC) is used to discount cash flows, which will depend on the type of business and on the market in which it is carried on. The average leverage during the projection period is taken into account in the calculation of the WACC.

Other items calculated include: i) the effective cost of borrowings, which takes into account the tax shield that they give rise to, based on the average tax rates in each country; and ii) the estimated cost of equity based on a risk-free interest rate, (generally using as a benchmark the return on a ten-year bond in each market), the beta (which factors in the leverage and the risk associated with the asset), and a market premium (estimated on the basis of historical yields on the capital markets). These variables are tested using recent studies on premiums required at long term, comparable companies in the industry and rates habitually used by investment banks.

At 31 December 2019, the impairment tests implemented did not show the need to register impairment (see Note 8).

### **Non-current assets in projects**



This line item includes concession assets and projects with a limited duration and characterised by having a contractual structure that makes it possible for the costs incurred in the project to be clearly determined (both at the initial investment stage and at the operating phase) and the related revenue to be reasonably projected over the life of the project (basically property, plant and equipment from the energy division). They are registered under property, plant and equipment (mainly under electric power generation facilities) and in other intangible assets under intangible concessions (IFRIC 12).

To calculate the value in use of assets of this nature, the expected cash flows are projected until the end of the life of the asset. Therefore, it is assumed that there is no terminal value. This is possible because:

- These assets have a stable long-term production, thus making it possible for reliable long-term estimates to be made.
- There are extensive series of historical data from reliable external sources.
- In connection with the energy division, the estimates of prices used by the Acciona Group for revenue determination are based on a profound understanding of the market and on the analysis of the parameters determining pool prices.
- The operating costs are known and with scant variability.
- A large part of them have been financed with long-term debt with known and constant terms and conditions that make it possible to forecast easily the necessary outflows of cash to cover the debt service.

The projections include both known data (based on project contracts) and basic assumptions supported by specific studies performed by experts or by historical data (on demand, production, etc.). Also, macroeconomic data, such as inflation, interest rates,

etc., are projected using data provided by independent specialist sources (e.g. Bloomberg).

The discounted cash flows are those obtained by the shareholder after servicing the debt. The rates used to discount these cash flows are based on the cost of equity, and in each case, they include the business risk and the sovereign risk relating to the location where the operation is being performed.

At 31 December 2019 and 2018, the Acciona Group has not recognised significant amounts in the accompanying consolidated income statement for this concept.

G) Non-current receivables and other non-current assets

“Non-Current Receivables and Other Non-Current Assets” includes the non-current trade receivables, mainly from public authorities, and withholdings from trade receivables, mainly from the Infrastructure division.

Since the Acciona Group adopted IFRIC 12, it has recognised under “Other Non-Current Assets” non-current assets associated with concessions in which the grantor guarantees the payment of a quantified or quantifiable amount, and where, therefore, the operator does not bear any demand risk.

This type of concession-related activity was carried on through investments mainly in transport, water supply and hospital infrastructure operated by subsidiaries and joint operations, the detail being as follows:

- The concession infrastructure is owned by the grantor in most cases.
- The concession grantor, which can be a public or private sector entity, controls or regulates the service offered by the concession operator and the conditions under which it should be provided.
- The infrastructure is operated by the concession operator as established in the concession tender specifications for an established concession term. At the end of this period, the assets are handed over to the concession grantor, and the concession operator has no right whatsoever over these assets.
- The concession operator receives revenue for the services provided either directly from the users or through the concession grantor.

The most significant accounting criteria applied by the Acciona Group in relation to these concession arrangements are as follows:

- The account receivable is recognised for the present value of the amount receivable from the grantor.
- Borrowing costs are not capitalised, either during the construction phase or after the concession has started to operate.



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- The Group recognises interest income earned on the financial asset, even during the construction phase, by applying the effective interest rate of the financial asset. This income is recognised as revenue.
- Practically in all the concessions of the Acciona Group, the construction work was carried out by Group companies. In this regard, the income and expenses corresponding to infrastructure construction or upgrade services are recognised at their gross amount (recognition of the sales and the cost of sales on the consolidated financial statements of the Acciona Group), with the construction margin recognised on the consolidated financial statements. If construction were not carried out by the Group itself, this fact would be considered for the purpose of recognising sales and the cost of sales on the consolidated financial statements.
- There is no depreciation or amortisation charge since the arrangements constitute a financial asset.
- Annual billings are divided into a financial asset component recognised on the balance sheet (and, therefore, not recognised as sales) and the component relating to services provided, which is recognised under “Revenue”.

#### H) Financial instrument disclosures

The qualitative and quantitative disclosures in the financial statements regarding financial instruments and risk and capital management are detailed in the following notes:

- Financial asset and liability categories, including derivative financial instruments and accounting policies are detailed in Note 4.2 I).
- Classification of the fair value measurements of financial assets and for derivative financial instruments consistent with the fair value hierarchy established in IFRS 7, detailed in Note 4.2 I).
- Disclosure requirements (qualitative and quantitative information) regarding the capital are detailed in Note 16 G).
- Risk accounting and management policies are detailed in Note 20.
- Derivative financial instruments and hedge accounting are detailed in Note 21.
- Transfers from equity to the year’s profit or loss, for settlements of hedging derivative financial instrument transactions, are detailed in Note 29.

#### I) Financial instruments

##### Non-current and current financial assets excluding hedging derivatives

The financial assets held by the Group companies are classified into two large blocks based on the subsequent valuation method:

- Financial assets carried at amortised cost: corresponds to assets that are expected to retain contractual cash flows, which consist of collecting principal and interest (if applicable). These items are measured at amortised cost, which is basically the initial market value, less principal repayments, plus the accrued interest receivable calculated



using the effective interest method. The types of assets comprised by this classification are:

- Loans and receivables: those originated by the companies in exchange for supplying cash, goods or services directly to a debtor. This category is comprised practically in its entirety of the assets recorded under the heading “Trade and other accounts receivable”.
- Cash and other current financial assets: this item comprises both cash and bank deposits on demand. Other cash equivalents comprise short-term investments, with maturity under three months, and not subject to a relevant risk of change in value.
- Other financial assets: assets with fixed or quantifiable payments and fixed maturity. The Group has the intention and ability to hold them from the date of purchase to the date of maturity. The category mainly includes loans granted to companies consolidated by the equity method, short-term deposits, and deposits and guarantees.

The Group has determined an impairment model based on the forecast losses arising from defaulting payments during the next 12 months or throughout the entire lifespan of the financial instrument to be recognised, depending on the nature of the financial asset and the evolution of its associated credit risk from the initial recognition date. The model is carried out by considering the division, type of customer (public entity, large customers, etc.) as well as the historical experience regarding credit risk over the past five years. No significant amount for this concept has been recognised in the income statement for 2019.

- Financial Assets designated at fair value with changes in profit or loss: these relate to securities acquired that are not classified in the other categories; almost all of them relate to financial instruments in the capital of companies. They are measured:

- In the case of shareholdings in unlisted companies, given that the fair value cannot always be reliably determined, at acquisition cost, adjusted for any impairment losses disclosed. The main criterion applied by the Acciona Group to determine if there is objective evidence of impairment is to have incurred significant or permanent losses in the investee.
- At fair value when it is possible to determine it reliably, either through the market price or, in the absence thereof, using the price established in recent transactions or the discounted present value of the future cash flows. The gains and losses from changes in fair value are recognised directly in the consolidated income statement.

In financial years 2019 and 2018, no financial assets were reclassified among the categories defined in the foregoing paragraphs.

Purchases and sales of financial assets are booked using the trade date method.

#### Transfers of financial assets

The Acciona Group de-recognises financial assets when they expire or when the rights to the cash flows from the financial asset and substantially all the risks and rewards of



ownership have also been transferred, such as in the case of firm sales, factoring of trade receivables in which the company does not retain any credit or interest rate risk, sales of financial assets under an agreement to repurchase them at fair value and the securitisation of financial assets in which the transferor does not retain any subordinate financing or award any kind of guarantee or assume any other kind of risk.

#### Bank borrowings other than derivatives

Interest-bearing bank loans and overdrafts are recognised at the amount received, net of direct issue costs. Borrowing costs, including premiums payable on settlement or redemption and direct issue costs, are recognised in the income statement on an accrual basis using the effective interest rate method and are added to the carrying amount of the instrument to the extent that they are not settled in the period in which they arise. In subsequent periods, these obligations are measured at amortised cost using the effective interest method.

In specific cases where liabilities are the underlying of a fair value hedge, they are measured, exceptionally, at fair value for the portion of the hedged risk.

The Group writes off financial liabilities or part of them when the obligations contained therein expire, or when it is legally released from the main responsibility of the liability through a legal process or by the creditor.

The exchange of debt instruments between the Group and the counterparty, or substantial modifications to the liabilities that had initially been recognised are accounted for as the cancellation of the original financial liability and the recognition of a new financial liability, whenever the instruments have substantially different terms.

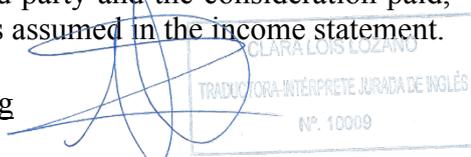
The Group considers the terms to be substantially different if the discounted present value of the cash flows under the new terms, including any fees paid net of any fees received and discounted using the original effective interest rate, is at least 10 per cent different from the discounted present value of the remaining cash flows of the original financial liability.

If the exchange is accounted for as an extinguishment of the original financial liability then any costs or fees incurred are recognised as part of the profit or loss. Otherwise, the cash flows are discounted at the original effective interest rate and any difference with the previous carrying amount is recognised in profit or loss. In addition, the costs or fees adjust the carrying amount of the liability and are amortised over the remaining term of the modified liability.

The Group recognises the difference between the carrying amount of a financial liability (or part thereof) extinguished or transferred to a third party and the consideration paid, including any non-cash assets transferred or liabilities assumed in the income statement.

#### Derivative financial instruments and hedge accounting

Because of its activities, the Group is mainly exposed to the financial risks derived from fluctuations in foreign exchange rates and interest rates. The Group uses foreign exchange forward contracts and interest rate swap contracts to hedge these exposures. Electricity



price and supply hedging transactions are also arranged. The Group does not use derivative financial instruments for speculative purposes.

The use of financial derivatives is governed by the Group's policies approved by the Board of Directors.

*Accounting policies:*

Derivatives are recognised at fair value (see measurement bases below) at the consolidated balance sheet date under "Other Current Financial Assets" or "Non-Current Financial Assets" if positive and under "Bank Borrowings" (both current and non-current) if negative. Changes in the fair value of derivative financial instruments are recognised on the consolidated income statement as they arise. If the derivative has been designated as a hedge which is highly effective, it is recognised as follows:

- Fair value hedges: these hedges are arranged to fully or partially reduce the risk of fluctuations in the value of assets and liabilities (underlying) recognised on the consolidated balance sheet. The portion of the underlying for which the risk is being hedged is measured at fair value, as is the related hedging instrument, and changes in the fair values of both items are recognised under the same heading on the consolidated income statement. At 31 December 2019, the Group had no fair value hedges.

- Cash flow hedges: these hedges are arranged to reduce the risk of potential changes in the cash flows associated with the interest payments on non-current floating-rate financial liabilities and exchange rates. Changes in the fair value of derivatives are recognised, with respect to the effective portion of the hedge, in "Reserves - Value Adjustments" under equity. The cumulative gain or loss recognised in this heading is transferred to the consolidated income statement to the extent of the impact of the underlying (resulting from the risk hedged) on the consolidated income statement; thus, this effect is netted off under the same heading on the consolidated income statement. Gains or losses on the ineffective portion of the hedges are recognised directly on the consolidated income statement.



*Group policy on hedging:*

At the inception of the transaction, the Group designates and formally documents the hedging relationship and the objective and strategy for undertaking the hedge. Hedges are only recognised when formal documentation regarding the hedging relationship is available and all effectiveness requirements are met; this means that if an economic relationship between the hedged item and the hedging instrument is proven to exist, if the credit risk effect does not dominate value changes arising from this economic relationship, and if there is a reason for the hedge through which the hedging relationship is the same as that arising from the amount of the hedged item without any imbalance between the weights of the hedged item and hedging instrument which could cause the hedge to be ineffective.

The Group does not hedge projected transactions, but rather only firm financing commitments. If the cash flows from projected transactions were hedged, the Group

would assess whether such transactions were highly probable and whether they were exposed to changes in cash flows that could ultimately affect the year's profit or loss.

If the cash flow hedge of a firm commitment or projected transaction results in the recognition of a non-financial asset or a non-financial liability, then, at the time the asset or liability is recognised, the associated gains or losses on the derivative that had previously been recognised in equity are included in the initial measurement of the asset or liability. For hedges that do not result in recognition of a non-financial asset or liability, amounts deferred in equity are recognised in the income statement in the same period as that in which the hedged item affects net profit or loss.

#### *Compound financial instruments with multiple embedded derivatives*

The Acciona Group does not have any compound financial instruments with embedded derivatives.

#### *Measurement and adjustment for credit risk bases*

The Group measures derivatives not traded on an organised market (OTC) by discounting the expected cash flows and using generally accepted option pricing models based on spot and futures market conditions at the closing date of every financial year. The fair value calculations for each type of financial instrument are as follows:

- Interest rate swaps are valued by discounting future settlements between fixed and floating interest rates to their present value, in line with implicit market rates, obtained from long-term interest rate swap curves. Implicit volatility is used to calculate the fair values of caps and floors using option pricing models.
- Foreign currency hedging and option contracts are valued using the spot exchange rate, forward spots of the related currencies and, in the case of options, implicit volatility until maturity.

In order to determine the adjustment for credit risk in the measurement of derivatives at 31 December 2019, the technique applied was based on a calculation through simulations of the total expected exposure (incorporating both the actual and the potential exposure) adjusted in line with the probability of default over time and the severity (or potential loss) assigned to the Company and to each of the counterparties.

More specifically, the adjustment for credit risk was obtained from the following formula:

$EAD * PD * LGD$ , where



- EAD: Exposure at default at any given moment. This is calculated through the simulation of scenarios with market price curves.
- PD: Probability of default, i.e., that one or other of the counterparties may fail to fulfil its payment obligations at any given moment.
- LGD: Loss given default with a severity = 1- (recovery rate): The percentage of losses ultimately occurring when one of the counterparties has incurred default.

The total expected exposure from derivatives is obtained using observable market inputs, such as interest curves, exchange rates and volatilities depending on the market conditions on the measurement date.

The inputs applied to obtain credit risk and counterparty risk (determination of the probability of default) are mainly based on the application of credit spreads of the Company or other comparable businesses currently traded on the market (CDS curves, IRR of debt issues). In the absence of credit spreads of the Company or other comparable businesses and in order to maximise the use of relevant observable variables, the listed references taken into account are those considered most suitable in each case (listed credit spread indices). For counterparties with credit information available, the credit spreads used are obtained from the Credit Default Swaps (CDS) listed on the market.

Furthermore, for the fair value (adjustment of the market value to the bilateral credit risk), consideration has been given to the credit enhancements in terms of collateral or guarantees when determining the severity rate to be applied to each position. Severity is considered to be unique over time. If there are no credit enhancements in terms of collateral or guarantees, a standard market recovery rate has been applied which corresponds to a senior unsecured debt of 40%. Nonetheless, this recovery rate would range between 68.45% and 88.40%, depending on the degree of progress in the project (construction or operation phase), and its geographical area (Western Europe, Eastern Europe, North America, Latin America, Oceania and Africa), for derivatives contracted under Project Finance structures.

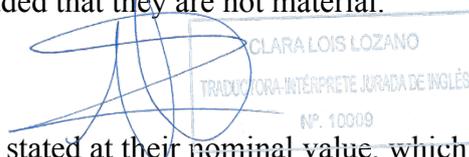
The measurements at fair value made over the different derivative financial instruments including the information used for the calculation of the adjustment for credit risk of both the Company and its counterparty are classified at level 2 in the fair value hierarchy established in IFRS 13 as the inputs based on prices listed for similar instruments on active markets (not included in level 1), listed prices for identical or similar instruments on markets that are not active, and techniques based on valuation models for which all the significant inputs are observable on the market or can be corroborated by observable market data.

Although the Acciona Group has determined that most of the inputs used to evaluate the derivatives are at level 2 in the fair value hierarchy, the credit risk adjustments use level 3 inputs such as the credit estimations based on the credit rating or comparable companies to assess the probability of insolvency for the Company or its counterparty. The Group has assessed the relevance of the credit risk adjustments for the total valuation of the derivative financial instruments and has concluded that they are not material.

### Trade payables

Trade payables are not interest bearing and are stated at their nominal value, which does not differ substantially from their fair value.

Trade payables include unpaid balances to suppliers which are handled through confirming contracts with financial entities and, in the same way, payments related thereto are classified as transaction flows, since these transactions do not include either special guarantees given as pledge for the payments to be made or modifications that change the commercial nature of the transactions.



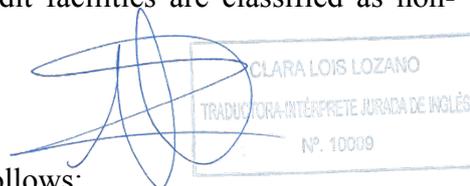
## Current/Non-current classification

On the accompanying consolidated balance sheet, assets and liabilities maturing within no more than twelve months are generally classified as current items and those maturing within more than twelve months are classified as non-current items. However, the companies in the Real Estate business classify them based on the operation cycle, which is usually greater than one year. The current assets and liabilities allocated to this division with an estimated maturity of more than twelve months are as follows:

Thousand euros	2019	2018
Inventories	775,896	479,700
<b>Total current assets</b>	<b>775,896</b>	<b>479,700</b>
Bank borrowings	1,835	4,806
Other current liabilities	122,945	18,157
<b>Total current liabilities</b>	<b>124,780</b>	<b>22,963</b>

Loans that mature in the short term but whose long-term refinancing is, at the Group's discretion, ensured through available long-term credit facilities are classified as non-current liabilities.

### J) Inventories



The Group companies measure their inventories as follows:

- In the Construction business, procurements, consisting basically of construction materials located at the sites of the various construction projects in progress, are measured at acquisition cost. Semi-finished goods or work in progress to be included in the value of the construction projects are recognised at production cost.
- In the real estate business, land is measured at acquisition cost, plus urban development costs, if any, purchase transaction costs and borrowing costs incurred from the date of commencement of the development of the site for its desired use until construction begins, or at their estimated market value, whichever is the lower. If the building work is halted due to its rescheduling or other reasons, the borrowing costs cease to be capitalised.

Completed real estate developments pending sale and ongoing developments are valued at production cost, or the cost of assignment in the event that they come from the collection of debts, if any, for impairment losses. The cost also includes the financial expenses incurred since the activities necessary to prepare the asset for its intended use until its completion, which have been requested by the supplier or correspond to loans or other types of third-party financing, specific or generic, which are directly attributable to manufacturing or construction. Commercial costs are charged to the income statement in the year in which they are incurred.

In financial year 2019, the capitalised borrowing costs in inventories came to 1,930 thousand euros (2,642 thousand euros in 2018) (see Note 29).

- Other inventories are recognised generally at the lower of weighted average cost and net realisable value. These inventories can, on a residual basis, be measured at FIFO cost.

The Group evaluates the net realisable value of inventories at the end of every year on the basis of the appraisals carried out by independent experts Savills Aguirre Newman (whose report was issued on 13 February 2020), and CB Richard Ellis, S.A. (whose report was issued on 13 February 2020) allocating if necessary provisions for impairment when the properties are found to be overvalued. Where the circumstances that previously caused the provision have ceased to exist or when there is clear evidence of an increase in net realisable value due to a change in economic circumstances, the amount of the provision is reversed. The valuation methods used are detailed in paragraph F) impairment of non-current assets in this note.

#### K) Treasury stock

At 31 December 2019, Acciona, S.A. held 398,641 treasury shares representing 0.7267% of the share capital at the time. The acquisition cost of these shares amounted to 28,633 thousand euros. The acquisition cost of the treasury shares and the gains or losses on transactions involving them were recognised directly in equity (see Note 17).

At 31 December 2018, Acciona, S.A. held 2,902,115 treasury shares representing 5.06% of the share capital at the time. The acquisition cost of these shares amounted to 199,616 thousand euros.

#### L) Termination benefits

Under the legislation for the time being in force, the Spanish companies and certain foreign companies are required to pay termination benefits to employees dismissed on unfair grounds. The Acciona Group companies do not currently have any employee termination plans that have not been appropriately provisioned in accordance with the regulations in force.

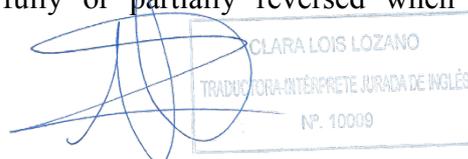
#### M) Provisions

The Group's consolidated financial statements include all the provisions covering present obligations at the balance sheet date arising from past events which could give rise to a loss for the companies, certain as to its nature but uncertain as to its amount and/or timing. They include all the provisions with respect to which it is considered that it is more likely than not that the obligation will have to be settled.

Provisions, which are quantified on the basis of the best information available on the consequences of the event giving rise to them and are reviewed and adjusted at the close of every accounting period, are used to cater for the specific obligations for which they were originally recognised. Provisions are fully or partially reversed when such obligations are extinguished or reduced.

#### *Litigation and/or claims in process*

At the close of financial years 2019 and 2018, certain litigation and claims arising from the ordinary course of operations were in process against the consolidated companies.



The Group's Directors, considering the opinion of its legal advisers, consider that the outcome of litigation and claims will not have a material effect on the consolidated financial statements for the years in which they are settled. Accordingly, they did not deem it necessary to record an additional provision in this respect.

#### *Operating provisions and allowances*

These provisions and allowances include costs that have not yet been incurred. The provision for the cost of completion of construction projects is intended to cover the expenses arising from the date on which project units are completed to the date of delivery to the client.

#### *Provisions for pensions and similar obligations*

The Acciona Group companies generally do not have any pension plans to supplement social security pensions. The appropriate provisions are recognised for terminations of permanent site personnel related to projects, except for the group mentioned below.

Certain companies from the Acciona Group entered into or were subrogated to collective agreements that establish benefits of specific amounts for employees included in such agreements that reach retirement age, provided that the conditions established in the agreements are met. Some of these collective agreements also establish a loyalty bonus based on the employee's length of service at the companies. The impact of these obligations is not material.

These companies have various pension obligations to their employees. These defined benefit obligations are basically formalised in pension plans, except as regards certain benefits in kind, mainly electricity supply commitments, which, due to their nature, have not been externalised and are covered by the related in-house provisions.

For the defined benefit plans, the companies recognise the expenditure relating to these obligations on an accrual basis over the working life of the employees by performing at the consolidated balance sheet date the appropriate actuarial studies calculated using the projected unit credit method. The past service costs relating to changes in benefits are recognised immediately on the consolidated income statement as the benefits are accrued.

The defined benefit plan obligations represent the present value of the accrued benefits after deducting the fair value of the qualifying plan assets. The actuarial losses and gains arising in the measurement of both the plan liabilities and the plan assets are recognised directly in equity under "Reserves - Change due to Actuarial Losses and Gains on Pension Schemes".

For each of the plans, any positive difference between the actuarial liability for past services and the plan assets is recognised under "Provisions" on the consolidated balance sheet and any negative difference is recognised under "Trade and Other Receivables" on the asset side of the consolidated balance sheet, provided that such negative difference is recoverable by the Group, usually through a reduction in future contributions.



The impact of these plans on the consolidated income statement is not material (see Note 18).

The Group recognises termination benefits when there is an individual or collective agreement with the employees or a genuine expectation that such an agreement will be reached that will enable the employees, unilaterally or by mutual agreement with the company, to cease working for the Group in exchange for a termination benefit. If a mutual agreement is required, a provision is only recorded in situations in which the Group has decided to consent to the termination of the employees when this has been requested by them. In all cases in which these provisions are recognised the employees have an expectation that these early retirements will take place.

#### N) Grants

Government grants related to assets to cover staff re-training costs are recognised as income once all the conditions attached to them have been fulfilled over the periods necessary to match them with the related costs.

Government grants related to property, plant and equipment and intangible assets are treated as deferred income, are classified under “Other Non-Current Liabilities” and are taken to income over the expected useful lives of the assets concerned under “Other Income”.

#### O) Revenue recognition

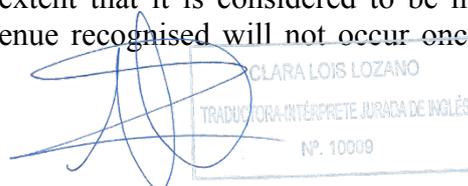
Revenue is measured by the fair value of the consideration received or receivable for the goods and services provided in the normal course of business, net of discounts, VAT and other sales-related taxes.

Income and expenses are recognised following the accrual principle, that is, when the actual flow of goods and services takes place, regardless of the time when the cash or financial flow arising therefrom occurs.

Upon applying IFRS 15, the Group identifies and separates the different commitments when transferring goods or services referred to in a contract. This implies a separate recognition for each of the obligations that can be identified individually within the same main contract.

In addition, the Group estimates the price of each of the contracts identified, also considering the initial agreed contract price, the amount of variable considerations, the time value of money (in cases that are considered to have a significant financing component), and non-cash contributions.

In cases when the amount is variable, or corresponds to unapproved claims, the amount is estimated following the approach that best predicts what the Group will have a right to, using an expected value based on the probability, or the single most likely value is used. This consideration is only recognised to the extent that it is considered to be highly probable that a significant reversal of the revenue recognised will not occur once the associated uncertainty has been resolved.



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Some of the particular features of the business activities carried on by the Group are detailed below:

Construction business:

Revenue:

Given the type of activity, revenue usually comes from long-term contracts where the start date of the contract activity and the date of completion of the same generally fall into different accounting periods, so the initial revenue and expenses estimates may suffer variations that could affect the recognition of revenue, expenses and results thereof.

The Group recognises construction contract revenue and expenses by reference to the stage of completion of the activity under contract at the closing date of the balance sheet, determined on the basis of the examination of the work carried out, or by the percentage of costs incurred in relation to total estimated costs. In the first case, based on the measurement of the units made, the production of the period is recorded as revenue and costs are recognised based on the accrual related to the units performed. In the second case, revenue is recognised in the income statement according to the percentage of progress in costs (costs incurred versus total costs estimated in the contract), applied to the total revenue that is considered to be highly likely to be obtained from the project. The latter is commonly used in markets of Anglo-Saxon influence and contracts without unit prices.

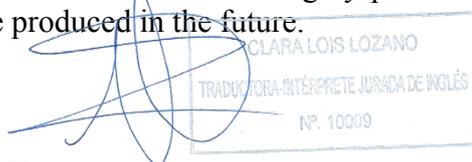
In exceptional cases, where the outcome of a construction contract cannot be reliably estimated, contract costs are recognised as expenses in the period in which they are incurred and contract revenue is recognised only to the extent that the contract costs incurred are highly likely to be recovered.

In addition, for contracts where it is considered that the estimated costs of the contract will exceed the revenue derived from the same, the expected losses are provisioned against the consolidated income statement for the year in which they are known.

Ordinary revenue from the contract is recognised considering the initial amount of the contract agreed with the client as well as any modifications and claims on the same to the extent that it is highly probable that revenue will be obtained from same, that it can be reliably measured, and that a significant reversal will not occur in the future.

It is considered that there is a modification to the contract when there is a client's instruction to change the scope of the contract. It is considered that there is a claim on the contract when, due to the client or third parties, there are costs not included in the initial contract (delays, errors in specifications or design, etc.) and the contractor is entitled to be compensated for the overrunning costs incurred, either by the client or by the third party causing them.

These modifications and claims are included as contract revenue when the client has approved the associated work, either in writing, by verbal agreement or tacitly under normal commercial practices, i.e., when collection is considered to be highly probable and a significant reversal of the revenue will not be produced in the future.



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In cases when the work has been approved but has yet to be assigned an associated price, or where approval has not been granted by the client, the Group considers that final approval is highly probable when they are in an advanced negotiation stage or when there is a technical and/or legal report from independent experts supporting such work; the amount recognised as revenue under such cases is estimated according to the definition of “variable consideration” set out in IFRS 15, i.e. using methods that provide the best prediction of the consideration so that the most likely amount is obtained (single most likely amount within a range of possible consideration amounts), according to all the information available (historical, current and expected) that can reasonably be made available, and only to the extent that it is highly probable that a significant reversal in the amount of ordinary accumulated revenue recognised will not occur when the uncertainty related to the variable consideration is resolved at a later date.

As discussed above, construction contracts are subject to estimates for revenues and costs that need to be reviewed by project managers as the contracts progress. Any change in estimates for revenue, expenses and final work results is subject to review by the different Management levels and when verified and approved, the effect is treated as a change in the accounting estimate in the year in which it occurs and in subsequent periods, in accordance with the accounting standards in force.

#### Expenses:

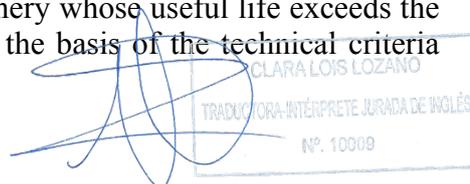
A project costs’ include those directly related to the main contract and to any modifications or claims on the contract. In addition, they include the costs related to the contracting activity for each contract, such as insurance, consultancy, design and technical assistance, etc.

Construction contract costs are recognised on an accrual basis, i.e., the costs related to work units performed and total contract indirect costs attributable to said units are booked as expense.

Costs that relate to future activity on the contract, such as insurance premiums, site installations, consultancy, design and other initial costs are initially recognised as assets in “Inventories”, provided that they are considered to be necessary to fulfil the contract and will be recovered by successfully completing the contract, and are charged to the income statement on the basis of the stage of completion of the contract.

Machinery removal and site installation dismantling costs, upkeep costs within the warranty period and the costs, if any, arising in the period from completion of the construction work to the date of final settlement, are deferred and recognised over the life of the construction project, since they are considered one more cost of the construction work and they relate both to the completed contract units and to the future activity on the contract.

As regards the provision for depreciation of property, plant and equipment used in construction contracts, the assets whose estimated useful life coincides with the duration of the construction work are depreciated over the term of the contract so that they are fully depreciated upon completion thereof. For machinery whose useful life exceeds the term of the contract is depreciated systematically on the basis of the technical criteria



stipulated under the various contracts for which it is used and it depreciates under the straight-line method in the course of each contract.

Late payment interest due to delay in the payment by the client for work certifications are registered, as financial income, only when they can be reliably measured and their collection is reasonably guaranteed.

The Group Companies record in the account “Executed production pending certification”, under “Trade and other accounts receivable”, the positive difference between the recognised revenue from a contract and the amount of the certifications at the origin of the contract. In addition, they record in the account “Advances received on orders”, under “Trade and other accounts payable”, the amount of advance certifications for various items, including advances received from the client.

#### Services business revenue:

This business includes a large variety of services rendered, and the associated revenue is recognised by reference to the stage of completion of the transaction at the balance sheet date, provided that the outcome of the transaction can be reliably estimated.

For each financial year, the Group companies will follow the procedure of recognising as profit or loss from their services, the difference between production (value at the selling price of the services provided during the period, as stipulated in the main contract entered into with the client or in amendments or addenda thereto as approved by the client, or of the services not yet approved but whose recovery is highly probable) and the costs incurred during the year.

Price reviews stipulated under the initial contract signed with the client are recognised as revenue on an accrual basis, regardless of whether they have been approved by the client on an annual basis, as they are considered to have been committed to under the contract.

#### Energy sale revenue:

Electricity sales, along with associated complementary items, are recorded as revenue at the time they are delivered to the client, the moment at which the performance obligations regarding the amounts supplied during the period are met.

For generation business in regulated markets and in projects with PPA (Power Purchase Agreement), or long-term energy supply contracts, the energy sale and complementary items have pre-set prices. For projects in which energy is sold without these kinds of contracts, the energy sale price and the price of complementary services will vary throughout the project based on the quoted market prices per MWh (pool) at each moment.

#### Real estate business revenue:

The Group companies recognise property sale revenue and costs on the date the property is delivered, since this is considered to be the time when the client obtains control over the asset.



Accordingly, at the date of delivery of the property the Group companies recognise, if appropriate, the provisions required to cover the contractually stipulated costs not yet incurred in relation to the asset delivered. These provisions arise from a present obligation of the company, the amount of which can be reliably estimated and whose settlement will probably give rise to an outflow of resources for the company.

Rental revenue is recognised on an accrual basis, and incentive-related income and the initial costs of the lease agreements are recognised in profit or loss on a straight-line basis over the term of the agreement.

Borrowing costs directly attributable to the acquisition or construction of property developments or property investments -assets that necessarily require a substantial period of time to be prepared for their intended use or sale- are added to the cost of said assets until such time as the assets are substantially ready for use or sale, provided that the market value exceeds the accumulated cost of the asset. Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalisation.

P) Income tax. Deferred tax assets and liabilities

Current tax is the amount payable or recoverable for income tax relating to the consolidated taxable profit or loss for the year. Current income tax assets or liabilities are measured at the amounts expected to be paid to or recovered from the tax authorities, using tax regulations and rates that are enacted or substantively enacted at the closing date.

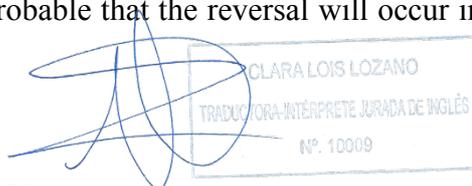
Deferred tax liabilities are the amounts payable in the future for income taxes related to taxable temporary differences, while deferred tax assets are the amounts recoverable for income taxes due to the existence of deductible temporary differences, tax loss carryforwards or deductions pending application. For these purposes, temporary differences are defined as the difference between the carrying amount of assets and liabilities and their tax base.

Current and deferred income tax are recognised in profit or loss unless it arises from a transaction or economic event that is recognised in the same or a different year against equity, or from a business combination.

(i) Recognition of deferred tax liabilities

The Group recognises deferred tax liabilities in all cases except:

- when they arise from the initial recognition of goodwill or an asset or liability in a transaction that is not a business combination and at the date of the transaction affects neither accounting profit nor the tax base.
- those that correspond to differences relating to investments in subsidiaries, associates and joint ventures over which the Group has the ability to control the timing of the reversal and it is not probable that the reversal will occur in the foreseeable future.



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(i) Recognition of deferred tax assets

The Group recognises deferred tax assets provided that:

- it is likely that there will be sufficient future taxable income to offset them or where tax legislation provides for the possibility of future conversion of deferred tax assets into a receivable from the Public Administration. However, assets arising from the initial recognition of assets or liabilities in a transaction that is not a business combination and at the date of the transaction affects neither accounting profit nor tax base are not recognised.
- they correspond to temporary differences relating to investments in subsidiaries, associates and joint ventures to the extent that the temporary differences will reverse in the foreseeable future and future taxable profit is expected to be generated to offset the differences.

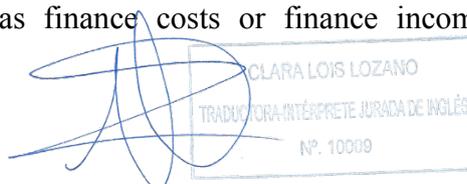
The Group recognises the conversion of a deferred tax asset into a receivable from the Public Administration when it becomes due under current tax legislation. To this end, a deferred tax asset is derecognised with a charge to the deferred income tax expense and the account receivable is recognised with a credit to the current income tax.

Q) Foreign currency balances and transactions

Transactions in currencies other than the functional currency are recognised by applying the exchange rates prevailing at the date of the transaction. During the year, the differences that arise between the balances translated at the exchange rate prevailing at the date of the transaction and the balances translated at the exchange rate prevailing at the date of collection or payment are recorded as finance costs or finance income on the consolidated income statement.

In addition, balances receivable or payable at 31 December of every year denominated in currencies other than the functional currency are translated at the year-end exchange rates. Translation differences are recognised as finance costs or finance income on the consolidated income statement.

R) Environment-related activities



In general, environment-related activities are considered to be operations whose main purpose is to prevent, reduce or redress damage to the environment.

Investments relating to environmental activities are measured at acquisition cost and capitalised as an addition to non-current assets in the year in which they are made.

Environmental protection and improvement expenses are charged to profit or loss in the year in which they are incurred, regardless of when the resulting monetary or financial flow arises.

Provisions for probable or certain liability, litigation in process and outstanding environmental indemnity payments or obligations of an unspecified amount, not covered

by the insurance policies taken out, are recorded when the liability or obligation giving rise to the indemnity or payment arises.

S) Discontinued operations and non-current assets and liabilities held for sale

The Group classifies as “Non-Current Assets Held for Sale” property, plant and equipment, intangible assets, other non-current assets or investments under “Investments Accounted for Using the Equity Method” and disposal groups (groups of assets which will be disposed of together with their directly associated liabilities) for which at the date of the consolidated balance sheet an active programme at reasonable prices has been started so as to sell them and the sale is expected to be completed within twelve months from that date.

The Group classifies as “Discontinued Operations” the relevant business lines that were sold or otherwise disposed of or which meet the criteria to be classified as held for sale, including, where applicable, assets which, together with the business line, are part of the same disposal plan or are classified as held for sale as a result of acquired commitments. Similarly, companies acquired exclusively with a view to resale are classified as “Discontinued Operations”.

These assets or disposal groups are measured at their carrying amount or their fair value less costs to sell, whichever is the lower, and depreciation on such assets ceases from the time they are classified as “Non-Current Assets Held for Sale”. However, at the date of each consolidated balance sheet the related value adjustments are made to ensure that the carrying amount is not higher than the fair value less costs to sell.

Non-current assets held for sale and the components of the disposal groups classified as held for sale are disclosed on the accompanying consolidated balance sheet as follows: the assets as a single line item called “Non-Current Assets Held for Sale” and the liabilities also as a single line item called “Liabilities Associated with Non-Current Assets Held for Sale”.

Profit or loss after tax of discontinued operations is disclosed as a single line item on the consolidated income statement as “Profit/(Loss) after Tax from Discontinued Operations”.

There were no discontinued operations at 31 December 2019 and 2018.

T) Earnings per share

Basic earnings per share are calculated by dividing the period’s net profit attributable to the parent by the weighted average number of ordinary shares outstanding during said period, excluding the average number of shares of the parent held by the Group companies.

Diluted earnings per share are calculated by dividing the period’s net profit or loss attributable to ordinary shareholders adjusted by the effect attributable to the dilutive potential ordinary shares by the weighted average number of ordinary shares outstanding during the period, adjusted by the weighted average number of ordinary shares that would have been outstanding if all the potential ordinary shares have been converted into ordinary shares of the company. For these purposes, it is considered that the shares are



converted at the beginning of the accounting period or at the date of issue of the potential ordinary shares, if the latter had been issued during the accounting period.

#### U) Consolidated cash flow statement

The following terms, with the meanings specified, are used on the consolidated statement of cash flows, which was prepared using the indirect method:

- Cash flows: inflows and outflows of cash and cash equivalents, which are taken to be changes in the value of short-term, highly liquid investments.
- Operating activities: the main revenue-producing activities of the Company and other activities that are not investing or financing activities. Based on the profit before tax from continuing operations, in addition to the adjustment for “*Depreciation and Amortisation of Assets and Change in Provisions and Impairment*”, transfers of interest paid and received are recognised under “*Other Adjustments to Profit (Net)*” although on a separate basis, as well as the transfer of the gains or losses on disposal of assets included under investment activities and, lastly, the adjustments to the results of companies accounted for using the equity method and, in general, any results that do not generate cash flows.
- Investing activities: the acquisition and disposal of long-term assets and other investments not included in cash and cash equivalents.
- Financing activities: activities that result in changes in the size and composition of equity and of borrowings that are not operating activities.

#### 4.3 **Accounting estimates and judgements**

The information contained in these financial statements is the responsibility of the Directors of the parent company.

For the consolidated financial statements for 2019 and 2018, estimates were made by the Parent’s Directors in order to measure some of the assets, liabilities, income, expenses and obligations reported therein. These estimates, the results of which can be found in the applicable measurement standards, refer to:

- The measurement of assets showing signs of impairment and goodwill so as to determine any impairment losses thereon.
- Allocation of the cost of business combinations.
- Revenue recognition in the construction and engineering business.
- The assumptions used in the actuarial estimate of pension liabilities and obligations.
- The useful life of property, plant and equipment, investment property and intangible assets.
- The assumptions used to measure the fair value of financial instruments.
- The probability of occurrence and the amount, as applicable, of liabilities of an undetermined amount or contingent liabilities.
- Future costs for dismantling facilities and the restoration of land.

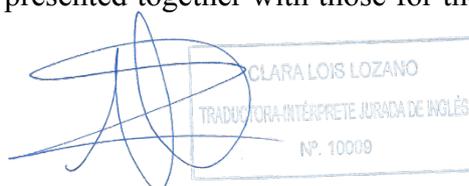


- The results for tax purposes of the various Group companies that will be reported to the tax authorities in the future, which served as the basis for recognising the various income tax related balances on the accompanying consolidated financial statements, and the recoverability of recognised deferred tax.
- Incremental rate used in the valuation of lease contracts.

These estimates were made on the basis of the best information available at 31 December 2019 and 2018 on the events analysed. However, events that may take place in the future could make it necessary to change these estimates. Any such changes would be made in accordance with the requirements of IAS 8.

#### 4.4 Changes in accounting estimates and policies and correction of fundamental errors

- Changes in accounting estimates: the effect of any change in accounting estimates is recognised prospectively, under the same income statement heading as that under which the expense or income measured using the previous estimate was recognised.
- Changes in accounting policies and correction of fundamental errors. The effects of changes and corrections of this kind are recognised as follows: if material, the cumulative effect at the beginning of the year is adjusted under “Reserves” and the effect for the current year is recognised on the income statement. In these cases, the financial data for the comparative year presented together with those for the current year are restated.



#### 5.- Property, plant and equipment

The changes in financial years 2019 and 2018 in cost and accumulated depreciation were as follows (in thousand euros):

Property, plant and equipment	Land and buildings	Electricity generating facilities	Other plant and machinery	Advances and PPE in progress	Other PPE	Depreciation	Impairment	Total
<b>Balance at 31.12.2017</b>	<b>356,310</b>	<b>10,302,821</b>	<b>817,069</b>	<b>430,350</b>	<b>222,646</b>	<b>(4,712,122)</b>	<b>(776,746)</b>	<b>6,640,329</b>
Variations due to changes in the scope of consolidation	15,885	64,478	9,980	(2,213)	(1,778)	(39,924)	946	47,374
Additions / charge for the year	5,210	9,804	36,202	407,544	35,306	(489,821)	(10,030)	(5,785)
Reductions	(979)	(39,460)	(82,966)	(2,222)	(10,877)	121,994	5,499	(9,011)
Transfers	(17,126)	495,630	4,877	(442,189)	(153)	(1,344)	(13,704)	25,991
Other changes	(1,485)	62,171	(4,296)	(924)	(1,784)	(12,406)	(4,185)	37,091
<b>Balance at 31.12.2018</b>	<b>357,815</b>	<b>10,895,444</b>	<b>780,866</b>	<b>390,346</b>	<b>243,360</b>	<b>(5,133,623)</b>	<b>(798,220)</b>	<b>6,735,988</b>
Variations due to changes in the scope of consolidation	245	18	3,497	(7,346)	2,390	(4,639)	--	(5,835)
Additions / charge for the year	12,395	16,361	38,766	704,691	61,746	(442,182)	(1,839)	389,938
Reductions	(10,688)	(11,551)	(69,635)	(2,394)	(16,454)	70,991	1,722	(38,009)
Transfers	160	522,336	(89,196)	(511,673)	(12,835)	37,118	8	(54,082)
Other changes	444	103,801	6,390	8,986	2,835	(27,572)	(2,444)	92,440
<b>Balance at 31.12.2019</b>	<b>360,371</b>	<b>11,526,409</b>	<b>670,688</b>	<b>582,610</b>	<b>281,042</b>	<b>(5,499,907)</b>	<b>(800,773)</b>	<b>7,120,440</b>

Breakdown of the net balances at the end of 2019 and 2018 was as follows:

Property, plant and equipment	2019				2018			
	Cost	Depreciation	Impairment	Total	Cost	Depreciation	Impairment	Total
Land and buildings	360,371	(182,171)	(12,943)	165,257	357,815	(173,844)	(12,934)	171,037
Electricity generating facilities	11,526,409	(4,631,545)	(765,790)	6,129,074	10,895,444	(4,240,342)	(762,105)	5,892,997
Other plant	216,659	(156,799)	(924)	58,936	223,447	(148,127)	(924)	74,396
Machinery	454,029	(352,852)	(9,849)	91,328	557,419	(404,809)	(9,849)	142,761
Advances and PPE in progress	582,610	--	(10,712)	571,898	390,346	--	(11,750)	378,596
Other PPE	281,042	(176,540)	(555)	103,947	243,360	(166,501)	(658)	76,201
<b>Total</b>	<b>13,421,119</b>	<b>(5,499,907)</b>	<b>(800,773)</b>	<b>7,120,440</b>	<b>12,667,831</b>	<b>(5,133,623)</b>	<b>(798,220)</b>	<b>6,735,988</b>

The most significant movements in the year under property, plant and equipment relate to "Additions" for ongoing investments made in the energy division amounting to approximately 696 million euros relating mainly to wind projects in the United States, Chile, Australia and Mexico, as well as photovoltaic projects in Chile and Ukraine.

At the end of 2019, the construction phase was completed and two wind farms came into operation, one located in Chile called San Gabriel and the other in the United States, Palmas Altas. Another significant milestone relates to the Dymerska photovoltaic plant in Ukraine which came into operation in June 2019. For these concepts, the line "Transfers" includes a transfer from PPE in progress to electric power generation facilities for a total amount of 518 million euros.

This heading also includes transfers from intangible assets in respect of the expected rights associated with the process of obtaining permits for a wind farm in Chile and a photovoltaic plant in Ukraine for a total net amount of 13 million euros (17 million euros in 2018).

IFRS 16 leases entered into force on 1 January 2019, so assets recognised under property, plant and equipment relating to leases formerly known as "finance leases" were transferred to the new balance sheet heading "Right of Use". The net amount recognised under "Transfers" amounted to 66 million euros and was mainly transferred to an energy substation, machinery and transportation elements (see note 7.1).

The "Reductions" line mainly includes disposals of construction machinery related to projects developed in Norway and Poland.

In 2019, the "Other changes" line included mostly the effect of translation differences for the period, for a positive amount of 80 million euros (negative 22 million euros in 2018), which came mainly from the wind farms located in the United States, Chile and Mexico whose financial statements consolidate in US dollars, as well as wind farms located in Australia and Canada due to the appreciation of the US, Australian and Canadian dollars against the euro in 2019.

In 2018, noteworthy "Additions" were associated with investments made in wind power generation facilities in Mexico, Australia, Chile, the United States and Spain and photovoltaic generation facilities in Ukraine, amounting to approximately 394 million euros. In addition, two wind power projects entered into operation in July and September

2018, one in Mexico and one in Australia, for which an amount of 399 million euros was transferred from PPE in progress to electric power generation facilities.

In 2018, “Reductions” were recognised for a fully amortised amount of 37 million euros in connection with the dismantling of the El Cabrito wind farm in Cádiz (Spain), on which the Group completed the repowering process and hence the old wind turbines were replaced by more modern and efficient ones, as well as retirements associated with works carried out in Ecuador and Dubai which were almost fully amortised.

Finally, “Variations due to changes in the scope of consolidation” in 2018 included land and buildings, plant and PPE in progress from the services division, after acquiring control over the Chilean company “Andes Airport Services, S.A.”, in addition to the acquisition of the additional 50% of two wind farms in Spain “Valdivia Energía Eólica, S.A.” and “Eólico Alijar, S.A.” in the energy division.

No signs of impairment have been identified during 2019 and 2018 which have pointed to the need to recognise any additional significant impairment.

At 31 December 2019, the amount registered for 2018 and for the previous years under “impairments” amounted to 801 million euros (798 million euros in 2018). The impairment amounts of the assets registered at 31 December 2019 mainly correspond to the energy division, both in the international area and in respect of Spanish assets. In the case of Spanish assets, it is due to the regulatory change that took place in 2012 and 2013 as explained in detail in note 2 relating the Spanish regulatory framework.

In 2019 the companies capitalised finance costs amounting to 12 million euros as property, plant and equipment (6.9 million euros in 2018) (see Note 28).

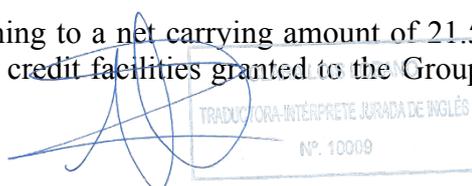
Fully depreciated property, plant and equipment in use at 31 December 2019 and 2018 amounted to 486 and 465 million euros, respectively; most of these assets are currently in use.

At 31 December 2019, the Group companies had property, plant and equipment purchase commitments amounting to 646 million euros, mainly in the energy division, for the renewable energy generation facilities currently under construction in Mexico, the United States, Australia, Chile and Ukraine. The amount committed at 31 December 2018 came to 233 million euros.

The Group has insurance policies to cover the possible risks to which its property, plant and equipment are exposed, and the claims that might be filed against it in the development of its business activities. These policies are considered to provide adequate cover for the related risks.

At 31 December 2019, the net carrying amount for material assets used as guarantee for finance debts associated with a specific project in the energy division was 1,561 million euros (1,967 million euros in 2018).

The Group has mortgaged land and buildings coming to a net carrying amount of 21.5 million euros (22 million euros in 2018) to secure credit facilities granted to the Group by banks.



## 6.- Investment property

The Group's investment property relates mainly to properties earmarked for lease.

The changes in 2019 and 2018 in the Group's investment property were as follows:

Investment property	Thousand euros			
	Cost	Depreciation	Impairment	Total
<b>Balance at 31.12.2017</b>	<b>276,804</b>	<b>(47,810)</b>	<b>(52,237)</b>	<b>176,757</b>
Additions	9,988	(4,201)	(1,281)	4,506
Disposals	(82,341)	11,455	20,423	(50,463)
<b>Balance at 31.12.2018</b>	<b>204,451</b>	<b>(40,556)</b>	<b>(33,095)</b>	<b>130,800</b>
Additions	559	(2,829)	(330)	(2,600)
Disposals	(80,648)	16,954	13,189	(50,504)
Transfers	(28,171)	--	--	(28,171)
<b>Balance at 31.12.2019</b>	<b>96,191</b>	<b>(26,431)</b>	<b>(20,236)</b>	<b>49,524</b>

The most significant changes in financial year 2019 correspond to the disposal of two buildings in Madrid and Barcelona intended for use as offices with a net carrying amount of 33.6 million euros, as well as the sale of mainly residential property assets located in Spain. Also noteworthy is the transfer of an asset located in Madrid, due to a change of use from investment property to inventories for a gross amount of 28 million euros (see note 27).

The most significant changes in financial year 2018 corresponded to the sale of an office building in Madrid with a net carrying amount of 39 million euros, as well as the sale of various assets, mainly residential, located in Spain.

At 31 December 2019, the fair market value of the assets recorded under this line item estimated on the basis of the valuations made by independent appraisers (see note 4.2. F) came to 68,640 thousand euros (156,522 thousand euros at 31 December 2018). The reduction in value in 2019 compared to 2018 was mainly due to the sale of the two office buildings in Madrid and Barcelona mentioned above, the transfer of an asset from investment property to inventories due to a change of use and, to a lesser extent, to sales of residential property assets. The aggregate appraisal value of these assets at 31 December 2018 was 87,974 thousand euros. Considering these impacts, the appraised value in 2018 if compared to 2019 would amount to 68,415 thousand euros.

The rental income earned by the Group from investment property listed under this heading at 31 December 2019, all of which was leased out under operating leases, amounted to 11.4 million euros (11.7 million euros in 2018). Direct operating expenses arising from investment property in the period amounted to 6 million euros (6.6 million euros in 2018), recognised under "Other Operating Expenses" on the accompanying consolidated income statement.

At 31 December 2019 and 2018, the Group had mortgaged a portion of its investment property included under this heading, for 1.8 and 5.8 million euros net, respectively, to secure various loans and credit lines granted to the Group. The decrease was mainly due to the sale of residential property assets.

Detail by location of the cost of the properties held to earn rentals assigned to the real estate division of the Acciona Group at 31 December 2019 and 2018 was as follows:

Location	2019			2018		
	Cost	Depreciation	Provisions	Cost	Depreciation	Provisions
Madrid	5,078	(996)	--	62,775	(4,926)	(873)
The Levant Region	12,368	(5,106)	(72)	14,411	(4,897)	(661)
Andalusia	16,385	(4,542)	(5,634)	16,450	(4,508)	(5,657)
Catalonia	30,649	(7,039)	(7,446)	60,804	(17,079)	(11,958)
Other	29,068	(8,031)	(6,848)	47,586	(8,475)	(13,695)
<b>Total</b>	<b>93,549</b>	<b>(25,715)</b>	<b>(20,001)</b>	<b>202,025</b>	<b>(39,886)</b>	<b>(32,844)</b>

## 7.- Leases

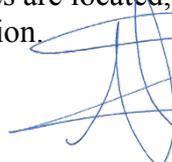
### 7.1 Right of Use assets

The changes in 2019 in cost and accumulated depreciation were as follows (in thousand euros):

Right of use	Land and natural resources	Buildings	Technical facilities	Machinery and transport elements	Other RoU	Depreciation	Impairment	Total
<b>Balance at 31.12.2018</b>	--	--	--	--	--	--	--	--
IFRS 16 1st application	214,410	58,207	69,795	50,007	810	--	--	<b>393,229</b>
Additions / charge for the year	569	4,576	1,537	17,794	453	(89,119)	--	<b>(64,190)</b>
Reductions	--	(4,594)	(2)	(14,563)	--	18,133	--	<b>(1,026)</b>
Transfers	--	177	25,113	75,860	235	(35,185)	--	<b>66,200</b>
Variations due to changes in the scope of consolidation	--	7,401	--	54	--	--	--	<b>7,455</b>
Other changes	2,456	413	1,342	3,319	--	(240)	--	<b>7,290</b>
<b>Balance at 31.12.2019</b>	<b>217,435</b>	<b>66,180</b>	<b>97,785</b>	<b>132,471</b>	<b>1,498</b>	<b>(106,411)</b>	<b>--</b>	<b>408,958</b>

The main movement under this heading relates to the recognition of underlying assets of the operating lease contracts amounting to 393 million euros, as the new standard that regulates the accounting treatment of leases, IFRS 16, came into force (see note 4.1). In addition, the assets associated with finance lease agreements recognised in the balance sheet at 31 December 2018, for a net amount of approximately 66 million euros, were reclassified from property, plant and equipment to “Right of use” (see note 5).

The main leases recognised in this heading in which the Group acts as lessee refer to leases of land on which power generation facilities are located, offices, a solar plant, and machinery used mainly in the infrastructure division.


  
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In 2019, the Group recorded an interest expense and amortisation expense of 24 million and 89 million euros, respectively, in the income statement associated with these lease contracts.

The detail of the net carrying amount of the right of use classified according to the nature of the underlying asset at 31 December 2019 is as follows, in thousands of euros:

Right of use	2019			
	Cost	Depreciation	Impairment	Total
Land and natural resources	217,435	(13,380)	--	204,055
Buildings	66,180	(18,700)	--	47,480
Technical facilities	97,785	(16,539)	--	81,246
Machinery	92,474	(43,991)	--	48,483
Transport elements	39,997	(13,385)	--	26,612
Other RoU	1,498	(416)	--	1,082
<b>Total</b>	<b>515,369</b>	<b>(106,411)</b>	<b>--</b>	<b>408,958</b>

## 7.2 Non-current and current lease obligations

The balance of liabilities associated with lease contracts at 31 December 2019 is detailed below, in thousands of euros:

	2019		
	Current	Non-current	Total
Lease obligations	55,233	346,631	<b>401,864</b>
Obligations under finance leases (see note 19)	11,690	25,204	<b>36,894</b>
<b>Total leasing liabilities</b>	<b>66,923</b>	<b>371,835</b>	<b>438,758</b>

On 1 January 2019, on the first application of IFRS 16, the Group recognised a liability associated with previous operating lease agreements amounting to 424 million euros. In addition, 30 million euros associated with finance lease agreements that had already been recognised in the balance sheet at 31 December 2018 was also transferred to “Lease obligations”.

Detail of the Group’s “Lease obligations” at 31 December 2019 was as follows, in thousands of euros:



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	2019	2018	
Amounts payable under lease obligations	Minimum lease payments	Minimum operating lease payments	Minimum finance lease payments with suppliers
Within one year	76,574	93,682	7,733
Between one and five years	226,385	222,192	17,092
Over five years	388,450	418,956	20,615
<b>Total lease payments payable</b>	<b>691,409</b>	<b>734,830</b>	<b>45,440</b>
Less future finance charges	289,544	310,924	15,756
<b>Present value of lease obligations</b>	<b>401,864</b>	<b>423,907</b>	<b>29,684</b>
Less amount due for settlement within twelve months (current lease obligations)	55,233	69,098	5,866
<b>Amount due for settlement after twelve months</b>	<b>346,631</b>	<b>354,808</b>	<b>23,818</b>

Note 19 to these financial statements gives a breakdown of the maturities of the commitments classified as “Obligations under finance leases”.

## 8.- Goodwill

The movements in “Goodwill” on the accompanying consolidated balance sheet in 2018 were as follows (in thousand euros):

	Balance at 31/12/2017	Additions	Impairment	Other changes	Balance at 31/12/2018
Subgroup Geotech Holding	106,347	3,800	--	(6,268)	103,879
Subgroup Acciona Facility Services	50,962	--	--	--	50,962
Subgroup Acciona Agua	27,976	--	--	--	27,976
Subgroup Acciona Aeropuertos	--	16,427	--	(1,132)	15,295
Others	365	--	--	(11)	354
<b>Total</b>	<b>185,650</b>	<b>20,227</b>	<b>--</b>	<b>(7,411)</b>	<b>198,466</b>

The movements in “Goodwill” on the accompanying consolidated balance sheet in 2019 were as follows (in thousand euros):

	Balance at 31/12/2018	Additions	Impairment	Other changes	Balance at 31/12/2019
Subgroup Geotech Holding	103,879	--	--	1,461	105,340
Subgroup Acciona Facility Services	50,962	2,528	--	--	53,490
Subgroup Acciona Agua	27,976	--	--	--	27,976
Subgroup Acciona Aeropuertos	15,295	--	--	(793)	14,502
Subgroup Bestinver	--	22,304	--	--	22,304
Subgroup Acciona Producciones y Diseño	--	9,431	--	--	9,431
Others	354	--	--	6	360
<b>Total</b>	<b>198,466</b>	<b>34,263</b>	<b>--</b>	<b>674</b>	<b>233,403</b>

On 22 July 2019, Bestinver S.A. acquired two companies of the Fidentiis Group, a leading firm in Spain specialising in the capital markets of southern Europe (see note 3.2.h). In November 2019, after obtaining the relevant administrative authorisation, the Group registered the acquisition, generating goodwill of 22 million euros.

Also noteworthy is the acquisition of a company specialising in the organisation of sporting events, Auriga Sport, S.A., which will complement the activity of the subsidiary Acciona Producciones y Diseño, S.A., generating goodwill of 9 million euros (see note 3.2.h).

Finally, the recognition of 2.5 million euros in the services division is noted, following the takeover of a company in Qatar.

With regards to the goodwill recorded during financial year 2019, at 31 December 2019 there have been no signs of circumstances indicating that the hypotheses and assumptions considered at the time of the acquisition have undergone relevant changes.

At 31 December 2019, positive translation differences under this heading have been recorded amounting to approximately 0.7 million euros, mainly due to Australian dollar and Chilean peso exchange rate fluctuations.

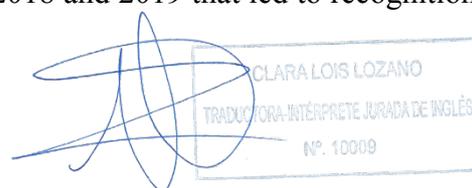
In 2019, the update of the impairment tests for the various subgroups, according to the method described in note 3.2 F), did not show the need to record any impairment.

The growth rate employed by the Group to extrapolate the cash flow projections beyond the five-year period covered by the forecasts was 2% for the subgroup Geotech Holding, and the growth rate used by the Agua, Services and Andes Airport Services, S.A. subgroups was 1.5%.

The WACC rates after tax that were applied were: 7.2% for the Geotech Holding subgroup, 4.68% for the Agua subgroup, 6% for the Services subgroup, and 7.5% for the Andes Airport Services, S.A. subgroup.

A sensitivity test was carried out for these subgroups, particularly in relation to the operating margin, the discount rate and the perpetuity growth rate, in order to ensure that possible changes in the estimation did not have an impact on the possible recovery of the goodwill registered. The outcome of these sensitivity tests indicated that, decreases of 75 basis points in the growth rate applied, increases in the discount rate of up to 40 basis points and 150 basic point reductions in the net operating margin, these assumptions being considered jointly, do not change the outcome of the impairment test, that is, no impairment is shown on the goodwill registered.

There were no further additions to the group in 2018 and 2019 that led to recognition of goodwill different than those described above.



## 9. - Other intangible assets

The changes in 2019 and 2018 were as follows (in thousand euros):

Other intangible assets	Develop-ment	Concessions	Computer software	Advances	Others	Amortisation	Impairment	Total
Balance at 31.12.2017	53,309	2,092,622	53,580	14,439	45,347	(562,388)	(120,887)	1,576,022
Variations due to changes in the scope of consolidation	--	(130,335)	(379)	--	60	27,518	101,550	(1,586)
Additions / charge for the year	624	66,547	6,740	9,910	1,500	(92,376)	--	(7,055)

Retirements	(6)	(2,766)	(539)	--	(2,403)	1,294	25	(4,395)
Transfers	--	(1,091,028)	64	(15,103)	--	126,197	12,829	(967,041)
Other changes	(93)	(14,636)	(210)	--	(755)	4,332	--	(11,362)
<b>Balance at 31.12.2018</b>	<b>53,834</b>	<b>920,404</b>	<b>59,256</b>	<b>9,246</b>	<b>43,749</b>	<b>(495,423)</b>	<b>(6,483)</b>	<b>584,583</b>
Variations due to changes in the scope of consolidation	--	--	710	--	(1,041)	(589)	--	(920)
Additions / charge for the year	2,159	8,756	14,736	10,046	155	(51,580)	(3,060)	(18,788)
Retirements	--	(28,340)	(709)	(13)	(10,175)	15,538	54	(23,645)
Transfers	--	(12,634)	(1,273)	(505)	837	(35)	--	(13,610)
Other changes	57	6,314	119	--	161	(1,011)	--	5,640
<b>Balance at 31.12.2019</b>	<b>56,050</b>	<b>894,500</b>	<b>72,839</b>	<b>18,774</b>	<b>33,686</b>	<b>(533,100)</b>	<b>(9,489)</b>	<b>533,260</b>

Breakdown of the net balances at the end of 2019 and 2018 was as follows:

Other intangible assets	2019				2018			
	Cost	Amortisation	Impairment	Total	Cost	Amortisation	Impairment	Total
Development	56,050	(50,452)	--	5,598	53,834	(49,935)	--	3,899
Concessions	894,500	(403,568)	(9,489)	481,443	920,404	(367,178)	(6,450)	546,776
Computer software	72,839	(50,073)	--	22,766	59,256	(45,070)	--	14,186
Advances	18,774	--	--	18,774	9,246	--	--	9,246
Other intangible assets	33,686	(29,007)	--	4,679	43,749	(33,240)	--	10,476
<b>Total</b>	<b>1,075,849</b>	<b>(533,100)</b>	<b>(9,489)</b>	<b>533,260</b>	<b>1,086,489</b>	<b>(495,423)</b>	<b>(6,483)</b>	<b>584,583</b>

The "Concessions" line mainly includes those concession assets where the risk of recovering the asset is assumed by the operator.

In addition, it includes the cost of the administrative concessions and the levies paid by Acciona Agua for concessions related to the integral water cycle.

The most noteworthy additions in 2019 relate to investments in computer software amounting to 15 million euros and additional ongoing investments at year-end amounting to 8 million euros relating to computer software in the process of being implemented, all of which are aimed at innovation, improvement in the integration of the Group's processes, and technological development, as well as investments aimed at adapting the systems to cover legal, accounting or tax requirements in the various geographical areas in which the Group operates.

Additions also include investments made in expectant rights associated with two photovoltaic projects "Gudzovka" and "Arcyz" in Ukraine amounting to 3 million euros.

In 2019 the Group derecognised 23 million euros relating to the commitment to invest in a concession in the water business in Mexico since the client did not perform the actions required in accordance with the specifications in 2019 which would have determined this commitment.

Another notable reduction was that of the initial valuation of intangible assets associated with the confirmed portfolio of works identified during the acquisition of the Australian subgroup "Geotech Holding" in 2017, amounting to 9.7 million euros under "other assets" which was fully depreciated.

Under the concessions line, “Transfers” includes most notably the transfer of expectant rights amounting to 13 million euros to “Property, Plant and Equipment” associated with the start-up of the Dymershka photovoltaic solar plant in Ukraine and the San Gabriel wind farm in Chile.

In financial year 2018, “Variations due to changes in the scope of consolidation” mainly corresponded to the disposal of the concessionaire company of Brazilian motorway, Rodovía do Aço, S.A., after it was sold in November 2018.

The main “Additions” in 2018 included the award of a concession to the Water division in Boca del Río, Mexico, related to the integral water cycle, as well as the acquisition of the expected rights associated with projects under development in the energy division in Mexico and Ukraine.

In 2018, the most significant amount recorded under the “Transfers” line mostly corresponded to the reclassification made to current assets of the assets and liabilities related to the concession business of the subsidiary ATLL Concessionària de la Generalitat de Catalunya, S.A. as a result of the early termination of the concession contract.

In financial year 2019, the “Other changes” line includes the effect of translation differences in the period for a positive amount of 6 million euros, mainly related to the appreciation of the US dollar and Mexican peso (negative amount of 11 million euros in 2018).

The breakdown of the “Concessions” line at 31 December 2019 and 2018 was the following:

Concessions	2019				2018			
	Cost	Amortisation	Impairment	Total	Cost	Amortisation	Impairment	Total
Administrative Concessions	276,932	(126,971)	(6,384)	143,577	306,998	(121,792)	(3,345)	181,861
Intangible Concessions (IFRIC 12)	617,568	(276,597)	(3,105)	337,866	613,406	(245,386)	(3,105)	364,915
<b>Total</b>	<b>894,500</b>	<b>(403,568)</b>	<b>(9,489)</b>	<b>481,443</b>	<b>920,404</b>	<b>(367,178)</b>	<b>(6,450)</b>	<b>546,776</b>

The breakdown of the main concessions is given in Appendix V and the detail of the balance of the main concessions under the intangible model (IFRIC 12) at 31 December 2019 and 2018 was as follows:

Concessions	2019				2018			
	Cost	Amortisation	Impairment	Total	Cost	Amortisation	Impairment	Total
S.C. A2 Tramo 2, S.A.	148,599	(77,660)	(3,104)	67,835	148,597	(67,975)	(3,104)	77,518
Consorcio Eólico Chiripa, S.A.	101,417	(29,400)	--	72,017	99,004	(23,388)	--	75,616
Autovía de los Viñedos, S.A.	271,712	(127,321)	--	144,391	271,711	(116,214)	--	155,497

During financial year 2019 no impairment was estimated and no significant losses appeared that were not covered with the provisions in place at 31 December 2019.

At 31 December 2019, Group companies had commitments to acquire intangible assets in the amount of 7 million euros, for concession projects in the concession division and in the water division. At 31 December 2018, the amount committed came to 43 million euros.

Fully amortised intangible assets in use at 31 December 2019 and 2018 amounted to 90 and 89 million euros, respectively.

#### 10.- Investments in associates and joint arrangements booked by the equity method

The movement in 2018 in this heading on the accompanying consolidated balance sheet was as follows (in thousands of euros):

Direct and indirect investments	Balance at 31/12/2017	Share in profit (loss) before tax	Dividend	Tax effect and other changes	Impact of IFRS 15	Changes in scope & other	Balance at 31/12/2018
<b>Direct investments of the Parent Company</b>							
Consorcio Traza, S.A.	4,894	--	--	102	--	(4,996)	--
Nordex SE	622,609	(30,426)	--	573	(36,587)	--	556,169
<b>Total direct investment</b>	<b>627,503</b>	<b>(30,426)</b>	<b>--</b>	<b>675</b>	<b>(36,587)</b>	<b>(4,996)</b>	<b>556,169</b>
<b>Indirect investments of the Parent</b>							
Indirect investments of the Acciona Energy Subgroup	192,621	33,837	(39,041)	(15,377)	--	30,693	202,733
Indirect investments of the Ceatesalas Subgroup	88,192	12,395	(7,070)	(3,556)	--	--	89,961
Indirect investments of the Acciona Construction Subgroup	35,977	10,376	(5,556)	(2,387)	--	(1,661)	36,749
Indirect investments of the Acciona Concessions Subgroup	33,167	5,191	(449)	(3,293)	--	4,425	39,041
Indirect investments of the Acciona Agua Subgroup	75,535	13,881	(18,947)	6,132	(22,340)	17,758	72,019
Indirect investments of the Acciona Inmobiliaria Subgroup	337,421	(3,839)	(201,217)	(84)	--	(129,693)	2,588
Other	915	851	(232)	19	--	9	1,562
<b>Total indirect investments</b>	<b>763,828</b>	<b>72,692</b>	<b>(272,512)</b>	<b>(18,546)</b>	<b>(22,340)</b>	<b>(78,469)</b>	<b>444,653</b>
<b>Total</b>	<b>1,391,331</b>	<b>42,266</b>	<b>(272,512)</b>	<b>(17,871)</b>	<b>(58,927)</b>	<b>(83,465)</b>	<b>1,000,822</b>

The movement in 2019 in this heading on the accompanying consolidated balance sheet was as follows (in thousands of euros):

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Direct and indirect investments	Balance at 31/12/2018	Share in profit (loss) before tax	Dividend	Tax effect and other changes	Changes in scope & other	Balance at 31/12/2019
<b>Direct investments of the Parent Company</b>						
Nordex SE	556,169	(19,811)	--	5,015	99,019	640,392
<b>Total direct investment</b>	<b>556,169</b>	<b>(19,811)</b>	<b>--</b>	<b>5,015</b>	<b>99,019</b>	<b>640,392</b>
<b>Indirect investments of the Parent</b>						
Indirect investments of the Acciona Energy Subgroup	202,733	35,193	(11,949)	(19,324)	21,413	228,066
Indirect investments of the Ceatesalas Subgroup	89,961	9,726	(10,190)	(2,654)	--	86,843

Indirect investments of the Acciona Construction Subgroup	36,749	6,663	(7,038)	2,862	(13,725)	25,511
Indirect investments of the Acciona Concessions Subgroup	39,041	7,777	(1,987)	(8,003)	2,620	39,448
Indirect investments of the Acciona Agua Subgroup	72,019	23,565	(2,126)	(1,800)	(440)	91,218
Indirect investments of the Acciona Inmobiliaria Subgroup	2,588	174	--	(162)	2,181	4,781
Other	1,562	(103)	--	(260)	(938)	261
<b>Total indirect investments</b>	<b>444,653</b>	<b>82,995</b>	<b>(33,290)</b>	<b>(29,341)</b>	<b>11,111</b>	<b>476,128</b>
<b>Total</b>	<b>1,000,822</b>	<b>63,184</b>	<b>(33,290)</b>	<b>(24,326)</b>	<b>110,130</b>	<b>1,116,520</b>

Acciona Group's interests in associates are detailed in Appendix III to these notes to the consolidated financial statements.

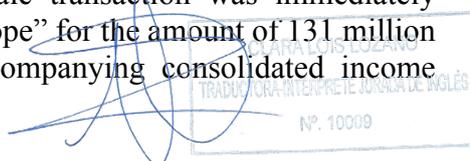
When the Group's investments in associates, mainly certain toll road concession operators, which are consolidated by application of the equity method, are reduced to zero, and where there could be implicit obligations exceeding the contributions made, the losses or equity decreases are recognised under "Non-Current Liabilities - Provisions" on the consolidated balance sheet (see Note 18). In these cases, the loss is recognised under "Other Gains or Losses" instead of "Profit/(Loss) of Companies Accounted for Using the Equity Method".

On 8 October 2019, Acciona Group accepted the proposal made by the Board of Directors of its investee Nordex SE to subscribe the entire 10% capital increase at a price of €10.21 per share, representing a disbursement of 99 million euros which is recorded under "Changes in scope". After the subscription, the shareholding rose from 29.9% to 36.27%. When the regulatory limit of 30% was exceeded, the Group was obliged to launch a public tender offer to all Nordex SE shareholders. The public tender offer was made at a price of €10.34 per share, calculated as the average price per share based on the market price of Nordex SE in the three months prior to launching the bid. The acceptance period for the public tender offer (initial period plus additional period) ended on 8 January 2020 and a total of 149,399 shares were accepted, representing 0.14% of the shareholding. After the public tender offer, the group's share stood at 36.41%.

On 20 December 2019, the Company transferred its shareholding in S.C. Autovía Gerediaga Elorrio, S.A. and Sociedad Explotadora Autovía Gerediaga Elorrio, S.A., in which it held 22.8% and 28.7%, respectively. The joint price of the shares amounted to 20.2 million euros, with capital gains for the Group of 5.5 million euros.

The remaining changes recorded under "Changes in scope & other" mainly correspond to greater contributions and refunds on the contributions in the companies in which the Group already had an investment, without the percentage share being changed. The main additions recorded in 2019 relate to greater contributions to the Mexican company Tuto Energy II, S.A.P.I. de C.V.

The most relevant movement in financial year 2018 corresponded to the sale of the shares that the Group held in the subgroup Testa Residencial SOCIMI, S.A. from the Real Estate division. Prior to the sale, the Acciona Group received a dividend for the share premium refund amounting to 201 million euros, and the sale transaction was immediately formalised, recording a decrease under "changes in scope" for the amount of 131 million euros, and a profit of 47 million euros in the accompanying consolidated income statement.



“Tax effect and other changes” reflects, in addition to the tax effect of the year’s result, the variations due to derivatives, translation differences and the effect of transfers to non-current liabilities of values that turn out to be negative upon application of the equity method.

At 31 December 2019, the heading mainly includes a negative amount of 17 million euros corresponding to the tax effect (13 million euros at 31 December 2018) and a negative amount of 14 million euros due to changes in derivatives (negative 3 million euros at 31 December 2018).

The first application of IFRS 15 was noteworthy in 2018, which resulted in a reduction in the value of investments booked by the equity method against reserves of 59 million euros.

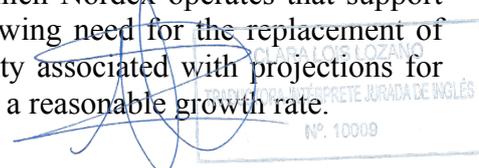
With regards to the share in Nordex, SE, a company whose shares are traded on the Frankfurt and other German Stock Exchanges, the continued significant decline in the share price to below the carrying amount experienced in 2017, together with the downward re-estimation of the forecasts announced by the company in 2017, were regarded as a sign of impairment. Thus, the Acciona Group carried out an impairment test, the result of which at 31 December 2017 indicated an impairment of the investment value of 145 million euros.

As the price of the subgroup has remained below its carrying amount, the Group considered that a new impairment test should be updated to 31 December 2019 by reviewing the main model hypotheses according to the latest information published by Nordex and using information from specialised sources in the sector.

This test places the value in use at 695 million euros, which is higher than the carrying amount of the investment. However, it cannot be ignored that the stock price continues to be at levels below the carrying amount, and the sector is yet to overcome a readjustment process caused by the transformation of compensation schemes applied to renewable energy generation businesses which some key markets have experienced. Therefore, the Group considers it prudent to maintain its policy of continuously monitoring Nordex, SE waiting to see that these improvements are consolidated in order for the impairment recorded in 2017 to be reversed. At 31 December 2019, the Group considers that such circumstances have not occurred, and therefore it maintains the impairment applied.

The methodology used for calculating the value in use is described in note 4.2.F), i.e., through discounting the cash flows (WACC) at a rate which considers the risks inherent to the company’s business as well as the different markets in which it operates. A cash flow projection that covers a period of five years (2020-2024) has been calculated for this discount operation along with a terminal value that represents the value of the future cash flow from the sixth year and which has been determined based on a standard cash flow estimate.

With regard to the growth of sales used for the standard period, which serves as a basis to calculate the terminal value (“g” parameter), a 1.5% growth has been estimated, despite the existence of growth prospects in the sector in which Nordex operates that support greater growth, among other reasons, due to the growing need for the replacement of conventional energies. However, given the uncertainty associated with projections for such large periods, it has been considered that 1.5% is a reasonable growth rate.



For the discounted cash flows, an after-tax WACC rate of 7.2% has been considered.

Also, in order to strengthen the consistency and reasonableness of the test, sensitivity analyses have been performed on changes reasonably expected to occur in the main hypotheses. Thus, a variation of +/- 50 basis points in the WACC would produce an additional impact on the calculated value of -66 and +79 million euros, and a variation of +/- 50 basis points in the sales growth rate in the standard period (“g”) would result in an additional impact on the value in use of +64 and -54 million euros.

The table below shows (in thousands of euros), in proportion to the share percentage in the capital of each of the associates included under this heading, the assets, liabilities, ordinary revenue and profit or loss for 2019 (the figures related to associates with an equity deficit, recognised on the liability side of the consolidated balance sheet, are detailed in Note 18):

	Energy	Infrastructures	Other Activities	Total
<b>Assets</b>				
Non-current assets	1,601,383	517,142	400	2,118,925
Current assets	1,071,055	199,154	19,654	1,289,863
<b>Total assets</b>	<b>2,672,438</b>	<b>716,296</b>	<b>20,054</b>	<b>3,408,788</b>
<b>Liabilities</b>				
Equity	955,302	156,436	4,782	1,116,520
Non-current liabilities	723,938	484,378	5,807	1,214,123
Current liabilities	993,198	75,482	9,466	1,078,146
<b>Total equity and liabilities</b>	<b>2,672,438</b>	<b>716,296</b>	<b>20,055</b>	<b>3,408,789</b>
<b>Profit/(Loss)</b>				
Net revenue	1,134,197	147,004	2,960	1,284,161
Profit before tax from continuing operations	25,113	37,902	169	63,184
Profit/(Loss) before tax	25,113	37,902	169	63,184

At 31 December 2019, none of the associates are individually significant for the Group except for Nordex, S.E., (36.27%); all the main key figures of this investment based on the latest available information are detailed below in thousand euros.

### Nordex SE:



The breakdown of the financial information relating to the investee is as follows, in million euros:

	Nordex (*)
<b>Assets</b>	
Non-current assets	2,571
Current assets	1,425
<b>Total assets</b>	<b>3,996</b>
<b>Equity and Liabilities</b>	
Shareholders' equity	640
Value adjustments	(20)

	Nordex (*)
Equity	620
Non-current liabilities	897
Current liabilities	2,479
<b>Total equity and liabilities</b>	<b>3,996</b>

(\*) Corresponds to the last periodic public information issued by Nordex, S.E. on the Frankfurt stock exchange on 30 September 2019.

Reconciliation of the consolidated profit/(loss) of the investee is detailed below, in million euros:

Profit/(Loss)	Nordex		
	Net revenue	Profit before tax from continuing operations	Profit/(Loss) after tax
Financial statements of investees (*)	1,943	(78)	(77)
% Share (*)	29.9%		
Attributed result	--	(24)	(23)
Adjustments (**)	--	4	7
Profit/(loss) accounted for using the equity method	--	(20)	(16)

(\*) Corresponds to the last periodic public information issued by Nordex, S.E. on the Frankfurt stock exchange on 30 September 2019, integrated at 29.9%.

(\*\*) Correspond to the valuation of homogenisation adjustments as well as the estimate of the profit/(loss) from the fourth quarter of 2019, integrated at 36.27% according to the aforementioned increase in stakeholding.

## 11. - Interests in joint operations

The Acciona Group's interests in joint operations are explained in Appendix II to these Notes to the consolidated financial statements. The most significant amounts included in the consolidated financial statements, in relation to these interests, at 31 December 2019 are summarised as follows:

	2019		2018	
	Companies	Joint operations	Companies	Joint operations
Net revenue	72,671	1,883,637	70,918	1,730,011
Gross profit/(loss) from operations	23,324	120,453	1,344	195,839
Profit/(loss) from operations	22,258	68,369	(11,161)	121,002
Non-current assets	13,932	158,054	14,138	261,957
Current assets	1,738	1,787,225	64,014	1,006,394
Non-current liabilities	37,491	320,749	1,884	282,296
Current liabilities	1,738	1,047,436	64,548	970,815

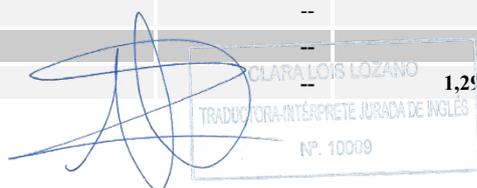
There are no stakeholdings in joint operations that are material for the Group.

## 12. - Other current and non-current financial assets

The breakdown of this heading from the Group's consolidated balance sheet at 31 December 2019 and 31 December 2018, disclosed by type and category for measurement purposes, was as follows:

Thousand euros					
31.12.2019					
Financial Assets: Type / Category	Financial Assets designated at fair value with changes in profit or loss	Financial assets at fair value with changes in the recognised consolidated income statement	Financial assets carried at amortised cost	Hedging Derivatives	Total
Equity instruments	6,624	2,063	--	--	8,687
Debt securities	--	--	--	--	--
Derivatives	--	--	--	--	--
Other financial assets	--	--	202,138	62	202,200
<b>Long-term / non-current</b>	<b>6,624</b>	<b>2,063</b>	<b>202,138</b>	<b>62</b>	<b>210,887</b>
Equity instruments	2,342	--	--	--	2,342
Other credits	--	--	131,310	--	131,310
Derivatives	--	--	--	542	542
Other financial assets	--	--	64,398	--	64,398
<b>Short-term / current</b>	<b>2,342</b>	<b>--</b>	<b>195,708</b>	<b>542</b>	<b>198,592</b>
<b>Total</b>	<b>8,966</b>	<b>2,063</b>	<b>397,846</b>	<b>604</b>	<b>409,479</b>

Thousand euros					
31.12.2018					
Financial Assets: Type / Category	Financial Assets designated at fair value with changes in profit or loss	Financial assets at fair value with changes in the recognised consolidated income statement	Financial assets carried at amortised cost	Hedging Derivatives	Total
Equity instruments	--	1,292	--	--	1,292
Debt securities	--	--	--	--	--
Derivatives	--	--	--	--	--
Other financial assets	--	--	206,364	430	206,794
<b>Long-term / non-current</b>	<b>--</b>	<b>1,292</b>	<b>206,364</b>	<b>430</b>	<b>208,086</b>
Equity instruments	--	--	--	--	--
Other loans	--	--	132,124	--	132,124
Derivatives	--	--	--	825	825
Other financial assets	--	--	45,356	--	45,356
<b>Short-term / current</b>	<b>--</b>	<b>--</b>	<b>177,480</b>	<b>825</b>	<b>178,305</b>
<b>Total</b>	<b>--</b>	<b>1,292</b>	<b>383,844</b>	<b>1,255</b>	<b>386,391</b>

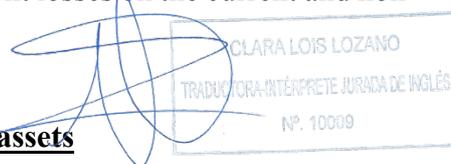

  
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The line “Other credits” records investments in short-term investments or deposits as well as funds mainly allocated by the energy division to the debt service reserve accounts for projects, as required by “Project Financing” clauses in force, to guarantee compliance with payment obligations.

The line “Other non-current financial assets” is mainly explained by the subrogation of Naviera del Roque, S.L.U. to a credit amounting to 77 million euros at 31 December 2019 (80 million euros in 2018) which matures in 2022 and has been secured by mortgages on certain vessels.

The line “Other current financial assets” mainly includes loans granted to companies accounted for by applying the equity method.

In 2019 no significant change in the balances that make up this chapter of the balance sheet should be noted. Likewise, no significant impairment losses on the current and non-current financial asset balances occurred.



### **13.– Non-current receivables and other non-current assets**

The breakdown of this heading at 31 December 2019 and 2018 was as follows:

	31.12.2019	31.12.2018
Non-current operating receivables	589,275	170,043
Non-current prepayments and accrued income	80,046	74,947
Concessions under the non-current financial asset model	108,079	110,969
<b>Total non-current receivables and other non-current assets</b>	<b>777,400</b>	<b>355,959</b>

“Non-Current Operating Receivables” includes mainly client balances and other trade receivables generated by operating activities maturing at over one year and also the retentions that are customary in the construction business.

In relation to the claim that the Acciona Group, through its subsidiary ATLL Concessionària de la Generalitat de Catalunya, S.A. (in liquidation) maintains with the Generalitat de Catalunya, as a result of the annulment of the assignment of the Ter-Llobregat water supply service management agreement sentenced by the Superior Justice Court of Catalonia and ratified by the Supreme Court, the Group at 31 December 2018 had recorded the net assets and liabilities that are subject to the concession activity under the heading “Other Current Assets” in the consolidated balance sheet, based on the expectation, at that date, of a settlement in the short term. On 1 April 2019, the Generalitat de Catalunya formulated a Provisional Final Settlement (PFS) amounting to g53.8 million euros, that is, far from the amounts claimed by the Company (see note 18), which, in the Group’s opinion, has confirmed the impossibility of this dispute being resolved without resorting to a contentious-administrative procedure. In this regard, on 24 July 2019, the Company filed a contentious-administrative appeal against the Resolution of the Territory and Sustainability Ministry of the Generalitat de Catalunya dated 1 April 2019, approving the aforementioned provisional final settlement of the contract (see Note 18). In this context, as of 31 December 2019, the Group has adjusted the compensation arising from the application of the clauses regulating the concession contract annulment; in addition, considering the premise which has been repeatedly defended by the Group and based on reports by independent experts, it is extremely unlikely that the subsidiary’s equity may

be impaired, having been classified at 31 December 2019 under “Non-current operating receivables” since the expected settlement has exceeded twelve months, except for the amount corresponding to the PFS, which remains under current assets.

Also, in June 2019 the Group transferred the future collection rights arising from the claim to a third party, which does not include the aforementioned portion of the compensation which has already been recognised by the Generalitat de Catalunya (see note 22).

On the other hand, with regard to the contract for the design, construction and commissioning of a tramway line in the centre of the city of Sydney (Australia), as mentioned in note 18, and for which there were claims and an open legal dispute with the client, an agreement was reached in May 2019 to admit a large part of the claims presented by the Group. As a result of this agreement, an account receivable, the amortised cost of which at 31 December 2019 amounted to 289 million euros, was reclassified to “Non-current operating receivables”.

Finally, this line also includes an amount of 69,734 thousand euros (68,503 thousand euros at 31 December 2018) corresponding to the fair value of a non-financial derivative taken out by a Chilean subsidiary of the Energy Division for the supply of energy to a customer from 2017 at an inflated fixed price for 13.5 years.

“Non-current prepayments” includes an amount of 62,193 thousand euros (62,319 thousand euros at 31 December 2018) corresponding to the initial value of two energy contracts formalised in December 2015 and December 2018 by two subsidiaries in the United States to supply a specific quantity of energy over a period of 13 and 12 years respectively.

“Concessions under the Non-Current Financial Asset Model” includes the balance receivable over more than one year for concessions which, in accordance with IFRIC 12, were treated as financial assets, since there was an unconditional collection right on the investment made to date. The current portion of this unconditional collection right was recognised under “Trade and Other Receivables” based on the collections expected to be made by the grantors of the concessions under the various economic and financial plans. At 31 December 2019 and 2018, the balance reclassified to short term in the “Concessions under the Current Financial Asset Model” under the heading “Trade and Other Receivables” for the amount expected to be collected by the granting entities in the next twelve months came to 14,957 and 12,852 thousand euros, respectively (see Note 15).

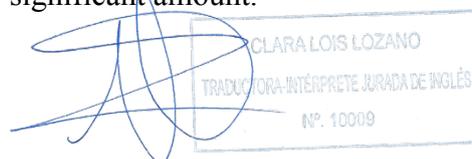
The breakdown of “Concessions under the Non-Current Financial Asset Model” for the infrastructure division was as follows:

	31.12.2019	31.12.2018
Infrastructure concessions	107,290	109,871
Integral water cycle concessions	788	1,098
<b>Total</b>	<b>108,078</b>	<b>110,969</b>

The main concession projects included in the infrastructure concession business relate to hospitals and motorways, and those in the water business relate to the integral water cycle and are detailed in Appendix V. The breakdown of the balance of the main concessions under the financial model at 31 December 2019 and 2018 was as follows:

	31.12.2019	31.12.2018
S.C. Hospital del Norte, S.A.	73,298	77,185
Hospital De Leon Bajio, S.A. De C.V.	33,992	32,686

At 31 December 2019 and 2018, the Group companies had no commitments to acquire concession assets under the financial asset model in any significant amount.



#### 14.- Inventories

Detail of the Group's inventories at 31 December 2019 and 2018 was as follows (in thousand euros):

<b>Real Estate inventories</b>	<b>2019</b>	<b>2018</b>
Raw materials, other procurements and trade inventories	40	56
Land	1,033,613	801,284
Property developments in progress	128,522	109,004
Property developments completed	90,581	64,653
Advances paid	5,047	3,522
Impairment	(353,529)	(413,652)
<b>Total real estate</b>	<b>904,274</b>	<b>564,867</b>
<b>Other inventories</b>	<b>2019</b>	<b>2018</b>
Raw materials, other procurements and trade inventories	194,998	195,549
Work in progress and half-finished goods	32,420	35,530
Finished goods	3,349	3,134
Assets received in payment of loans	13,586	12,384
Land	3,894	3,887
Advances paid	123,662	126,949
Impairment	(28,067)	(27,989)
<b>Total other inventories</b>	<b>343,842</b>	<b>349,444</b>
<b>Total inventories</b>	<b>1,248,116</b>	<b>914,311</b>

The most significant additions during financial year 2019 correspond to the acquisition of several plots of land for an amount of 282 million euros, mainly in Spain and Portugal, and to the transfer of a plot of land from "Investment property" for 28 million euros due to the change of use. In addition, a net amount of 44 million euros was transferred from land to work in process at the start of construction, and a plot of land was sold for 60 million euros. At 31 December 2019, positive translation differences under this heading have been registered amounting to approximately 6 million euros, mainly due to Mexican peso exchange rate fluctuations.

The Group has continued with developer activities, increasing the value of its developments in progress by 86 million euros, and that of its land by 18 million euros.

In addition, 110 million gross euros of work in progress has been transferred to Finished goods upon completing construction works, and real estate developments have been sold for a net value of 86 million euros.

In 2019 the Group has reversed the impairment provision for certain property assets in inventories in 30 million euros, as their recoverable amount exceeds the carrying amount on the basis of the valuations made at 31 December 2019 by independent appraisers not related to the Acciona Group.

Based on these valuations performed by Savills Aguirre Newman and CB Richard Ellis, the Group's property inventories have an estimated value of 993 million euros. These valuations consider the distortions and uncertainties of the real estate market and came up when taking into consideration the Group's current strategies in relation to the real estate business in terms of realisation and liquidity.

At 31 December 2019 and 2018 the net carrying amounts of mortgaged inventories were 1,235 and 2,347 thousand euros respectively, and related mostly to property developments completed in 2019 and 2018. The decrease was mainly due to the sale of assets.

At 31 December 2019, there was a firm commitment to purchase a plot of land in Portugal for 14 million euros and a commitment subject to various conditions precedent on land in Spain for 43 million euros.

Property development sales commitments to clients at 31 December 2019 amounted to 332,771 thousand euros (132,802 thousand euros at 31 December 2018). From the balance at 31 December 2019, the amount of 59,775 thousand euros was instrumented in notes and bills receivable, the balancing entry of which was recorded under "Current Trade and Other Payables" on the liability side of the accompanying consolidated balance sheet until the date of delivery (34,075 thousand euros at 31 December 2018).



## 15. - Trade and other receivables

Detail of "Trade and Other Receivables" at 31 December 2019 and 2018 was as follows:

	2019	2018
Trade receivables	1,135,138	1,076,486
Doubtful trade receivables	28,680	35,491
Amounts to be billed for work performed	856,237	624,361
<b>Total trade receivables for sales and services</b>	<b>2,020,055</b>	<b>1,736,338</b>
Receivable from associates	72,912	64,555
Sundry accounts receivable	236,945	163,174
Current concessions under the financial asset model (Note 13)	14,957	12,852
Provisions	(253,923)	(276,105)
<b>Total trade and other receivables</b>	<b>2,090,946</b>	<b>1,700,814</b>
Current and non-current advances from clients (Note 23)	(600,048)	(605,825)
<b>Total net balance at 31 December</b>	<b>1,490,898</b>	<b>1,094,989</b>

These assets correspond to financial instruments valued at amortised cost.

The breakdown by division of the balance of trade and other receivables, net of client advances, was as follows:

	2019	2018
Energy	362,635	554,082
Infrastructures	1,405,581	1,098,609
Other business activities	173,432	94,876
Intra-Group transactions	(450,750)	(652,578)
<b>Total net balance at 31 December</b>	<b>1,490,898</b>	<b>1,094,989</b>

The breakdown relating to the construction business was as follows:

	2019	2018
Progress billings receivable	456,546	455,123
Amounts to be billed for work performed	733,712	597,180
Sundry accounts receivable	276,347	246,554
Provisions	(203,745)	(218,494)
<b>Total construction trade receivables</b>	<b>1,262,860</b>	<b>1,080,363</b>
Advances from clients	(379,635)	(488,696)
<b>Total net balance at 31 December</b>	<b>883,225</b>	<b>591,667</b>

The breakdown, by type of client, of the net balance of construction trade receivables was as follows:

	2019	2018
Central Government	40,969	39,172
Regional Governments	25,704	25,252
Local Governments	9,174	7,355
Other	74,671	69,563
Public-sector subtotal	150,518	141,342
Private-sector subtotal	280,190	140,743
<b>Total Spanish clients</b>	<b>432,037</b>	<b>282,085</b>
<b>Total foreign clients</b>	<b>830,823</b>	<b>798,278</b>

The breakdown, by age, of receivables from clients was as follows:

	2019	2018
Age up to 3 months by date of invoice	792,645	744,825
Age between 3 and 6 months by date of invoice	34,146	28,864
Age over 6 months by date of invoice	308,348	302,797
<b>Total</b>	<b>1,135,139</b>	<b>1,076,486</b>
Invoices past due by more than 3 months and not provisioned	136,938	140,558

The movement in provisions for losses due to impairment in the value of receivables at 31 December 2019 and 2018 was as follows:

	2019	2018
<b>Opening balance</b>	<b>(276,105)</b>	<b>(319,282)</b>
Increase in provision for impairment of accounts receivable	(10,782)	(17,773)
Accounts receivable de-registered as impossible to collect	19,613	35,695
Reversion of amounts not used	9,828	1,854
Transfer to Non-current assets held for sale	--	--
Reclassifications and other minor adjustments	3,523	23,401
<b>Closing balance</b>	<b>(253,923)</b>	<b>(276,105)</b>

## 16. - Cash and cash equivalents

The detail of the balance at 31 December 2019 and 2018 was as follows:

	2019	2018
Cash	1,934,036	1,352,330
Deposits and other	214,579	365,076
<b>Total cash and cash equivalents</b>	<b>2,148,615</b>	<b>1,717,405</b>

This heading included mainly the Group's cash, bank deposits and risk-free deposits with initial maturity of three months or less.

In 2019 and 2018 the cash and cash equivalent balances earned interest at market rates.

As of 31 December 2019, the Company, in compliance with German legislation on the acquisition of securities and public tender offers (WpÜG), had an amount of 708 million euros in a restricted disposal account as security for the payment obligations that may arise from the full acceptance of the public tender offer launched for Nordex SE. This amount was unavailable at year-end and was released on 9 January 2020 after the end of the public tender offer acceptance period (see note 33).

## 17. - Equity



### a) Subscribed and registered share capital

The parent company's share capital is represented by 54,856,653 fully paid-up ordinary shares with a face value of 1 euro each, represented by book entries. All the Parent Company's shares carry the same rights and all are listed on the stock exchange.

The share capital at 31 December 2019 was reached after Acciona's Board of Directors executed its capital reduction agreement by virtue of the delegation conferred by the General Shareholders' Meeting held on 30 May 2018, for an amount equal to 2,402,897 euros through the amortisation of 2,402,897 own shares acquired through a buy-back programme in accordance with Regulation (EU) No. 596/2014, on market abuse and its delegated regulations, the purpose of which was to reduce capital through the amortisation of own shares and, to a lesser extent, to comply with the obligations that may derive from the Share Delivery Programmes for the Group's directors, executives and employees. The reduction agreement was executed on 28 March 2019. The effect of this capital reduction

through the amortisation of own shares on voluntary reserves amounted to 162,425 thousand euros.

The table below shows, based on the notices received by the company, the owners of significant direct and indirect equity interests at 31 December 2019 and 2018.

	31.12.2019	31.12.2018
Tussen de Grachten, B.V.	29.02%	27.80%
Wit Europesse Investerings, B.V.	26.10%	25.01%
La Verdosa S.L.	5.78%	5.54%

Significant shareholders have seen their shareholdings in the share capital of Acciona, S.A. change as a result of the reduction in share capital referred to in the preceding paragraph.

#### b) Share premium, reserves and translation differences

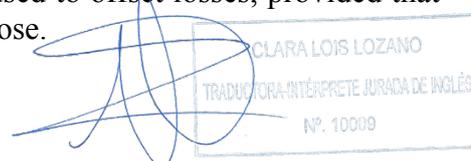
Detail of the share premium, reserves and translation differences appearing on the consolidated statement of changes in equity was as follows:

	2019	2018
<b>Issue premium</b>	<b>170,110</b>	<b>170,110</b>
Legal reserve	11,452	11,452
Reserve for retired capital	12,857	15,121
Statutory reserve	707,459	705,121
Capitalisation reserve Law 27/2014	4,667	4,667
Voluntary reserves	2,453,699	2,578,669
Consolidated reserves (note 17.d) (*)	(133,427)	(175,487)
<b>Subtotal reserves</b>	<b>3,056,707</b>	<b>3,139,543</b>
<b>Translation differences (Note 17.d)</b>	<b>(183,520)</b>	<b>(205,902)</b>
<b>Total</b>	<b>3,043,297</b>	<b>3,103,751</b>

(\*) This section includes the impact on the previous financial year of the first application of IFRS 15 and 9 at 1 January 2018 for a negative amount of 499 million euros.

The balance of the “Share Premium” account, which at 31 December 2019 and 2018 amounted to 170,110 thousands of million euros, arose as a result of the capital increases with share premiums carried out on different dates. The consolidated text of the Capital Companies Act expressly permits the use of the share premium account balance to increase capital and does not establish any specific restrictions as to the use of said balance.

The legal reserve, to which transfers must be made until 20% of the share capital is reached, can be used to increase capital provided that the remaining reserve balance does not fall below 10% of the increased share capital amount. Otherwise, until the legal reserve exceeds 20% of share capital, it can only be used to offset losses, provided that sufficient other reserves are not available for this purpose.



The capitalisation reserve set aside in accordance with Article 25 of Law 27/2014, of 27 November, on Income Tax is not available for the next five years after it is set aside, after which time it is freely distributable.

c) Treasury shares

The changes in treasury shares in financial years 2019 and 2018 were as follows:

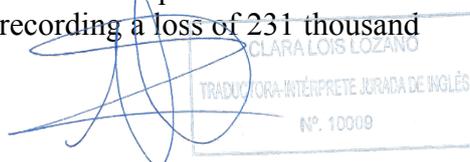
	2019		2018	
	Number of shares	Cost	Number of shares	Cost
<b>Opening balance</b>	<b>2,902,115</b>	<b>199,616</b>	<b>45,702</b>	<b>3,146</b>
Additions	1,536,056	144,099	971,942	70,675
Retirements	(1,545,975)	(144,035)	(954,831)	(68,967)
<b>Liquidity contract movements</b>	<b>(9,919)</b>	<b>64</b>	<b>17,111</b>	<b>1,708</b>
Other additions	--	--	2,967,395	203,073
Other retirements	(2,493,555)	(171,047)	(128,093)	(8,311)
<b>Other movements</b>	<b>(2,493,555)</b>	<b>(171,047)</b>	<b>2,839,302</b>	<b>194,762</b>
<b>Closing balance</b>	<b>398,641</b>	<b>28,633</b>	<b>2,902,115</b>	<b>199,616</b>

On 2 July 2015 Acciona, S.A. reported subscription of a liquidity contract with Bestinver Sociedad de Valores, S.A. for the management of its treasury stock. The company's stock operations carried out by Bestinver within the framework of this contract take place on the Spanish stock exchanges and the purpose is to increase the liquidity of transactions and the stability of the trading price. On 10 July 2017, Acciona, S.A. cancelled said liquidity contract and on the same date, the Company signed a new liquidity contract with the terms detailed in Circular 1/2017 of the Spanish National Securities Market Commission (CNMV) for the purposes of their acceptance as a market practice. The cash accounts and securities accounts that were associated with the cancelled liquidity contract and amounted to 44,328 shares and 3,539,115 euros were used to allocate cash and securities to the new liquidity contract, adjusting the amount in cash to the trading value of the shares assigned to the new contract, in accordance with the limits established in the new CNMV circular, which have been set at 44,328 shares and 3,340,000 euros.

In 2019, the positive result recorded in reserves from transactions with treasury shares carried out under the liquidity agreement amounted to 345 thousand euros (in 2018 it was 427 thousand euros).

In connection with the resolution adopted by the Board of Directors on 27 March 2018, the planned capital reduction was carried out on 28 March 2019, as mentioned above, by redeeming 2,402,897 shares, resulting in a negative adjustment of 162,425 thousand euros to the company's reserves.

Under deliveries, 81,983 shares were retired under the Share Delivery Plan and the Variable Remuneration Replacement Plan for Company directors, recording a profit of 2,116 thousand euros in reserves. In 2018, 150,000 shares were acquired for a value of 9,865 thousand euros, and 119,418 shares were retired, recording a loss of 231 thousand euros in reserves.



On 20 December 2019, and under the Performance Shares Plan, 8,675 shares were given to Executive Directors of the Company, resulting in a profit being recorded in reserves amounting to 203 thousand euros. In 2018, 8,675 shares were given to Executive Directors of the Company, which led to a profit being recorded in reserves amounting to 70 thousand euros.

d) Reserves in consolidated companies and translation differences

The detail, by business line, of the consolidation reserves (including value adjustments) contributed by subsidiaries, joint ventures and associates and of the related translation differences at 31 December 2019 and 2018 was as follows (in thousand euros):

Line of business	2019		2018	
	Consolidated Reserves	Translation Differences	Consolidated Reserves (*)	Translation Differences
Energy	(559,577)	(17,876)	(569,124)	(38,625)
Infrastructures	(339,033)	(178,074)	(370,349)	(163,754)
Other Activities	779,145	12,430	798,708	(3,523)
Consolidation adjustments	(13,962)	--	(34,721)	--
<b>Total</b>	<b>(133,427)</b>	<b>(183,520)</b>	<b>(175,486)</b>	<b>(205,902)</b>

(\*) In 2018, the consolidated reserves decreased after the impact of the first application of IFRS 15 and 9 at 1 January 2018 by a negative amount of 499 million euros,

In addition to the parent company, at 31 December 2019, the Group company Mostostal Warszawa, S.A. was a listed company. The average market price of this company on the Warsaw Stock Exchange in the last quarter was PLN 4.17 and the market price at year-end was PLN 3.88. The associate Nordex SE is also a listed company on the German Stock Exchange. Its average market price in the last quarter was EUR 11.90 and the market price at year-end was EUR 12.08.

e) Value adjustments

- Financial assets at fair value with changes in the consolidated statement of comprehensive income

This heading under “Retained Earnings” on the consolidated balance sheet includes the amount, net of the related tax effect, of changes in the fair value of assets classified at fair value with changes in the consolidated statement of comprehensive income.

The changes in the balance of this heading for 2019 and 2018 were as follows:

	2019	2018
<b>Balance at 1 January</b>	<b>(30)</b>	<b>114</b>
Increases in value in the year	--	--
Decreases in value in the year	(23)	(144)
Transfer to results for the year	--	--
Changes in the scope of consolidation	--	--
<b>Balance at 31 December</b>	<b>(53)</b>	<b>(30)</b>

- Cash flow hedges

This heading under “Retained Earnings” on the consolidated balance sheet reflects the amount, net of the tax effect, of changes in the fair value of financial derivatives designated as cash flow hedging instruments (see Note 21).

The changes in the balance of this item in 2019 and 2018 were as follows:

	2019	2018
<b>Balance at 1 January</b>	<b>(98,532)</b>	<b>(135,723)</b>
• Value adjustments in the year	(76,432)	2,577
<i>Gross</i>	(101,909)	3,436
<i>Tax effect</i>	25,477	(859)
• Transfer to profit / (loss) for the year	30,017	34,614
<i>Gross</i>	40,021	46,153
<i>Tax effect</i>	(10,004)	(11,539)
<b>Balance at 31 December</b>	<b>(144,947)</b>	<b>(98,532)</b>

f) Non-controlling interests

The balance of “Non-Controlling Interests” on the accompanying consolidated balance sheet reflects the carrying value of the holdings of non-controlling interests in the subsidiaries. Also, “Non-Controlling Interests” on the accompanying consolidated income statement reflects the share of non-controlling interests in the profit or loss for the year.

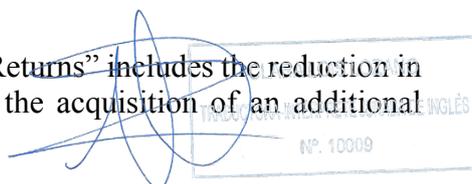
The movement in 2018 was as follows (in thousand euros):

Company	Balance at 31/12/2017	Changes in scope and capital contr./ret.	Dividends	Value adjustments and other	Year's Profit/ (Loss)	Balance at 31/12/2018
Energy	156,435	3,718	(18,229)	20,756	20,258	182,938
Infrastructures	30,637	692	(28,419)	(4,978)	24,216	22,148
Other Activities	15,969	(15,255)	--	(40)	(47)	627
<b>Total non-controlling interests</b>	<b>203,041</b>	<b>(10,845)</b>	<b>(46,648)</b>	<b>15,738</b>	<b>44,427</b>	<b>205,713</b>

The movement in 2019 was as follows (in thousand euros):

Company	Balance at 31/12/2018	Changes in scope and capital contr./ret.	Dividends	Value adjustments and other	Year's Profit/ (Loss)	Balance at 31/12/2019
Energy	182,938	634	(10,922)	(4,710)	25,241	193,181
Infrastructures	22,148	(17,349)	(6,397)	971	20,701	20,074
Other Activities	627	6,163	(328)	(111)	(118)	6,235
<b>Total non-controlling interests</b>	<b>205,713</b>	<b>(10,552)</b>	<b>(17,647)</b>	<b>(3,850)</b>	<b>45,824</b>	<b>219,490</b>

The line “Changes in Scope and Capital Contributions>Returns” includes the reduction in the carrying value of non-controlling interests due to the acquisition of an additional



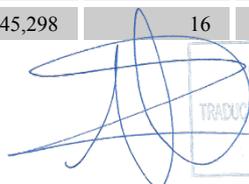
11.95% stake in ATLL Concessionària de la Generalitat de Catalunya, S.A. (in liquidation) and of 12.04% in Mostostal Warszawa, S.A. (see note 3.2.h)). It also includes the increase relating to the acquisition of 100% of the shares of Fidentiis Equities, S.V., S.A. and Fidentiis Gestión, S.G.I.I.C., S.A., which, as indicated in note 3.2.h), was partially satisfied through the delivery of 6,555 newly-issued shares in Bestinver, 3.17% of which was allocated to the former shareholders of Fidentiis.

The line “Value adjustments and other” shows the decrease of 6,436 thousand euros in the non-controlling interests due to the first application of IFRS 16, as well as the changes due to value adjustments for financial derivatives and translation differences.

With regards to 2018, the most significant change related to the sale of 100% of the shares in Compañía Trasmediterránea, S.A., which is shown under the heading “Change in Scope and Capital Contributions>Returns”.

Summarised financial information for the subgroups or subsidiaries representing a material portion of the Group’s assets, liabilities and transactions and for which no dominant stakeholdings are held is shown below:

31.12.2019	Acciona Energy Internacional Subgroup	Subgroup Mostostal Warszawa, S.A.	Subgroup Geotech Holding
<b>% Non-controlling interests</b>	33.33%	62.33%	17.60%
<b>ASSETS</b>			
Non-current assets	2,676,402	33,923	28,162
Current assets	289,362	239,550	167,129
<b>Total Assets</b>	<b>2,965,764</b>	<b>273,473</b>	<b>195,291</b>
<b>LIABILITIES</b>			
Equity	279,287	21,128	11,738
Attributed Equity	126,407	18,766	11,738
Value adjustments and translation differences	(8,949)	(7,020)	(1,708)
Remaining equity attributed to the Parent Company	135,356	25,786	13,446
Non-controlling interests	152,880	2,362	--
Non-current liabilities	2,492,286	33,797	17,167
Current liabilities	194,191	218,548	166,386
<b>Total Liabilities</b>	<b>2,965,764</b>	<b>273,473</b>	<b>195,291</b>
<b>PROFIT/(LOSS)</b>			
Revenue	451,146	297,452	379,084
Operating profit	172,112	4,837	13,800
Profit/(loss) before tax	66,281	2,285	12,991
Profit/(loss) after tax	51,793	204	7,700
Profit/(loss) attributed to non-controlling interests	(6,494)	(188)	--
Profit/(loss) attributed to the Parent Company	45,298	16	7,700


  
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 TRADUCTORA-INTÉRPRETE JURADA DE INGLÉS
   
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31.12.2018	Acciona Energy Internacional Subgroup	Subgroup Mostostal Warszawa, S.A.	Subgroup Geotech Holding
<b>% Non-controlling interests</b>	33.33%	49.91%	17.60%
<b>ASSETS</b>			
Non-current assets	2,585,191	36,799	23,935
Current assets	290,150	223,320	71,821
<b>Total Assets</b>	<b>2,875,341</b>	<b>260,119</b>	<b>95,756</b>
<b>LIABILITIES</b>			
Equity	259,392	20,158	5,313
Attributed Equity	106,652	18,004	5,313
Value adjustments and translation differences	(2,800)	(7,766)	405
Remaining equity attributed to the Parent Company	109,452	25,770	4,908
Non-controlling interests	152,740	2,154	--
Non-current liabilities	2,345,557	51,512	10,169
Current liabilities	270,392	188,449	80,274
<b>Total Liabilities</b>	<b>2,875,341</b>	<b>260,119</b>	<b>95,756</b>
<b>PROFIT/(LOSS)</b>			
Revenue	443,915	241,169	236,709
Operating profit	185,032	(4,101)	1,689
Profit/(loss) before tax	82,666	(6,326)	983
Profit/(loss) after tax	37,504	(9,228)	3,838
Profit/(loss) attributed to non-controlling interests	(8,278)	753	--
Profit/(loss) attributed to the Parent Company	29,225	(8,475)	3,838

g) Capital management



The main objectives of the Group's capital management are to safeguard its capacity to continue operating as a going concern so that it can continue to provide returns to shareholders and to benefit other stakeholders, and also to maintain an optimal financial and equity structure to reduce the cost of capital. As a result of this policy, creating value for the shareholder is compatible with access to financial markets at a competitive cost in order to cover both debt refinancing and investment plan financing needs not covered by funds generated by the business.

In order to maintain and adjust the capital structure, the Group may vary the amounts of the dividends payable to the shareholders, return capital, issue shares or sell assets to reduce debt.

In line with other groups in the industries in which the Acciona Group operates, the capital structure is controlled on the basis of the leverage ratio. This ratio is calculated as the result of dividing net debt by equity. Net debt is calculated as the sum of current and non-current financial debt, excluding those relating to held-for-sale assets, less current financial assets and cash and cash equivalents.

The leverage ratio at 31 December 2019 and 2018 is shown below.

Leverage		
	2019	2018
<b>Net debt:</b>	<b>4,915</b>	<b>4,333</b>
Non-current financial debt	5,296	4,080
Current financial debt	1,966	2,149
Current financial assets and cash and cash equivalents	(2,347)	(1,896)
<b>Equity:</b>	<b>3,632</b>	<b>3,495</b>
Of the parent	3,413	3,289
Of non-controlling interests	219	206
<b>Leverage</b>	<b>135%</b>	<b>124%</b>

#### h) Restriction on the distribution of funds by subsidiaries

Certain Group companies have clauses in their financing contracts that have to be met in order for profit to be distributed to the shareholders. Specifically, the clauses stipulate the maintenance of a senior debt coverage ratio in financing contracts.

#### 18. - Provisions and litigation

The movement in the “Non-current provisions” heading on the liability side of the consolidated balance sheets at 31 December 2018 and 2019 was as follows:

	31.12.2019	31.12.2018
<b>Opening balance</b>	<b>420,354</b>	<b>528,607</b>
Additions and allocations	28,857	34,114
Retirements	(28,817)	(53,413)
Transfers	(29,457)	(55,147)
Other changes	8,899	(33,805)
<b>Closing balance</b>	<b>399,836</b>	<b>420,354</b>

The main changes in financial year 2019 related to the increase in provisions for dismantling operations, both due to the update in estimates and due to international wind farms being commissioned which carry this provision, as well as the allocation to the repairs provision. The movement in “Retirements” includes mainly the application of 6 million euros of the provision for taxes, following the conclusion of the tax inspection proceedings relating to income tax retention assessments detailed in Note 24, and the application of the provision for repairs, among others. The movement in “Transfers” relates mainly to the reclassification to “Other non-current liabilities” of the balance of the provision for taxes as a result of the application of IFRIC 23. The movement under “other changes” mainly reflects translation differences.

The Acciona Group operates in different businesses and in a variety of countries with very specific industry regulations. In the normal course of its business, the Group is exposed to litigation related to these business activities, including most notably: tax claims, claims related to defects in construction projects performed and claims related to differences regarding services rendered. Part of these risks are covered by insurance

policies (third-party liability, construction defects, etc.) and for the other risks identified, the required provisions are recognised. The nature and amount of the main provisions are detailed below.

a) Constructive obligations: Provisions are recognised for the constructive obligations of subsidiaries accounted for using the equity method when the Group's investments in associates have been reduced to zero. At 31 December 2019, the provision in this connection amounted to 43 million euros (36 million euros at 31 December 2018). The table below shows the detail, by division and in proportion to the Group's share percentage in the capital of each, of the assets, liabilities, revenue and profit/(loss) for 2019 of the associates for which a provision was recognised.

	Energy	Infrastructures	Other Activities	Total 2019
<b>Assets</b>				
Non-current assets	19,643	224,635	--	244,278
Current assets	9,319	68,497	--	77,816
<b>Total assets</b>	<b>28,962</b>	<b>293,132</b>	<b>--</b>	<b>322,094</b>
<b>Liabilities</b>				
Equity	(777)	(42,709)	--	(43,486)
Non-current liabilities	23,324	252,122	--	275,446
Current liabilities	6,415	83,719	--	90,134
<b>Total equity and liabilities</b>	<b>28,962</b>	<b>293,132</b>	<b>--</b>	<b>322,094</b>
<b>Profit/(Loss)</b>				
Net revenue	3,586	92,193	--	95,779
Profit before tax from continuing operations	723	(2,940)	--	(2,217)
Profit/(Loss) before tax	723	(2,940)	--	(2,217)

This heading includes a provision in the amount of 3 million euros for Sociedad Concesionaria Puente del Ebro, S.A., which was declared to be under voluntary creditors' meeting proceedings on 4 November 2014 at Commercial Court no. 2 in Zaragoza. The creditors' agreement was not approved and hence on 9 November 2017 the company entered into liquidation phase. On 22 January 2018, the Aragon Regional Government (DGA) initiated a process to terminate the concession contract, providing a period of six months as set out in article 266 of RD 2/2000 which approves the Consolidated Text of the Public Administrations Contract Law. This resolution process was declared expired by an order issued on 17 September 2019, and was initiated again. The interested parties made the appropriate allegations to the referred resolution proposal in time and form. After the proceedings had been suspended, the required reports were received from the General Intervention of the Aragon Regional Government and the Director of Legal Services on 8 October 2019 and 15 October 2019, and from the Advisory Council on 26 December 2019. No further reports are required, so the Administration will need to resume the resolution proceedings.

b) Repairs: these relate to provisions in connection to repairs agreed with the awarding entity in concessions from the Infrastructure division. Each year they are systematically endowed by a charge against the operating profit/(loss). The provision for this item at 31 December 2019 and 2018 amounts to 39 million euros.

c) Pensions and similar: these relate to provisions for pensions and similar obligations arising mainly from the acquisition of assets from Endesa in 2009, which are detailed and quantified below. The provision for this item at 31 December 2019 and 2018 amounts to 11 million euros.

d) Burdensome contracts: these relate to contracts for works and provision of services that represent a burden and in which it is estimated that losses will be incurred. The Group charges a provision against the income statement for losses expected from these contracts at the moment when it determines that the contract's costs which cannot be avoided in order to comply with the contract are likely to exceed the revenue therefrom. The provision in this connection, at 31 December 2019, amounted to 52 million euros (54 million euros at 31 December 2018).

e) Dismantling: these relate mainly to provisions stemming from the electricity generation facilities in the Energy division international area, after the Group concluded, upon analysis of the particularities of these contracts, that there is an obligation to dismantle said facilities. The provision in this connection, at 31 December 2019, amounted to 118 million euros (105 million euros at 31 December 2018).

f) Litigation: these related to provisions for lawsuits under way as a number of claims have been brought against the Group in various jurisdictions for various reasons. At 31 December 2019, the Group maintained provisions amounting to 119 million euros (126 million euros at 31 December 2018), of which 29 million euros corresponded to the infrastructure division and 90 million euros correspond to the energy division. They are intended to cover the risk of various litigations, including most notably a proceeding before the courts of the state of Illinois (USA) for alleged contractual and non-contractual breaches by Acciona Energy subsidiaries. To date, a first instance ruling has been handed down for the payment of 134.5 million US dollars, which is being appealed, and the outcome of which is very difficult to estimate reliably. With regards to the remaining cases, the Group's Directors are of the opinion that there will be no short-term outflow of economic profits due to the status of these court cases at the present time, an opinion which is subject to the inherent uncertainty.

The best estimates of the risks and uncertainty inevitably surrounding most of the events and circumstances affecting these cases have been taken into account to record of these provisions. The measurement of this uncertainty has been done with prudence, understood as the inclusion of a certain degree of caution when making the necessary assessments, but safeguarding in all cases the true and fair view of the financial statements.

The Group's Management considers that no significant additional liabilities will occur that are not provisioned in the consolidated financial statements at 31 December 2019.

Regarding the contract that the Group manages, through one of its Australian subsidiaries, for the design, construction and commissioning of a tramway route in the city centre of Sydney (Australia) together with its partner Alstom, in the context of a public-private partnership (PPP) contract through the concession company Altrac Light Rail Partnership (of which the Group holds 5% of the share capital), and whose final client is Transport for New South Wales (TfNSW), the 2018 financial statements cited the claims made against the client under the contractual clauses as a result of multiple modifications and changes in scope during the execution of the contract, and based on the various technical

and legal reports by external advisors, a legal proceeding against the final client has been initiated before the Supreme Court of New South Wales.

The Group finally reached an agreement in May 2019 which resulted in the admission of a large part of its claims without negative effects on its equity.

With regards to the situation regarding the Ter-Llobregat water supply service management agreement litigation, on 20 February 2018 the Supreme Court rejected the cassation appeal lodged by Acciona Agua, S.A., together with the Generalitat de Catalunya and Aguas de Barcelona, S.A., thereby confirming the judgement issued by the Superior Justice Court of Catalonia on 22 July 2015 and therefore annulling the assignment of the concession for reasons solely attributable to the Generalitat de Catalunya.

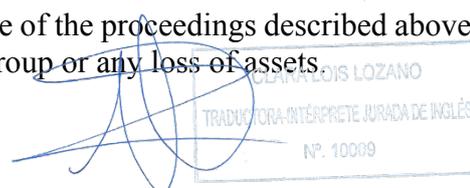
In December 2018, the Generalitat de Catalunya made a first proposal to settle the contract following the Supreme Court ruling, in which it claimed an approximate amount of 38 million euros from the Concessionaire.

Following this, on 1 April 2019, the Generalitat presented a provisional final settlement proposal, in this case proposing compensation for ATLL amounting to 53.8 million euros.

The Concessionaire has opposed the settlement proposals made because, in short, they are based on the fact that the contract incurred a nullity cause and not one of annulment, according to the Superior Court of Justice of Catalonia in its Ruling of 19 November 2018. Based on expert reports carried out by external advisors, the Company has estimated that the amount resulting from clause 9.12 amounts to 305 million euros, and 770 million euros is the amount corresponding to the damages caused. In this regard, on 24 July 2019, the Company filed a contentious-administrative appeal against the Resolution of the Territory and Sustainability Council of the Generalitat de Catalunya dated 1 April 2019, approving the provisional final settlement of the contract, which has been admitted for processing and is pending resolution to date.

The Parent's directors consider that the final outcome of the proceedings described above will not result in any outflow of resources for the Group or any loss of assets.

#### Provisions for pensions and similar obligations



The “Non-current provisions” section on the accompanying consolidated balance sheet includes provisions for pensions and similar obligations mainly due to the acquisition of assets and/or companies from the Endesa Group in 2009.

The group of employees considered in 2019 for measurement was 84 employees (87 at the close of 2018), 27 of whom have already taken early retirement or are retired (22 at the close of 2018). Not all of them are in the same situation and under the same commitment. The main characteristics of the plans assumed are the following:

- i) Defined benefit pension plan with salary increase rate tied to the increase in the CPI. This plan is treated in exactly the same way as a defined benefit system. The assumptions used in calculating the actuarial liability in respect of the uninsured defined benefit obligations at 31 December 2019 and 2018 were as follows:

	2019	2018
Interest rate	1.18%	1.91%
Mortality tables	PERPM/F2000	PERPM/F2000
Expected rate of return on plan assets	1.18%	1.89%
Salary review	2.00%	2.00%

Information is provided below on the changes in the actuarial liabilities for the defined benefit obligations at 31 December 2019 and 2018:

	2019	2018
<b>Initial actuarial liability</b>	<b>3,336</b>	<b>4,064</b>
Cost incurred in the year	91	109
Finance costs	651	71
Benefits paid in the year	(185)	--
Actuarial gains and losses	(534)	(908)
<b>Final actuarial liability</b>	<b>2,773</b>	<b>3,336</b>

Information is provided below on the changes in the actuarial assets for the defined benefit obligations at 31 December 2019 and 2018:

	2019	2018
<b>Initial actuarial asset</b>	<b>1,966</b>	<b>2,688</b>
Return recognised in the year	37	46
Contributions made in the year	406	136
Actuarial gains and losses	(703)	(904)
<b>Final actuarial asset</b>	<b>1,706</b>	<b>1,966</b>



At 31 December 2019 and 2018, the total amount of the final actuarial assets and liabilities related in full to defined benefit obligations in Spain.

At 2019 year-end, the amount recognised in the consolidated income statement for defined benefit pension obligations amounted to 119 thousand euros (134 thousand euros in 2018) and related to the cost incurred during the year and the return and finance cost of the assets and liabilities associated with these employee welfare benefits.

- ii) Obligations to provide certain employee welfare benefits during the retirement period, relating mainly to electricity supplies. These obligations were not externalised and are covered by the related in-house provisions totalling 2,800 thousand euros (3,223 thousand euros at 31 December 2018).

The actuarial changes recognised for these obligations amounted to a profit of 744 thousand euros in financial year 2019 (profit of 228 thousand euros in 2018).

- iii) Commitment undertaken by the company to supplement the public social security system benefits in the event of termination of the employment relationship as a result of an agreement between the parties.

The movement in the provision for these obligations, recognised under the “Provisions” heading on the accompanying consolidated balance sheet in 2019 and 2018, was as follows:

	Provision for other long-term employee benefit obligations
<b>Balance at 31/12/2017</b>	<b>215</b>
Additions and allocations	--
Removals	(146)
<b>Balance at 31/12/2018</b>	<b>69</b>
Additions and allocations	--
Removals	(69)
<b>Balance at 31/12/2019</b>	<b>--</b>

These liabilities related in full to the collective redundancy procedures signed by Group companies in Spain.

The Plan affects employees with at least 10 years of acknowledged seniority. Employees aged 50 or more at 31 December 2005 were entitled to adhere to a pre-retirement plan at the age of 60, of which they could avail themselves between the ages of 50 and 60, upon the mutual agreement between the employee and the company concerned. For the Plan to apply to employees younger than 50 at 31 December 2005, a written request from the employee and the acceptance thereof by the Group were required.

The conditions applicable to employees under 50 years of age affected by the Voluntary Redundancy Plan consisted in a termination benefit of 45 days’ salary per year of service plus an additional amount of 1 or 2 months’ salary based on the employee’s age at 31 December 2005.

The impact of these plans on the consolidated income statement is not material.

## 19. - Financial debt

### a) Bank borrowings



At 31 December 2019 and 2018, detail of recourse and non-recourse borrowings, being understood that non-recourse is the debt with no corporate guarantees, whose recourse is limited to the debtor’s flows and assets, was as follows (in thousand euros):

	2019		2018	
	Current	Non-current	Current	Non-current
<b>Non-recourse bank borrowings</b>	<b>152,515</b>	<b>931,243</b>	<b>286,136</b>	<b>1,029,040</b>
Mortgage loans for non-current asset financing	4,409	5,157	8,563	6,706
Mortgage loans for property developments	2,280	--	1,902	--
Project finance	113,797	900,634	262,279	990,471
Obligations under finance leases	11,690	25,204	13,392	31,863
Other limited recourse debt	20,339	248	--	--
<b>Recourse bank borrowings</b>	<b>759,469</b>	<b>3,668,431</b>	<b>618,702</b>	<b>2,644,920</b>
Discounted notes and bills not yet due	--	--	325	--

Other bank loans and credit facilities	759,469	3,668,431	618,377	2,644,920
<b>Total bank borrowings</b>	<b>911,984</b>	<b>4,599,674</b>	<b>904,838</b>	<b>3,673,960</b>

All financial liabilities in this note correspond to financial instruments measured at amortised cost, except for the financial derivatives that are detailed in note 21 and that are measured at fair value.

In 2019 and 2018, the Group's loans and credit facilities accrued interest mainly tied to EURIBOR for those financed in euros, although a portion of the Group's borrowings were also tied to other indices such as LIBOR for borrowings in US dollars, the CDOR for borrowings in Canadian dollars, the TIIE for financing in Mexican pesos, the WIBOR for financing in Polish zloty, the BBSY for financing in Australian dollars and the JIBAR for financing in South African rands; these are the main indices for the Group outside the euro zone. A significant portion of the Group's borrowings is hedged by financial derivatives which seek to reduce the volatility in the interest rates paid by the Acciona Group (see Note 21).

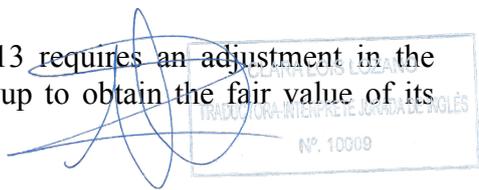
Through subsidiaries or associates, the Acciona Group undertakes investments mainly in transport infrastructure, energy, water supply and hospitals, and these are then operated by subsidiaries, joint operations and associates and funded through "Project finance" (financing applied to projects).

These finance structures are applied to projects capable of providing by themselves sufficient support for the participating financial entities as to the repayment of the borrowings taken out to implement them. Thus, each one is normally executed through special purpose vehicles in which the project's assets are financed on the one hand by a contribution of funds by the project's sponsors, limited to a certain predefined amount, and, on the other hand, generally a larger sum through third-party funds in the form of long-term borrowing. The debt service on these loans or credits is fundamentally backed by the cash flows to be generated in future by the project itself, as well as by in rem guarantees over the project's assets and credit rights.

In financial year 2019, the net decrease under the line "current and non-current project finance" amounted to 238 million euros and mainly corresponds to the amortisations of this type of loan, the positive effect of exchange differences in the period of 4 million euros, mainly those from the projects done in Canadian and US dollars, and the cancellation of 147 million euros of bank debt in two Australian wind projects which are now financed through recourse debt.

With regards to recourse debt, in February 2019, Acciona Financiación Filiales, S.A. arranged a syndicated loan for a maximum amount of 675 million euros, classified in "Other bank loans and credit facilities", with due date to 5 years and accruing a market interest rate. This operation has been sized to cover the maturities of bank and capital market debt, mainly from the EMTN programme, which had been planned for the second half of the year. For this reason, the draw down period of the syndicated loan ends in January 2020. At 31 December 2019, 220 million euros had been drawn down.

As indicated in Note 4.2 I), the adoption of IFRS 13 requires an adjustment in the measurement techniques applied by the Acciona Group to obtain the fair value of its



derivatives in order to incorporate the bilateral credit risk adjustment so as to reflect both own risk and counterparty risk in the fair value of the derivatives.

At 31 December 2019, the adjustment of credit risk represented a lower valuation of liability derivatives in the amount of 5,797 thousand euros, recognised on the one hand as a smaller debt with credit entities in the amount of 3,297 thousand euros by subsidiaries and, on the other hand, as a higher value of the investment using the equity method in the amount of 1,875 thousand euros, without considering the tax effect, by the companies consolidated in accordance with this method. The effect, net of external and after-tax effects, that this modification had on the heading “Adjustments in equity for valuation of cash flow hedges” was positive in the amount of 4,109 thousand euros.

At 31 December 2019, the Group companies had been granted additional financing of 2,130,508 thousand euros that had not been drawn down, relating to lines to finance working capital. Excluding the drawdown of 708 million euros made as a guarantee for the payment obligations that could arise from the full acceptance of the public tender offer launched for Nordex SE, and which is explained in note 16, the undrawn financing would amount to 2,838,508 thousand euros.

The Group’s Management is of the opinion that the amount of these credit lines and the ordinary generation of cash, together with the realisation of current assets, will sufficiently cover the short-term payment obligations.

At 31 December 2019 and 2018, neither Acciona, S.A. nor any of its significant subsidiaries were in breach of any of their financial obligations or any other obligations in such a way as might lead to early maturity of their financial obligations. Similarly, no default is expected for 2020.

In addition, in 2019 and 2018 there were no defaults or any other non-payments of principal, interest or repayments in respect of interest bearing borrowings.

Borrowings by the real estate business are classified as current liabilities on the basis of the production cycle of the asset they finance, that is, inventories, even though the due date for some of these liabilities stands at over twelve months.

Detail, by maturity, of bank borrowings for the years following the closing date of the balance sheet was as follows, in thousands of euros:

2020	2021	2022	2023	2024	2025	Subsequent years	Total
911,984	494,556	636,748	465,138	2,440,364	129,075	433,794	5,511,658

#### *Obligations under finance leases*

Detail of the Group’s finance leases at 31 December 2019 and 2018 was as follows, in thousands of euros:

	Minimum lease payments	
	2019	2018
<b>Amounts to pay under finance leases</b>		
Within one year	12,469	14,751
Between one and two years	11,409	15,683
Between two and five years	14,829	17,175
Over five years	0	56
<b>Total lease payments payable</b>	<b>38,707</b>	<b>47,665</b>
Less future finance charges	1,813	2,410
<b>Present value of lease obligations</b>	<b>36,894</b>	<b>45,255</b>
Less amount due for settlement within twelve months (current liability)	11,690	13,392
<b>Amount due for settlement after twelve months</b>	<b>25,204</b>	<b>31,863</b>

It is the Group's policy to lease certain of its facilities and equipment under finance leases. The average lease term is two to three years. In the year ended 31 December 2019, the average effective interest rate was the market rate. Interest rates are set at the lease contract date. All leases have fixed payments and no arrangements have been entered into to make contingent rental payments.

b) Debentures, bonds and negotiable securities

Breakdown at 31 December 2019 and 2018 of debentures, recourse and non-recourse bonds and negotiable securities, it being understood that non-recourse is the debt with no corporate guarantees, whose recourse is limited to the debtor's flows and assets, was as follows (in thousand euros):

	Thousand euros	
	2019	2018
Debentures, bonds and negotiable securities without recourse	220,178	224,401
Debentures, bonds and negotiable securities with recourse	1,530,527	1,425,337
<b>Total debentures, bonds and negotiable securities</b>	<b>1,750,705</b>	<b>1,649,738</b>

The movement in these accounts on the current and non-current liabilities side of the balance sheet for financial years 2019 and 2018 was as follows:

	Thousand euros	
	2019	2018
<b>Opening balance</b>	<b>1,649,738</b>	<b>1,506,087</b>
Issues	1,811,604	1,331,891
Amortisations	(1,716,247)	(1,223,536)
Other changes	5,610	35,296
<b>Closing balance</b>	<b>1,750,705</b>	<b>1,649,738</b>

The main variation in this heading in 2019, on the "Issues" line, relates to the issue of EMTN and ECP (promissory notes) for a total of 285 million euros and 1,477 million euros, respectively, under the Euro Medium Term Note (EMTN) and Euro Commercial Paper (ECP) programmes, which are described further below. The "Amortisation" line

includes the amortisation at maturity of promissory notes and EMTN for an amount of 1,261 and 447 million euros, respectively.

The line “Other changes” related mainly to translation differences in the two issues of bonds in currencies other than the euro.

The distribution of the maturity of these debentures for 2020 and for the next years is as follows, in thousands of euros:

2020	2021	2022	2023	2024	2025	Subsequent years	Total
1,054,059	194,173	17,061	13,341	110,823	14,578	346,670	1,750,705

At 31 December 2019, detail of the issues making up the balance for this heading was as follows:

- Placement of a bonds issue on 10 August 2012 with a current credit rating of BBB given by Standard & Poors and BBB- by Fitch rating agencies for the Mexican subsidiaries CE Oaxaca Dos, S.R.L. de C.V. and CE Oaxaca Cuatro, S.R.L. de C.V., for a total amount of 298.7 million US dollars. The purpose of this funding was the development, construction and operation of two wind power projects (102 MW each) for the final client, the Federal Electricity Commission (FEC). The issue accrues interest at 7.25% per annum, payable every six months on 30 June and 31 December each year until 31 December 2031. The redemption of the debt began on 31 December 2012 and will continue with six-monthly debt write-downs until its total repayment on 31 December 2031. At 31 December 2019, the balances recorded for this issue on the non-current and current bonds and debentures account amounted to 209.4 and 10.7 million euros, respectively.

- Euro Commercial Paper (ECP) Programme initially formalised on 17 January 2013 by Acciona, S.A. and renewed annually as from 2015 by the Group’s subsidiary Acciona Financiación de Filiales, S.A. (renewed most recently on 30 April 2019) with the guarantee of Acciona, S.A. The programme currently has a maximum amount of 1,000 million euros. Through this programme, which is listed on Euronext Dublin (the Irish Stock Exchange), notes are issued on the euro market with maturities between 15 and 364 days. At 31 December 2019, the balance recorded against this programme in the current bond and debentures account amounted to 897 million euros (677 million euros at 31 December 2018).

- Issue by Acciona, S.A. in April 2014 of simple bearer debentures through a private placement, in the amount of 62.7 million euros and maturing in 2024. The face value of each debenture is 100,000 euros and they accrue interest at 5.55% per annum with an annual coupon. At 31 December 2019, the balances recorded for these simple debentures on the accounts for non-current and current bonds and debentures, net of the transaction costs and considering the interest accrued, amounted to 62 and 2.3 million euros, respectively.

- On 30 April 2019 Acciona Financiación Filiales, S.A. renewed, with the guarantee of Acciona, S.A., under the same terms and conditions as the previous one issued by

Acciona, S.A., a fixed-interest securities issue programme - Euro Medium Term Note Programme (EMNT) for a maximum amount of up to 2,000 million euros. In relation to this programme, the Group prepared a base leaflet that was approved by the Central Bank of Ireland. These issues accrue annual interest ranging from 0.558% to 4.25%. The securities issued under this programme may: accrue fixed or variable interest, be issued in euros or in another currency and at par, below par and premium and have different maturity dates for the principal and the interest. At 31 December 2019, the balances registered against this EMNT programme in the non-current and current debentures and bonds accounts, net of transactions costs and considering interest accrued, amounted to 375 and 144 million euros, respectively. The fair value of the bonds at the end of the financial year amounts to 677 million euros.

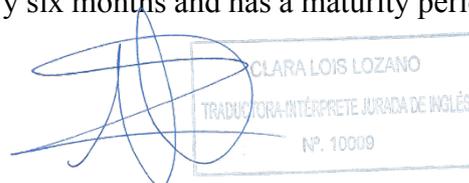
- Issue of a bilateral bond worth 50 million euros in October 2019 through a private placement and maturing in October 2034 with an annual coupon of 2,632% payable annually. At year-end, the balances recorded for this bond on the accounts for non-current and current bonds and debentures, net of the transaction costs and considering the interest accrued, amounted to 50 and 0.3 million euros, respectively.

At 31 December 2019, there were no issues convertible into shares, or issues granting rights or privileges that might, in the event of a contingency, make them convertible into shares of the Parent Company or of any of the Group companies.

In addition, two of the companies in the Acciona Group consolidated using the equity method have debentures and bonds issued with the following characteristics:

- Issue on 27 May 2015 by Sociedad Concesionaria Autovía de la Plata, S.A. in the amount of 184,500 thousand euros. The issue accrues a 3.169% annual coupon payable every six months. The bond principal must be amortised every six months and the total term is 26.6 years, with final maturity on 31 December 2041. The issue credit rating is A- by the Standard & Poors rating agency.
- Issue on 2 February 2018 of Green Bonds by Nordex, SE in the amount of 275,000 thousand euros, accepted for trading on the International Stock Exchange. The bond accrues a 6.5% annual coupon payable every six months and has a maturity period of 5 years.

c) Other debt-related information



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At 31 December 2019, the average interest rate of the debt, considering bank borrowings and the debt associated with debentures and other negotiable securities, stood at 3.21%.

At 31 December 2019, the debt percentage not subject to interest rate volatility stood at 55.48%. Excluding the drawdown of 708 million euros made as a guarantee for the payment obligations that could arise from the full acceptance of the public tender offer launched for Nordex SE, and which is explained in note 16, the debt percentage not subject to interest rate volatility would stand at 61.5%.

The composition of debt in currencies other than the euro at 31 December 2019, classified by the main currencies in which the Acciona Group operates, was the following:

Currency	Financial debt	
	2019	2018
Australian dollar	515,081	351,566
Indian rupee	57,552	63,432
Canadian dollar	65,523	56,421
Mexican peso	8,243	45,629
Polish zloty	21,192	30,379
US dollar	456,656	410,185
South African rand	226,869	219,867
Others	65,499	27,641
<b>Total</b>	<b>1,416,615</b>	<b>1,205,120</b>

Reconciliation of the carrying amount of bank borrowings is included below, differentiating between the changes that generate cash flow and those that do not:

<b>Balance at 31/12/2017</b>	<b>6,744,164</b>
Cash inflow	2,637,484
Cash outflow	(3,125,450)
Transfers to held for sale	--
Change in value of derivatives	(10,990)
Change in scope	15,408
Translation differences and other	(32,081)
<b>Balance at 31/12/2018</b>	<b>6,228,536</b>
Cash inflow	2,251,206
Cash outflow	(1,262,025)
Transfers to held for sale	--
Change in value of derivatives	31,578
Change in scope	671
Translation differences and other	12,397
<b>Balance at 31/12/2019</b>	<b>7,262,363</b>



## 20.- Risk management policy

Due to its geographical and business diversification, the Acciona Group is exposed to certain risks, which are managed appropriately through the application of a Risk Management System. This System is designed to identify potential events that might affect the organisation; to manage its risks through the establishment of internal treatment and control procedures that ensure the probability of occurrence and impact of these events are kept within the established tolerance levels; and to provide reasonable assurance in relation to the achievement of strategic business objectives.

This policy seeks to integrate risk management into Acciona's strategy and to establish the framework and principles of the Risk Management System.

This policy covers all the risks associated with the activities carried on by Acciona's business lines throughout the geographical areas in which it carries on its activity.

### Interest rate risk

Interest rate fluctuations change the future flows of assets and liabilities that bear floating-rate interest.

This interest rate fluctuation risk is particularly material with regard to the funding of infrastructure projects, in concession contracts, in the construction of wind farms or solar plants and other projects where the variation in interest rates may have a strong impact on their profitability. This risk is mitigated by hedging transactions through the engagement of derivatives (mainly interest rate swaps, IRS).

Hedging transactions are carried out that mitigate these risks as a function of the Acciona Group's projections of the trend in interest rates and of debt structure targets. The level of debt hedged in each project depends on the type of project in question and the country in which the investment is made.

The benchmark interest rate for the borrowings arranged by the Acciona Group companies is mainly Euribor for transactions denominated in euros, Libor for transactions denominated in US dollars, CDOR for transactions denominated in Canadian dollars, and BBSY for transactions denominated in Australian dollars. The borrowings arranged for projects in Latin America are normally tied to the local indices customarily used in the local banking industry, or also to the LIBOR rate as the projects in this geographic area are frequently financed in US dollars since the cash flows generated by the asset are also in the same currency (exchange rate risk natural hedge).

#### Sensitivity test on interest rate derivatives and debt

The financial instruments that are exposed to interest rate risk are basically borrowings arranged at floating interest rates and derivative financial instruments.

In order to be able to analyse the effect that a possible fluctuation in interest rates might have on the Group's financial statements, a simulation was performed which assumed a 50-basis point increase and decrease in interest rates at 31 December 2019.

The analysis of sensitivity to upward or downward changes of 0.50% in floating interest rates (mainly EURIBOR and LIBOR) gave rise to a sensitivity in the Group's consolidated income statement arising from an increase or decrease in financial results due to interest payments, without the effect of derivatives being considered of 16,106 thousand euros at 31 December 2019.

The analysis of the sensitivity to upward or downward changes in the long-term interest rate curve in relation to the fair value of interest rate derivatives included in cash flow hedges arranged by the Group at 31 December 2019 on the basis of consolidation percentage, meant a decrease in debt for financial derivatives vis-à-vis 0.5% increases in the interest rate curve of 71,288 thousand euros. Similarly, a 0.5% decrease in the interest rate curve would lead to an increase of 71,288 thousand euros in liabilities for financial derivatives.

#### Foreign currency risk

Acciona continues to develop a process of growing the internationalisation of its business, which means it is exposed to foreign currency risk involving transactions in the currencies of the countries where it invests and operates.



This risk is managed by the Group's Economic and Financial Department, with non-speculative hedge criteria being applied.

Foreign currency risks relate basically to the following transactions:

- Debt denominated in foreign currencies engaged by Group companies and associates.
- Payments to be made in international markets for procurements.
- Receivables tied mainly to the performance of currencies other than the euro.
- Investments made in foreign companies.

In order to mitigate foreign currency risk, the Acciona Group uses currency derivatives (foreign currency hedges) to cover future transactions and cash flows, within acceptable risk limits. At other times, non-current assets in currencies other than the euro are financed in the same currency as that in which the asset is denominated (natural hedge).

Also, the net assets relating to net investments in foreign operations whose functional currency is not the euro are exposed to foreign currency risk in the translation of the financial statements of these foreign operations on consolidation.

The composition of current and non-current assets and liabilities and equity at 31 December 2019 is shown below in thousand euros for the main currencies in which the Acciona Group operates.

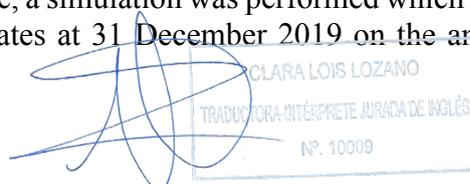
Currency	Non-current assets	Current assets	Non-current liabilities	Current liabilities	Net Assets	Sensitivity (10%)
Australian dollar (AUD)	1,009,773	392,707	346,885	532,370	523,225	52,323
Brazilian real (BRL)	6,783	75,485	2,118	32,583	47,567	4,757
Canadian dollar (CAD)	235,123	206,610	102,652	204,428	134,653	13,465
Chilean Peso (CLP)	324,108	153,685	53,337	213,218	211,238	21,124
Mexican Peso (MXN)	383,841	369,770	121,563	287,574	344,474	34,447
Zloty (PLN)	159,736	297,541	56,962	192,925	207,390	20,739
US dollar (USD)	2,971,680	474,086	1,096,239	620,151	1,729,376	172,938
Rand (ZAR)	246,502	71,023	244,524	30,892	42,109	4,211

The last column on the table above shows estimate of the negative impact on the Group's equity of 10% revaluation in the quotation of the euro in respect of these eight main currencies in which the Group operates and holds investments.

#### Sensitivity test on exchange rate insurance derivatives for commercial transactions

The Group holds exchange rate insurance derivatives to cover certain future payments to suppliers in currencies other than the company's functional currency.

In order to be able to analyse the effect that a possible fluctuation in exchange rates might have on the Group's exchange rate insurance, a simulation was performed which assumed a 5% increase and decrease in exchange rates at 31 December 2019 on the amount of foreign currency transactions covered.



The analysis of the sensitivity to upward or downward changes in the long-term exchange rate curve in relation to the fair value of exchange rate insurance derivatives included in cash flow hedges arranged by the Group at 31 December 2019 on the basis of consolidation percentage, meant a decrease in debt for financial derivatives vis-à-vis 5% increases in the exchange rate curve of 9,302 thousand euros. Similarly, a 5% decrease in the exchange rate curve would lead to an increase of 10,411 thousand euros in liabilities for financial derivatives.

### Credit risk

Credit risk is the risk that the counterparty to a contract does not meet its obligations, giving rise to a financial loss for the Group. The Group has adopted a policy of only trading with solvent third parties and obtaining sufficient guarantees to mitigate the risk of losses in the event of non-performance. The Group only trades with entities rated at the same investment level as the Group, or higher, and obtains information on its counterparties through independent company valuation agencies, other public sources of financial information or the information it obtains from its own relations with clients.

Bills receivable and trade receivables from clients relate to a large number of clients spread over different industries and geographical areas. Credit relations with clients and their solvency are assessed on an ongoing basis and credit guarantee insurance is arranged when it is considered necessary.

As regards the default risk, basically in the infrastructure division, an assessment process is implemented before entering into contracts with public and private clients. This assessment includes both a solvency study and supervision of contractual requirements from a financial and legal guarantee viewpoint. During the course of the projects, the correct performance of the debt is monitored constantly and the related value adjustments are made using economic criteria.

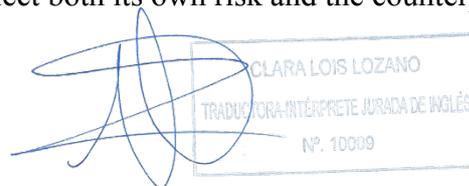
The Group does not have significant exposure to credit risk with any of its clients or groups of clients with similar characteristics. Similarly, credit risk concentration is not significant.

The credit and liquidity risk of derivative instruments with a positive fair value is limited in the Acciona Group, since both cash placements and the arrangement of derivatives are made with highly solvent counterparties with high credit ratings and no counterparty has significant levels of total credit risk.

Moreover, the definition given for the fair value of a liability in IFRS 13, based on the concept of transferring the liability in question to a market player, confirms that own credit risk must be taken into account in the fair value of liabilities. Thus, Acciona adds a bilateral credit risk adjustment in order to reflect both its own risk and the counterparty risk in the fair value of derivatives.

### Liquidity risk

The Acciona Group manages liquidity risk prudently by ensuring that it has sufficient cash and negotiable securities (see Note 16) and by arranging committed credit facilities for amounts sufficient to cater for its projected requirements. As noted in Note 19, at 31



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December 2019 the Group companies had been granted additional financing of 2,130,508 thousand euros that had not been drawn down relating to credit lines to finance working capital. The average term of these limits amounts to 3.35 years.

Ultimate responsibility for liquidity risk management lies with the Economic and Financial Department, which prepares the appropriate framework to control the group's liquidity requirements in the short, medium and long term. The Group manages liquidity risk by holding adequate reserves, appropriate banking services, having available loans and credit facilities, monitoring projected and actual cash flows on an ongoing basis and pairing them against financial asset and liability maturity profiles.

Finally, attention should be drawn, in relation to this risk, to the fact that the Acciona Group has recognised, as part of its quest to diversify its funding sources, a European Commercial Paper programme for the maximum amount of 1,000 million euros to issue commercial paper with maturities of not more than one year and a Euro Medium Term Notes programme for a maximum of 2,000 million euros (see Note 19).

#### Economic risk vs. budget variances

The Group has an overall system of economic and budget control for each business, adapted to each activity, which provides those responsible for each business with the necessary information and allows them to control potential risks and make the most appropriate management decisions. The economic and financial information generated within each division is periodically compared with the projected data and indicators, variances regarding business volume, profitability, cash flows and other relevant and reliable parameters are assessed and, where necessary, the appropriate corrective measures are taken.

#### Price risk



With regards to the price risk on the Spanish electricity market, Royal Decree-Law 9/2013, whereby urgent measures were adopted to guarantee the financial stability of the electricity system, was published on 12 July 2013. This Royal Decree-Law repealed, among others, Royal Decree 661/2007, of 25 May, the decree governing the remuneration framework supporting renewable energies for most of the Acciona Group's power generation facilities located in Spain. The new remuneration methodology was established in Royal Decree 413/2014, which regulates the activities for electricity generation from renewable energy sources, co-generation and waste.

This methodology defines that, in addition to the remuneration for the sale of electricity generated valued at market prices, facilities can receive a specific remuneration comprising a term per unit of power installed, covering, where appropriate the investment costs for a standard facility that cannot be recovered through electricity sales and an operating term that covers, where applicable, the difference between operating costs and the revenue from the participation of that standard facility in the market. Furthermore, the terms for remunerating the investment and the operation will be reviewed every half of the regulatory period (3 years), taking into consideration the revenue from energy sales at market rates by standard facilities, so that any upward or downward variations outside the range of the bands established in said Royal Decree will be incorporated into the calculation of the specific remuneration. At the end of the regulatory period (6 years), all the parameters of the model may be reviewed except for the useful life and investment

value of the installation. The new remuneration parameters of the second regulatory period will be published in the first quarter of 2020, and will apply for the years 2020 to 2025 inclusive.

Therefore, the regulatory framework shows that a large part of the Group's renewable assets, especially wind power technology commissioned prior to 2004, as well as many of its mini-hydroelectric power stations, no longer receive any additional remuneration other than the market price and will thus be exposed to price variations on the electricity market.

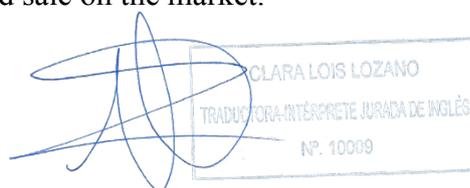
Investment and operation remuneration are set in such a way as to ensure that the installations obtain a reasonable return over their useful life. Royal Decree-Law 9/2013 established that for the first regulatory period between 2014 and 2020 this return would revolve, before taxes, around the average return on the secondary market of ten-year Government Bonds, after applying an appropriate differential, which was set at 300 basis points (value: 7.398%), all without prejudice to a possible review every six years. However, for this new regulatory period, a relevant modification must be highlighted: on 22 November 2019, the Royal Decree-Law was published, adopting urgent measures for the necessary adaptation of remuneration parameters affecting the electricity system and responding to the process of ceasing the activity of thermal generation plants. Through this Royal Decree-Law, the method for calculating reasonable profitability is modified, which will be established through the application of the Weighted Average Cost of Capital (WACC) methodology, following numerical proposals from the Spanish National Markets and Competition Commission. For the new period, the reasonable rate of return is 7.09%. However, in addition, and in order to provide stability to the remuneration framework of the facilities entitled to premium remuneration prior to the entry into force of Royal Decree-Law 9/2013, the facilities are allowed to opt to maintain the rate of return set for the first regulatory period (7.398%) for a period of 12 years (two regulatory periods), with the commitment not to initiate or abandon arbitration or legal proceedings based on the modification of the special remuneration system operated after Royal Decree 661/2007.

At 31 December 2019, 57% of the installed capacity in Spain is subject to regulated remuneration whereas the rest is remunerated at market prices.

Finally, as regards the price risk on the international power markets where Acciona operates, it should be noted that approximately 63% of production is governed by a long-term price contract (PPA) established with a third party, 21% under a regulatory feed-in tariff and the remainder through unrestricted sale on the market.

## **21. - Derivative financial instruments**

### *Interest rate hedges*



The Acciona Group regularly arranges interest rate derivatives, which are designated as hedges. These instruments are used to hedge possible changes in cash flows due to interest payments on long-term floating rate financial liabilities.

Detail of the derivative financial instruments arranged and outstanding at 31 December 2019 and 2018, which are recognised at market value on the accompanying consolidated

balance sheet, in assets or liabilities, depending on the market value of the derivative and the method of inclusion in the Acciona Group, was as follows:

(thousand euros)	2019				2018			
	Notional amount arranged	Financial liabilities	Financial assets (note 12)	Investment in associates (*)	Notional amount arranged	Financial liabilities	Financial assets (note 12)	Investment in associates (*)
<i>Cash flow hedges:</i>								
Interest rate swaps	3,062,647	114,133	--	(62,497)	2,588,421	94,375	14	(47,740)
<b>Total</b>	<b>3,062,647</b>	<b>114,133</b>	<b>--</b>	<b>(62,497)</b>	<b>2,588,421</b>	<b>94,375</b>	<b>14</b>	<b>(47,740)</b>

(\*) The indicated amount of investment in associates is net of tax.

The most commonly used interest rate derivatives are interest rate swaps, the purpose of which is to fix or limit fluctuations in the floating interest rates of hedged borrowings. The Group arranges these financial derivatives mainly to hedge the cash flows on the debt arranged to finance wind farms or solar facilities, in the case of the Energy division, and to finance the infrastructure concessions operated mainly through joint operations and associates.

At 31 December 2019, the fixed interest rates on the EURIBOR benchmarked financial derivative instruments ranged from -0.24% to 5.56%, and at 31 December 2018 from 0.14% to 5.06%.

The amounts recognised by the Group are based on the market values of equivalent instruments at the balance sheet date. Substantially all the interest rate swaps are designated and effective as cash flow hedges and the fair value thereof is deferred and recognised in equity.

The terms in which these cash flow hedges are expected to impact the income statement are shown below (in thousand euros).

	Future settlements				
	< 1 month	1 - 3 months	3 months - 1 year	1 year - 5 years	+ 5 years
Group companies	192	804	28,892	58,945	32,317
Associates (*)	1,009	366	11,446	37,808	33,798

(\*) The indicated amount of investment is detailed in proportion to the Group's share percentage and is detailed without considering the tax effect.

Changes in the fair value of these instruments are recognised directly in equity (see Note 17 e). The net deferred tax asset arising on recognition of these instruments amounted to 29,493 thousand euros at 31 December 2019 and 21,403 thousand euros at 31 December 2018; these were recognised in equity lines (see Note 24).

The methods and criteria applied by the Group to measure the fair value of these financial instruments are described in Note 4.2.I).



The notional amounts of the liabilities hedged by interest rate hedges were as follows:

	2019	2018
Group companies	2,574,911	2,055,900
Associates (*)	487,736	532,521
<b>Total notional amount arranged</b>	<b>3,062,647</b>	<b>2,588,421</b>

(\*) The indicated amount is detailed in proportion to the Group's share percentage.

The contractual notional amounts of the contracts entered into do not reflect the risk assumed by the Group, since these amounts merely represent the basis on which the derivative settlement calculations are made. The changes in the notional amounts of the financial instruments arranged for the coming years are as follows:

	Change in notional amounts					
	2020	2021	2022	2023	2024	2025
Group companies	2,472,995	2,372,712	904,275	836,601	687,208	653,278
Associates (*)	524,631	446,738	411,742	330,523	300,866	250,336

(\*) The indicated amount is detailed in proportion to the Group's share percentage.

### Foreign currency hedges

The Group uses currency derivatives to hedge significant future transactions and cash flows. In 2019 and 2018 the Group hedged a portion of purchases and payments mainly to suppliers in US dollars, Australian dollars and euros through exchange rate insurance.

The derivative financial instruments arranged and outstanding at 31 December 2019 and 2018, which are recognised at market value on the accompanying consolidated balance sheet, in assets or liabilities, depending on the market value of the derivative, were as follows:

(thousand euros)	2019			2018		
	Notional amount arranged	Financial liabilities	Financial assets (note 12)	Notional amount arranged	Financial liabilities	Financial assets (note 12)
<b>Cash flow hedges:</b>						
Exchange rate insurance	235,904	9,902	604	200,541	99	1,240
<b>Total</b>	<b>235,904</b>	<b>9,902</b>	<b>604</b>	<b>200,541</b>	<b>99</b>	<b>1,240</b>

Detail of the transactions outstanding at 31 December 2019 and 2018 was as follows (in thousand euros):



	Currency	Expiry date	2019		2018	
			Amount arranged (thousand euros)	Effect of measurement at market value	Amount arranged (thousand euros)	Effect of measurement at market value
Foreign currency purchase	AUD/EUR	15/11/2021	42,177	(1,792)	75,072	351
Foreign currency purchase	AUD/USD	15/09/2021	25,263	450	55,035	487
Foreign currency purchase	USD/EUR	10/01/2020	26,726	(1,535)	26,796	(99)
Foreign currency purchase	GBP/EUR	14/10/2022	66,784	(6,489)	--	--
Foreign currency purchase	EUR/USD	22/07/2021	74,954	66	--	--
Foreign currency purchase	MEX/EUR	02/01/2019	--	--	34,792	108
Foreign currency purchase	MEX/USD	30/09/2019	--	--	6,258	294
<b>Total</b>			<b>235,904</b>	<b>(9,298)</b>	<b>197,953</b>	<b>1,041</b>

At 31 December 2019, the market values of foreign currency hedges related mainly to the instalments of the exchange rate insurance engaged for the construction of a photovoltaic plant and a waste treatment plant in Australia, desalination plants in Qatar and the United Arab Emirates, and the construction of a waste recovery plant in Scotland.

The amounts recognised by the Group are based on the market values of equivalent instruments at the balance sheet date. Substantially all the currency purchase transactions are designated and effective as cash flow hedges and the fair value thereof is deferred and recognised in equity.

The terms in which these cash flow hedges are expected to impact the income statement are shown below (in thousand euros).

	Future settlements				
	< 1 month	1 - 3 months	3 months - 1 year	1 year - 5 years	+ 5 years
Group companies	1,831	652	2,448	4,732	--

The changes in the notional amounts of the financial instruments arranged for the coming years are as follows:

	Change in notional amounts					
	2020	2021	2022	2023	2024	2025
Group companies	175,356	57,734	2,814	--	--	--

(\*) The indicated amount is detailed in proportion to the Group's share percentage.



### *Other derivative financial instruments*

Three Australian energy subsidiaries of the Group have contracts in place with the country's energy operator which enable them to set the future electricity sale price for a specific volume of MW. These contracts are measured at market value and the changes in value are recognised in equity as value adjustments. At 31 December 2019 the balance in reserves, profit and loss and non-controlling interests, net of the tax effect, amounted to negative amounts of 1,269 thousand euros, 152 thousand euros and 214 thousand euros, respectively, all with a balancing entry in non-financial derivative accounts payable amounting to 2,336 thousand euros (see note 22).

On an exceptional basis, at 2019 year-end the Group presented an exchange rate insurance policy maturing on 29 January 2020, recorded as a financial derivative for a total of 2 million euros to cover specific cash conversion needs from Australian dollars to Euros, with a nominal amount of 110 million euros.

The impacts on equity of the measurement of derivative financial instruments at 31 December 2019 can be summarised as follows:

Thousand euros	31.12.2019
Financial liability due to interest rate hedge	114,133
Financial asset due to interest rate hedge	--
Negative impact on equity due to interest rate hedge by associates, net of tax	62,497
Net deferred tax payable due to interest rate hedge	(29,493)
Total impact on reserves from purchasing in stages in previous financial years	(16,147)
Other, mainly due to non-controlling interests in interest rate hedging transactions	2,581
<b>Balance adjusted due to changes in value of interest rate hedging transactions</b>	<b>133,572</b>
Balance adjusted due to changes in value of foreign currency hedging transactions (net of non-controlling interests and tax)	6,062
Balance adjusted due to changes in value of energy contract (net of non-controlling interests and tax)	1,269
Others	4,044
<b>Total asset balance receivable for value adjustments at 31 December (Note 17)</b>	<b>144,947</b>

## **22.- Other non-current and current liabilities**

Other liabilities	Non-current		Current	
	2019	2018	2019	2018
Grants	104,599	108,649	--	--
Other deferred income	73,412	74,782	--	--
Obligations under finance leases	--	13,920	--	690
Remuneration payable	--	--	135,921	141,420
Debt with non-controlling interests	294,181	331,531	2,436	1,681
Other payables	453,995	363,489	1,027,796	530,190
<b>Closing balance</b>	<b>926,187</b>	<b>892,371</b>	<b>1,166,153</b>	<b>673,981</b>



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The line “Other deferred income” included the amount of 39 million euros (41 million euros in 2018) related to the initial value of a non-finance derivative arranged by a Chilean subsidiary of the Energy Division, for energy supply to a client as from 2017 at an inflated fixed price for 13.5 years (see Note 13).

The line “Debt with non-controlling interests” included mainly the assumption by the infrastructure fund KKR, which became shareholder in the Acciona Group’s subsidiary Acciona Energía Internacional, S.A. in June 2014, of one third of the subordinated debt of Acciona Energía Internacional, S.A. dated 25 February 2012 and with a balance of 277 million euros at 31 December 2019 (312 million euros in 2018). This debt matured in December 2017 and was renewed for another 5 years up to 31 December 2022, and it accrued 12-month EURIBOR interest rate +3.7%.

In addition, mention must be made of the subordinated debt with members in the wind and photovoltaic projects in South Africa, which amounted to 5 million euros (7 million euros in 2018).

At 31 December 2019, the most significant item under “Other non-current payables” was a loan from the Administration amounting to 61 million euros as part of the financing for Sociedad Concesionaria A-2 Tramo 2, S.A.U, liabilities for long-term business transactions relating to the construction business for 63 million euros (51 million euros in 2018) and 61 million euros (68 million euros in 2018) relating to the fair value of two non-financial derivatives arranged by two subsidiaries in the United States for the supply of energy over 13 and 12 years. This line also includes advances from clients, which will be discounted with future certifications in a period over one year in the international projects of the construction business.

The increase under “Other current payables” is mainly due to the movement in the accounts payable to suppliers of property, plant and equipment, mainly in the energy division, for ongoing investments made and pending payment for wind farms under construction in the United States, Australia and Chile, and for photovoltaic plants in Chile and Ukraine.

On 21 June 2019, the Group entered into an agreement with a third party to assign the future collection rights arising from various litigation and claims procedures for a fixed, unconditional price charged of 213 million euros, recognised under “Other current payables”, of which 170 million euros correspond to the claim relating to ATLL Concessionària de la Generalitat de Catalunya, S.A (in liquidation) (see note 13), and a contingent price based on the amount finally collected as a result of the resolution of the litigation and claims proceedings included in the agreement. As mentioned above, the compensation already recognised by the Generalitat de Catalunya in favour of ATLL Concessionària de la Generalitat de Catalunya, S.A. for 53.8 million euros is excluded from the aforementioned assignment agreement.

The line “Grants” related mostly to amounts awarded for the construction of wind farms in United States. The changes in “Grants” in 2019 and 2018 were as follows:



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	<b>Grants</b>
<b>Balance at 31.12.2017</b>	<b>110,685</b>
Additions	147
Taken to profit/(loss) "Other Income"	(6,698)
Others	4,516
<b>Balance at 31.12.2018</b>	<b>108,649</b>
Additions	643
Taken to profit/(loss) "Other Income"	(6,619)
Others	1,926
<b>Balance at 31.12.2019</b>	<b>104,599</b>

There were no significant additions in 2019 and 2018. The line "Other" reflects mainly a positive variation due to the exchange rate, as a result of the appreciation of the US dollar against the euro.



### **23. - Trade and other accounts payable**

At 31 December 2019, the balance of trade and other payables came to 2,604 million euros, and to 2,459 million euros in 2018. The increase corresponds mainly to suppliers associated with work in progress in the infrastructure division.

The amount corresponding to advances from clients and work certified in advance recorded at 2019 and 2018 year-end under this line amounted to 547 and 541 million euros, respectively, mainly from the infrastructure division (see Note 15).

#### Average period for payment to suppliers

The table below details the information required by Final Provision Two of Act 31/2014, of 3 December, as prepared following application of Resolution dated 29 January 2016 by the Spanish Accounting and Audit Institute. This information refers only to Spain, where this regulation is applicable:

<b>Average payment period and payments made and payments outstanding at the balance sheet date in Spain</b>	<b>2019</b>	<b>2018</b>
	<b>Days</b>	<b>Days</b>
Average period of payment to suppliers	35	33
Paid operations ratio	34	30
Unpaid operations ratio	44	50
(thousand euros)	<b>Amount</b>	<b>Amount</b>
Total payments made	2,521,387	2,548,490
Total payments outstanding	507,740	463,357

The "Average period of payment to suppliers" refers to the time that elapses from delivery of goods or provision of services by a supplier to payment of the operation.

The "Average period of payment to suppliers" is calculated as the quotient whose numerator is the result of adding the paid operations ratio by the total amount of payments made to suppliers plus the operations outstanding ratio by the total amount of payments

outstanding and whose denominator is the total amount of payments made and payments outstanding.

The “Paid operations ratio” is calculated as the quotient whose numerator is the sum of the products related to the amounts paid, by the number of payment days (calendar days elapsed as from the time when the period begins to run up to actual payment of the operation) and whose denominator is the total amount of payments made.

And the “Unpaid operations ratio” refers to the quotient whose numerator is the sum of the products related to the amounts outstanding, by the number of payment outstanding days (calendar days elapsed as from the time when the period begins to run up to the closing of annual accounts) and whose denominator is the total amount of payments outstanding.

## **24.- Tax matters**

### Tax Consolidation System



Pursuant to current legislation, consolidated tax groups include the parent together with certain subsidiaries that meet the requirements provided for in Spanish tax legislation. Since 2009, there has been a single tax group in Spain that avails itself of this special taxation system, the parent company of which is Acciona, S.A. In addition to the Spanish tax group, the Group pays tax under the tax consolidation system in Australia (including all the Group’s divisions operating in said country), and in Germany for the handling business. Various companies comprising the energy division form tax groups in the US and Portugal.

The other Acciona Group companies file separate tax returns in accordance with the applicable state or regional tax laws or those in force in each jurisdiction.

Effective from 1 January 2008, several Group companies availed themselves of the special system for Company Groups for VAT purposes, as set forth in Chapter IX of Title IX of Value Added Tax Act 37/1992, of 28 December. The parent of the VAT Group is Acciona, S.A. Various entities of the energy division also pay VAT under the Group VAT system, in accordance with local laws in Navarra, the United Kingdom, Australia and in the United Arab Emirates, which includes the Construction and Water project companies in Abu Dhabi and Dubai.

### Years open for review by the tax authorities

Tax audits were initiated on 10 March 2012 by the Spanish Internal Revenue Administration (AEAT) in relation to Income Tax for 2007-2009 by the inspection services from the Central Office for High-Income Taxpayers, against both the Parent Company, Acciona, S.A., and other subsidiaries. In addition to the review of the Tax Group’s income tax for those years, the Company Group for VAT was under review for 2008 and 2009 and for other taxes for 2008 and 2009 of the Group companies subject to the tax review.

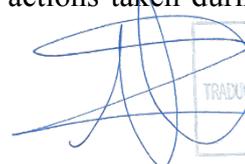
The inspectors, for their part, queried the fulfilment of the requirements for application of the exemption in the payment of dividends for one of the non-resident shareholders, in particular, the requirements of holding the status of effective beneficiary, and this led to

the signing of the contested tax assessments. On 3 and 17 July 2014, the Company lodged economic and administrative appeals at the Central Economic Administrative Court. On 29 May 2015, the Company reached an agreement with the shareholder that received the dividends so as to proceed to pay said amount, with settlement of the tax debt upon the shareholder's payment. To date, they are pending resolution by the National Appellate Court.

The other inspection actions concluded on 12 June 2014 with the signing of uncontested assessments for Income Tax for 2007-2009 and without any tax due, uncontested conclusions for VAT (without fine), as well as contested assessments for Personal Income Tax withholdings relating to compensation for dismissal. The Group companies lodged economic and administrative appeals at the Central Economic Administrative Court. On 19 October 2015, this Court notified dismissal of the claims filed by Acciona Construction, confirming settlement of the assessments for withholdings for the 2008 to 2011 periods, as well as the relevant fine proceedings. On 3 December 2015, the company filed appeal for judicial review at the National Appellate Court. On 3 April 2018, the National Appellate Court notified that the appeal related to the debts settled had been dismissed, but disciplinary proceedings had been annulled. A notice of a cassation appeal was submitted to the Supreme Court on 18 July 2018, which was declared inadmissible on 12 November 2018. On 11 December 2018, a motion for annulment of proceeding was presented before the Supreme Court, which was eventually ruled inadmissible on 11 January 2019. The amount had been duly provisioned and this provision has been applied to the payment of the corresponding settlements made in 2019 for an amount of 5,574 thousand euros.

On 21 May 2015, the Central Office of High-Income Taxpayers notified the start of inspection actions in relation to Income Tax for financial years 2010-2012, targeting Acciona, S.A., as the Parent Company of the Group, and several subsidiaries. The activities were concluded with the signing of an Income Tax conformity certificate for the Tax Group and the signing of the VAT settlement certificate without penalty, under the terms agreed in previous proceedings.

On 10 January 2013, the company Guadalaviar Consorcio Eólico, S.A. was notified of the inception of tax inspection actions relating to Income Tax and Value Added Tax for financial years 2008 and 2009, in which the value of the wind-power rights transferred in 2009 was reviewed. These actions concluded with the signing of a contested assessment for the measurement made by the tax auditors of the said wind-power rights, which increased the value declared by the parties. The company received the proposed settlement from the technical services from the Central Office for High-Income Taxpayers on 23 December 2013 and an economic-administrative appeal was filed at the Central Economic and Administrative Court on 13 January 2014. On 16 February 2017, the Central Economic and Administrative Court issued a resolution accepting the claim in part and ordering the Inspection to proceed to notify the entity of its right to have a countervaluation by appraisal experts. On 27 August 2017, the Technical Office of the Tax and Customs Control of the Spanish Internal Revenue Administration (AEAT) notified of the Central Economic and Administrative Court's enforcement of the resolution agreement, retroactively agreeing to the actions taken during the Inspection phase, and reporting a new settlement agreement.



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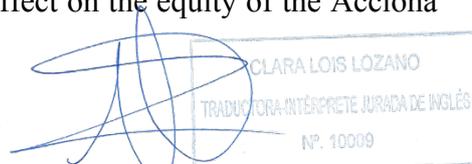
On 22 September 2017, the Company lodged an economic and administrative appeal at the Central Economic Administrative Court against the aforementioned Settlement Agreement and requested for the automatic suspension without providing a debt guarantee. On 5 April 2018, allegations were submitted to the Central Economic Administrative Court which are pending resolution to date.

With regard to the suspension of the contested measure, a full guarantee waiver was requested, and a contentious-administrative appeal was filed with the National Appellate Court on 6 October 2014 against the Central Economic Administrative Court's ruling that agreed to its inadmissibility. The National Appellate Court dismissed the request for a suspension on 19 November 2014. The company filed a cassation appeal before the Supreme Court on 2 February 2015, and notification of a ruling upholding the appeal was received on 28 January 2016, for which reason the National Appellate Court agreed to suspend the execution of the tax debt.

The amount of the adjustment, including late-payment interest up to the settlement date would come to 11,131 thousand euros and it is estimated that the possibility of these liabilities materialising is probable-

At 31 December 2019, the years that have not lapsed and that have not been reviewed were subject to review by the tax authorities, both for Income Tax and for the other main taxes applicable to the companies in the consolidated tax group. In general, the other Spanish consolidated companies have the last four years open for review by the tax authorities for the main taxes applicable thereto. Foreign entities on the other hand are subject to lapse periods which in most countries where the Group operates is from 4 to 5 years.

As tax legislation can be interpreted in different ways, the outcome of the tax audits that could be conducted by the tax authorities in the future for the years subject to verification might give rise to tax liabilities which cannot be objectively quantified at the present time. However, the probability of material liabilities arising in this connection additional to those already recognised is remote, and the directors of Acciona S.A. Consider that the liabilities that might arise would not have a material effect on the equity of the Acciona Group.



#### Receivables and payables with Public Administrations

Breakdown of receivables and payables with Public Administrations at 31 December 2019 and 2018 was as follows:

	2019		2018	
	Non-current	Current	Non-current	Current
<b>Tax receivables</b>				
VAT and other indirect taxation	--	194,542	--	163,643
Income Tax	--	85,128	--	107,475
Deferred tax	860,906	--	787,378	--
Other	--	10,718	--	10,105
<b>Total</b>	<b>860,906</b>	<b>290,388</b>	<b>787,378</b>	<b>281,223</b>
<b>Tax payables</b>				
Income Tax	--	59,000	--	60,366
Personal income tax withholdings	--	28,419	--	25,546

VAT and other indirect taxation	--	128,174	--	107,770
Deferred tax	577,964	--	475,929	--
Accrued social security charges	--	25,552	--	26,532
Other local taxes	--	37,188	--	36,123
Others	--	17,980	--	11,702
<b>Total</b>	<b>577,964</b>	<b>296,313</b>	<b>475,929</b>	<b>268,039</b>

The line “Other local taxes” for balances payable included the Tax on the Value of Electricity Generation and the fee for the use of continental waters for electricity production. These charges were introduced by Act 15/2012 of 27 December and came into effect on 1 January 2013.

### Reconciliation of accounting profit/(loss) and the tax result

Reconciliation between the accounting result and the income tax expense, at 31 December 2019 and 2018, was as follows:

	2019	2018
Consolidated profit/(loss) before tax	544,774	508,780
Profit/(loss) before tax from discontinued operations	--	--
Permanent differences	11,937	(136,783)
Adjusted accounting profit/(loss)	556,711	371,997
Tax expense adjusted by tax rate	146,872	99,785
Tax credits	(4,520)	(6,589)
Unrecognised tax credits	37,538	46,786
Year's tax expense	179,890	139,983
Tax rate change	--	--
Offset of not recognized tax loss carry forwards	(311)	(2,721)
Effect of tax adjustments from previous years and other	(32,307)	(938)
<b>Tax expense on the income statement</b>	<b>147,272</b>	<b>136,323</b>
<b>Tax expense from discontinued operations</b>	<b>--</b>	<b>--</b>

The “Permanent differences” item is made up of income and expenditure that are not eligible for inclusion in the tax base in accordance with the applicable tax legislation. In addition, it also includes those results that are eliminated in the consolidation process but, nonetheless, are fully effective within the scope of the individual tax returns of each entity in the Group, particularly those that are not consolidated in any of the Group’s consolidated tax groups.

The most significant permanent differences in the year include positive differences amounting to 32.4 million euros due to the effect of the inflationary adjustments of companies taxed in Chile and Mexico, and negative differences amounting to 20.4 million euros due to the exemption of positive income from foreign branches.



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In the previous year, the most significant permanent differences were the adjustment of the positive result of 44.8 million euros which was generated by transferring the equity participation in Compañía Trasmediterránea, S.A. and which was not subject to taxation, as well as the reversals of asset impairment in the real estate division amounting to 30.4 million euros which were not deductible in previous years. In addition, negative differences amounting to 30.3 million euros were included, derived from the inflation adjustments that arise in branches of the Infrastructure division located in Brazil and Chile.

The “Tax expense adjusted by tax rate” is the result of applying the different tax rates applicable to the adjusted accounting result for each of the different jurisdictions where the Group operates.

The line “Unrecognised tax credits” includes the tax credits derived from the negative results generated by some subsidiaries.

The line “Effect of tax adjustments from previous years and other” mainly includes the use of accumulated tax losses due to the liquidation of foreign branches. Also, the existence of certain projects and transactions has enabled tax credits in Canada and the USA to be re-estimated.

#### Taxes recognised in Equity

Independently from the tax on profit recognised on the consolidated income statement, in 2019 and 2018 the Group recognised the following amounts in consolidated equity:

	2019	2018
Fair value of financial instruments	17,501	(18,513)
Financial assets with changes in equity	8	48
Actuarial losses and gains on pension plans	228	56
<b>Total</b>	<b>17,737</b>	<b>(18,409)</b>



#### Deferred tax

In accordance with the tax legislation in force in the countries in which the consolidated companies are located, in 2019 and 2018 there were certain temporary differences arose that must be taken into account to quantify the related income tax expense.

The deferred taxes arose in 2019 and 2018 as a result of the following:

Deferred tax liabilities with origin in:	2019	2018
Tax loss carryforwards	358,474	235,041
Tax credit carryforwards	117,606	141,611
Derivative financial instruments	32,135	25,992
Prov. over assets	27,217	31,394
Relating to taxation under the pass-through regime (UTEs)	22,564	17,746
Other	302,911	335,593
<b>Total deferred tax assets</b>	<b>860,906</b>	<b>787,378</b>

<b>Deferred tax liabilities originating in:</b>	<b>2019</b>	<b>2018</b>
Remeasurement of financial assets	35	--
Allocation of first-time consolidation differences to assets	127,523	133,249
Remeasurement of property, plant and equipment and investment property	--	10
Derivative financial instruments	8,791	6,168
Relating to taxation under the pass-through regime (UTEs)	1,470	--
Other	440,145	336,502
<b>Total deferred tax liabilities</b>	<b>577,964</b>	<b>475,929</b>

Detail of the deferred tax assets and liabilities presented as net values for accounting purposes at the end of the financial year is as follows:

<b>Assets</b>	<b>2019</b>
Tax loss carryforwards	38,860
Other	32,504
Relating to taxation under the pass-through regime (UTEs)	10,668
<b>Deferred tax assets</b>	<b>82,032</b>
<b>Liabilities</b>	<b>2019</b>
Other	71,364
Relating to taxation under the pass-through regime (UTEs)	10,668
<b>Deferred tax liabilities</b>	<b>82,032</b>

At 31 December 2019, the tax loss carryforwards, generated by the subsidiaries before their inclusion in the Tax Group of which Acciona, S.A. is the parent, amounted to 21.9 million euros. Of this amount, a total of 19.6 million euros related to tax loss carryforwards not capitalised on the consolidated balance sheet as there was no assurance of the achievement of sufficient future profits or because the tax regulations establish limits and requirements for them to be offset.

In addition, some subsidiaries in Mexico, the US, Australia, Chile, Poland and Canada recognised tax credits for negative taxable bases pending offsetting. There are also taxable bases that have not been recorded totalling 880 million euros, mainly generated in the US, Mexico, Brazil, Canada and Chile.

Regarding the calculation of Income Tax of the Tax Group for 2019, 52.5 million euros of negative tax bases for financial year 2014 are proposed to be offset, resulting in a deferred tax asset balance for this concept amounting to 34.7 million euros.

At 2019 year-end, the deadlines for the tax credits recognised for negative taxable bases pending application were as follows, in thousand euros:



	Amount	Lapse period
Acciona, S.A. tax group	34,709	No lapsing date
Spanish companies outside the Tax Group	11,973	No lapsing date
International – limited	2,809	2020
International – limited	2,589	2021
International – limited	2,613	2022
International – limited	2,388	2023
International – limited	13,397	2024
International – limited	36,908	2025
International – limited	54,124	2026
International – limited	22,994	2027
International – limited	28,503	2028
International – limited	30,080	2029
International – limited	2,157	2030
International – limited	2,241	2031
International – limited	8,437	2032
International – unlimited	141,411	No lapsing date
<b>Total</b>	<b>397,334</b>	

The Income Tax Act (Act 27/2014, of 27 November) eliminated with effective date on 1 January 2015, the deadline for offsetting negative taxable bases, which was set at 18 years, so this is now unlimited.

The unused tax credits, totalling 108,563 thousand euros, related mainly to those earned by the tax Group of which Acciona, S.A. is the Parent Company. At 31 December 2019, the most significant unused tax credits were: 79,176 thousand euros for R&D+I activities, 23,146 thousand euros for reinvestment of extraordinary income and 6,241 thousand euros for donations, events of special interest and non-deductible amortisation in 2013 and 2014.

At the close of 2019, the deadlines for deduction of the unused tax credits recognised on the consolidated balance sheet of the Acciona Group were as follows (in thousand euros):

	Amount	Year Generation	Lapse period
Acciona, S.A. tax group	11,048	2009	2028
Acciona, S.A. tax group	11,212	2010	2029
Acciona, S.A. tax group	32,502	2011	2030
Acciona, S.A. tax group	12,033	2012	2031
Acciona, S.A. tax group	10,679	2013	2032
Acciona, S.A. tax group	12,177	2014	2033
Acciona, S.A. tax group	4,268	2015	2034
Acciona, S.A. tax group	4,524	2016	2035
Acciona, S.A. tax group	4,161	2017	2036
Acciona, S.A. tax group	2,976	2018	2037
Acciona, S.A. tax group	2,984	2019	2038
Spanish companies outside the Tax Group	8,088		No lapsing date
Non-resident companies	955		No lapsing date
<b>Total</b>	<b>117,607</b>		

Act 27/2014, of 27 November, on Income Tax, eliminated, effective 1 January 2015, the deadline for offsetting double-taxation deductions pending application from previous financial years, so the period is unlimited, as provided for in section 39 of Act 27/2014, and extended the general period to offset other deductions to 15 years, except for R&D+I which was extended to 18 years.

At year-end, there are no material unused tax credits that had not been recognised.

The Acciona Group expects to recover the tax loss and tax credit carryforwards recognised in the books, through the companies' ordinary activities and without any equity risk of losses. The estimated recovery times for the tax credits of the main countries in which the Group operates are shown below, in accordance with the business plans set out therein:

Concept	Amount	Maximum recovery time
Acciona, S.A. (Spain) Tax Group Tax Losses	34,709	2 years
Acciona, S.A. (Spain) Tax Group Tax Credits	108,563	7 years
AENA (US) Tax Group Tax Losses	33,265	10-12 years
Mexico Tax Losses	169,259	5-6 years
Australia Tax Losses	55,062	4-6 years
Chile Tax Losses	44,795	5-7 years
South Africa Tax Losses	38,860	10-12 years

Most of the deferred tax assets included in the line "Other" related to provisions for liabilities, risks, insolvency, and other non-deductible items amounting to 252,133 thousand euros, to the adjustment for non-deductible accounting amortisation of 30% of the Spanish companies introduced on a temporary basis for the years 2013 and 2014 and which began to reverse in 2015, the amount of which at the close of 2019 is 13,092 thousand euros, as well as the homogenisations made as part of the consolidation process and the elimination of internal margins that reverse as the assets are amortised. Finally, this heading includes adjustments to the tax base through the application of other countries' specific regulations whereby certain expenses are not deductible until payment or do not follow the accounting accrual criterion for their deductibility, as is the case with Mexico, Australia and the United States, or because a billing-based criterion is applied instead of accounting accrual by stage of progress, as happens in Chile.

The line "Other" under the deferred tax liability heading includes the tax adjustments under the freedom to amortise established in the Eleventh Additional Provision included in RDL 4/2004 (consolidated text of the Income Tax Act) by Act 4/2008. The accumulated amount of this adjustment pending at 31 December 2019 for the Spanish Tax Group companies amounted to 73,866 thousand euros. It also included the amortisation effect for tax purposes of Mexico, the US, South Africa, Poland and Canada for approximately 162, 23, 35, 25 and 23 million euros for tax liability, respectively, as well as adjustments for application of the specific regulations of countries where accounting income is not recognised for tax purposes until the bill is issued or collected, instead of the principle of accounting accrual or stage of progress, mainly in Chile and Mexico. This line also includes deferment of income from uncertified works and advance payments to suppliers of several Mexican companies.

Based on the enactment of Royal Decree-Law 3/2016, of 2 December, which establishes measures in the taxation area aimed at the consolidation of public finances, and urgent measures in social matters, the total amount of the deferred tax liability related to the impairment of portfolio pending reversion in the taxable base for 45,456 thousand euros. This Royal Decree established the incorporation of value impairments of investments that were fiscally deductible in periods prior to 2013, for a maximum period of five years from the tax periods starting on 01 January 2016, regardless of whether their value has been recovered or not. For quantification of this tax liability, the specific situations of each value impairment of the shareholding in capital or in capital and reserves of the investees that were fiscally deductible were considered, as well as potential legal or contractual restrictions or otherwise in connection to possible transferability of such shareholdings. In 2018, a deferred liability of 11,453 thousand euros was derecognised.

### Reporting obligations

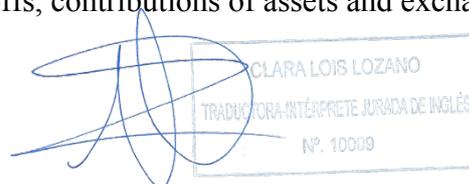
Current income tax legislation provides tax incentives to encourage certain investments. The companies in the Tax Group have availed themselves of the benefits provided for under this legislation.

The Tax Group, through its Parent Company and certain of its subsidiaries, is required to fulfil the obligations assumed in connection with the tax incentives applied and, in particular, it must hold, for the stipulated period, the assets for which the investment or reinvestment tax credits were taken.

In financial years 2010, 2011, 2012, 2013 and 2014, the Parent Company and certain companies in the Tax Group availed themselves of the tax credit for reinvestment of extraordinary income provided for by Article 42 of Royal Legislative Decree 4/2004 (consolidated text of the Income Tax Act)<sup>1</sup>. The income qualifying for this tax credit in these years amounted to 86,550, 160,251, 8,640, 9,598 and 34,516 thousand euros, respectively. The income relating to 2009 and 2010 was reinvested in 2010, the income relating to 2011 was reinvested in 2011, the income relating to 2012 and 2013 was reinvested in 2013, and the income relating to 2014 in 2014. The assets in which the income was reinvested were as listed in Article 42 of Royal Legislative Decree 4/2004, i.e. property, plant and equipment, intangible assets, investment property and securities representing stakeholdings of no less than 5% in the share capital or equity of all manner of companies. The income was reinvested by the companies belonging to Tax Group 30/96.

Pursuant to section 10 of article 42 of the consolidated text of the Income Tax Act, this information must be disclosed in the notes to the consolidated financial statements as long as the period for which the assets must be held, as established in section 8 of article 48, is not complied with.

In 2019 no transactions were carried out under Article 86 of the Income Tax Act 27/2014, to which the special regime for mergers, spin-offs, contributions of assets and exchanges of securities applies.



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<sup>1</sup> Regulated in the Twenty-Fourth Temporary Provision of Act 27/2014

Pursuant to section 3 of article 86 of Act 27/2014 on the consolidated text of the Income Tax Act, the information required for operations carried out in previous years appears in the relevant separate notes to financial statements as approved.

In 2008, 2009, 2010, 2011 and 2012, several companies in the tax group deducted the tax credit for impairment losses on ownership interests in Group companies, jointly-controlled entities and associates, as provided for in Article 12.3 of Royal Legislative Decree 4/2004 (consolidated text of the Income Tax Act), regulated in Temporary Provision Sixteen of Act 27/2014.

Act 16/2013, of 29 October, repealed, with effect from 1 January 2013, section 12.3 of the consolidated text of the Income Tax Act in relation to deduction of impairment losses on such equity interests and established a transitional system for the inclusion of losses pending incorporation at 31/12/2012 in the taxable base.

Royal Decree-Law 3/2016, of 2 December, which establishes measures aimed at the consolidation of public finances and urgent measures in social matters, provided for mandatory minimum reversion of deductible portfolio reversions, in a maximum period of five years, effective financial year 2016.

The notes to the separate financial statements of these companies include the disclosures required by tax legislation concerning the change in the year in the investees' equity, the amounts included in the taxable base and the amounts yet to be included.

## 25.- Guarantee commitments to third parties

The Group has provided third-party bonds before clients, public agencies and financial institutions, for 4,666,084 thousand euros and 3,985,012 thousand euros at 31 December 2019 and 2018, respectively. The increase was mainly due to bonds delivered for new tenders within the construction business.

The purpose of most of the bonds provided was to guarantee good performance in the development of the works engaged by the infrastructure division.

The companies estimate that any liabilities that could arise from the guarantees provided would not be significant.

## 26.- Revenue

The following is a breakdown of the Group's revenue based on the nature of the goods or services produced (see also note 28, Segments) and its business model in terms of the level of investment required to generate them, the margins and risk profile:

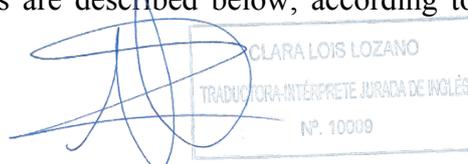
2019 Segment/Activity	Business model				Total Revenue
	Long-Term Asset Business	Service Business	Greenfield Developments Business	Corporate and other	
Energy	1,435,417	--	973,377	(411,610)	1,997,185
Construction	--	--	3,437,477	--	3,437,477
Concessions	77,964	--	--	--	77,964

Water	138,949	191,067	428,562	(644)	757,935
Services	--	823,823	--	--	823,823
Consolidation adjustments	--	--	--	(63,676)	(63,676)
<b>Infrastructures</b>	<b>216,914</b>	<b>1,014,890</b>	<b>3,866,039</b>	<b>(64,320)</b>	<b>5,033,523</b>
Bestinver	--	98,657	--	--	98,657
Real Estate	--	--	140,623	--	140,623
Others	--	--	--	121,719	121,719
<b>Other business activities</b>		<b>98,657</b>	<b>140,623</b>	<b>121,719</b>	<b>360,999</b>
Consolidation adjustments	--	--	--	(201,118)	(201,118)
<b>Total</b>	<b>1,652,331</b>	<b>1,113,548</b>	<b>4,980,039</b>	<b>(555,329)</b>	<b>7,190,589</b>

2018	Business model				Total Revenue
	Long-Term Asset Business	Service Business	Greenfield Developments Business	Corporate and other	
<b>Energy</b>	<b>1,441,820</b>	--	<b>966,275</b>	<b>(201,763)</b>	<b>2,206,332</b>
Construction	--	--	3,525,835	21,897	3,547,732
Concessions	106,261	--	--	1,600	107,861
Water	286,107	175,968	180,948	(3,812)	639,211
Services	--	792,835	--	7,145	799,980
Consolidation adjustments	--	--	--	(35,782)	(35,782)
<b>Infrastructures</b>	<b>392,368</b>	<b>968,803</b>	<b>3,706,783</b>	<b>(8,952)</b>	<b>5,059,002</b>
Bestinver	--	102,360	--	--	102,360
Real Estate	--	--	83,923	--	83,923
Others	--	--	--	205,314	205,314
<b>Other business activities</b>	--	<b>102,360</b>	<b>83,923</b>	<b>205,314</b>	<b>391,597</b>
Consolidation adjustments	--	--	--	(147,401)	(147,401)
<b>Total</b>	<b>1,834,188</b>	<b>1,071,163</b>	<b>4,756,981</b>	<b>(152,803)</b>	<b>7,509,529</b>

The Group's different business models are described below, according to the nature, timing, and uncertainty of the revenue:

- **Long-Term Asset Business**



This category includes the portfolio of operating assets for renewable electricity generation in the group, as well as its portfolio of concessions for social, transport, and water infrastructure. It is a capital-intensive business, where most of the investment is made at the beginning of the useful life and a high operating margin is needed for a return on investment as well as to compensate for operation and maintenance costs. Revenue is characterised by its low level of risk given that it is mostly regulated or comes from long-term contracts with solvent counterparties that have a high degree of diversification. Revenue recognition is carried out at the same time as electricity is generated, or the service is provided, as applicable. With regards to generation assets, the high diversification of the portfolio in terms of facilities, technologies and geographical areas means that production is highly stable and predictable.

- **Service Business**

Includes the group's services business, covering the operation and maintenance of infrastructure and other services related to such activities within the service

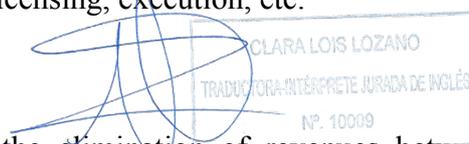
business, as well as financial services (asset management). It is a medium risk business with low capital intensity. With regards to infrastructure services, revenue comes from long-term operation and maintenance contracts which range from 5 to 15 years. Revenue recognition is carried out at the same time as the service is provided. In the case of financial services, these activities have a high margin because of the specialisation and added value of the business, and while they are exposed to the volatility of the market, a high degree of loyalty from its customer base is also enjoyed. For mediation and consultancy services, revenue recognition is carried out at the same time as the service is provided.

- **Greenfield Developments Business**

This type of business encompasses activities for the construction of civil works (railways, roads, bridges, hydraulic works, etc.), buildings (residential and non-residential), industrial and water treatment facilities (the latter two with high technological content and carried out, for the most part, under the turnkey or EPC - Engineering, Procurement and Construction- modality), as well as the development and construction of renewable generation assets. The main purpose of this activity is the creation of new and complex infrastructures, both for public or private clients as well as for the company's own portfolio, and is characterised by its low capital intensity which makes it possible to apply lower margins in comparison with other businesses of the group, which require higher investment levels. The revenue horizon depends on the level of the contracted portfolio, which is usually between 18 and 24 months. Because of that, the work generally consists in the creation or transformation of an asset that is under the client's control, and revenue is recognised based on the level of completion of the work. The business also includes real estate promotion activities (both residential and tertiary) the revenue of which is recognised at the time that the property is delivered to the client, with a generation period of around 36 months, which includes preparing the project, licensing, execution, etc.

- **Corporate and other**

This chapter mainly includes the elimination of revenues between different segments upon consolidation, as well as revenue from some residual businesses. It also includes revenue from Compañía Trasmediterránea in 2018 which was removed from the consolidation scope in June 2018.



The breakdown, by geographical area, of the Group companies' total production was as follows (in thousand euros):

	Spain	European Union	OECD countries	Other countries	Total
<b>2019</b>					
Energy	1,218,497	185,566	483,615	109,507	1,997,185
Infrastructures	1,616,593	480,917	1,665,426	1,270,587	5,033,523
Other business activities	261,846	20,017	22,621	56,515	360,999
Intra-Group transactions	(127,209)	(7,616)	(65,919)	(374)	(201,118)
<b>Total 2019 production</b>	<b>2,969,727</b>	<b>678,884</b>	<b>2,105,743</b>	<b>1,436,233</b>	<b>7,190,589</b>
<b>2018</b>					
Energy	1,292,474	148,537	664,722	100,599	2,206,332
Infrastructures	1,633,373	423,344	1,701,600	1,300,685	5,059,002

	Spain	European Union	OECD countries	Other countries	Total
Other business activities	366,148	17,384	1,722	6,343	391,597
Intra-Group transactions	(111,039)	(4,226)	(32,126)	(11)	(147,402)
<b>Total 2018 production</b>	<b>3,180,956</b>	<b>585,039</b>	<b>2,335,918</b>	<b>1,407,616</b>	<b>7,509,529</b>

## Revenue from the Infrastructure activity

### ***Concessions***

At 31 December 2019, the Acciona Group maintained its main service concession contracts in force in the concession and water businesses. The net amount of revenue at the close of the financial year for each category of concession agreement, including those within the scope of IFRIC 12, came to 78 and 65 million euros, respectively. Appendix V details the main concessions.

As indicated in Note 4.2 H), following the adoption of IFRIC 12, the Acciona Group recognises under “Non-Current Receivables and Other Non-Current Assets” concession business assets whose recovery is guaranteed under the concession contract by the grantor through the payment of a fixed or quantifiable amount and, accordingly, no demand risk is borne by the operator.

In relation to these concession assets, even during the construction phase the Group recognises income earned on interest, based on the effective interest rate of the financial asset. This interest income is recognised under “Revenue”, and at 31 December 2019 and 2018 it amounted to 10,400 and 10,458 thousand euros, respectively.

### ***Construction***

The Group obtains substantially all its construction revenue in its capacity as prime contractor.

Detail of infrastructure construction revenue by type of project was as follows:

	2019	2018
Civil engineering	2,340,765	2,650,191
Residential building construction	99,395	90,956
Non-residential building construction	413,422	296,728
Other construction activities	52,848	53,549
Auxiliary construction	49,811	25,123
Engineering	25,601	20,332
<b>Total construction and industrial revenue</b>	<b>2,981,842</b>	<b>3,136,879</b>

Detail of infrastructure construction revenue by type of client was as follows:



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	2019	2018
Central Government	198,864	354,091
Regional Governments	111,679	128,486
Local Governments	51,664	67,563
Regional Agencies and Government-owned corporations	32,905	14,669
Public sector	395,112	143,373
Private sector	233,368	201,959
Total Spanish clients	628,480	556,051
Total clients abroad	2,353,362	2,580,828
<b>Total construction and industrial revenue</b>	<b>2,981,842</b>	<b>3,136,879</b>

The geographical distribution of the infrastructure construction backlog at the close of 2019 and 2018 was as follows:

2019	Spain	Abroad
Civil engineering	904,220	3,580,693
Residential building construction	67,215	54,573
Non-residential building construction	336,037	331,628
Other construction activities	52,578	11,328
Auxiliary construction	69,972	218,874
Other business activities	39,304	--
<b>Total construction backlog</b>	<b>1,469,326</b>	<b>4,197,096</b>

2018	Spain	Abroad
Civil engineering	747,614	3,293,147
Residential building construction	108,380	18,634
Non-residential building construction	273,182	485,799
Other construction activities	77,388	1,851
Auxiliary construction	43,084	234,638
Other business activities	24,903	19,340
<b>Total construction backlog</b>	<b>1,274,551</b>	<b>4,053,409</b>

## 27.- Expenses

Breakdown of the Group's expenses was as follows:



	2019	2018
Cost of goods sold	2,021,196	2,170,316
Personnel expenses	1,598,856	1,486,319
Wages, salaries and similar	1,322,148	1,201,340
Social security costs	247,553	250,666
Other personnel expenses	29,155	34,313
Other external expenses	2,764,618	2,921,293
Taxes other than income tax	128,053	169,804
Other current operating expenses	22,036	22,900
<b>Subtotal</b>	<b>6,534,759</b>	<b>6,770,632</b>
Change in provisions	71,005	29,286
Depreciation and amortisation charge	585,704	609,519
<b>Total</b>	<b>7,191,468</b>	<b>7,409,437</b>

Employees:

The average number of employees in 2019 and 2018, by professional category, was as follows:

	2019	2018	Change
Management and supervisors	2,260	2,101	159
Qualified line personnel	6,942	6,599	343
Clerical and support staff	1,563	2,051	(488)
Other employees	28,934	27,793	1,141
<b>Total average number of employees</b>	<b>39,699</b>	<b>38,544</b>	<b>1,154</b>

The classification above broken down by gender in 2019 and 2018 was as follows:

	2019			2018		
	Men	Women	Total	Men	Women	Total
Management and supervisors	1,834	426	2,260	1,687	414	2,101
Qualified line personnel	4,879	2,063	6,942	4,653	1,946	6,599
Clerical and support staff	564	999	1,563	953	1,098	2,051
Other employees	21,147	7,787	28,934	20,959	6,834	27,793
<b>Total average number of employees</b>	<b>28,424</b>	<b>11,275</b>	<b>39,699</b>	<b>28,252</b>	<b>10,292</b>	<b>38,544</b>

Breakdown of the Group's employees by segment was as follows:

	2019	2018	Change
Energy	1,629	1,587	41
Infrastructures	37,039	35,596	1,443
Other Activities	1,031	1,361	(330)
<b>Total average number of employees</b>	<b>39,699</b>	<b>38,544</b>	<b>1,155</b>

The classification above broken down by gender in 2019 and 2018 was as follows:

	2019			2018		
	Men	Women	Total	Men	Women	Total
Energy	1,189	440	1,629	1,154	433	1,587
Infrastructures	26,673	10,366	37,039	26,320	9,276	35,596
Other Activities	562	469	1,031	778	583	1,361
<b>Total average number of employees</b>	<b>28,424</b>	<b>11,275</b>	<b>39,699</b>	<b>28,252</b>	<b>10,292</b>	<b>38,544</b>

Of the total number of employees, 377 correspond to the parent company (347 in 2018), and the rest to Group subsidiaries.



The average number of employees in 2019 with a disability level of 33% or over employed by the consolidated companies amounted to 1,031 employees (direct and indirect employment) (1,001 in 2018). The percentage of compliance with Royal Decree Law 1/2013, of 29 November, which approves the Consolidated Text on the General Act for the Rights and Social Integration of Persons with Disabilities, which establishes a minimum quota of 2% for the recruitment of disabled persons in companies with more than 50 employees, was 3.96 % (3.86% at 31 December 2018).

#### Lease expenses:

At 31 December 2019, the expense recognised under "Leases" in the accompanying consolidated income statement under "Other external expenses" amounted to 78 million euros and related to variable income from multiple leases of various types of assets, including most notably vehicles, land and machinery, and rents associated with short-term or low-value contracts, as defined in valuation standard 4.2.C). Variable rents are subject to the measurement of variable parameters such as hours/machine, MW/hour, etc.

#### Change in provisions:

Breakdown of the balance of "Change in Provisions" on the consolidated income statement was as follows (in thousand euros):

	2019	2018
Change in provision for uncollectable receivables	971	15,908
Change in provision for inventories	497	1,381
Other provisions	69,537	11,997
<b>Total</b>	<b>71,005</b>	<b>29,286</b>

At 31 December 2019 and 2018, "Other provisions" included the provision for future replacement or large repairs in concessions recognised under the intangible model, as well as the provision for litigations. This heading also includes the impact of provisions for the completion of construction work and provisions for burdensome contracts.

#### Impairment and profit/(loss) on disposals of non-current assets

Breakdown for this heading on the income statement for financial years 2019 and 2018 was as follows:

<b>Impairment and profit/(loss) on disposal of plant, property and equipment</b>	2019	2018
Profit/(loss) from plant, property and equipment	12,802	163,130
Impairment of other assets (Notes 4 and 7)	(4,210)	(11,447)
<b>Total</b>	<b>8,592</b>	<b>151,683</b>

At 31 December 2019, the "Profit/losses on plant, property and equipment" heading includes most notably profit arising from the transfer of the stakeholding in S.C. Autovía Gerediaga Elorrio, S.A. and Sociedad Explotadora Autovía Gerediaga Elorrio, S.A., giving rise to capital gains for the Group of 5.5 million euros, as indicated in note 10. In

addition, capital gains of 6.9 million euros are included for the sale of real estate from the real estate business (see note 6).

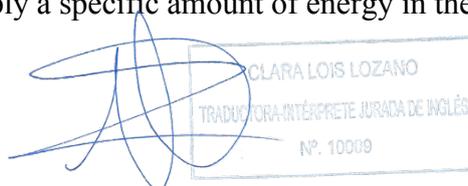
In 2018, the line included profit derived from the sales of the Acciona Thermosolar subgroups (energy division) for the amount of 53 million euros, and Trasmediterránea (other activities division) for the amount of 44.8 million euros, as well as the sale of the stakeholding in Testa Socimi Residential (other activities division) for the amount of 46.5 million euros.

### Other gains and losses

In 2019, this heading mainly relates to the recognition of implicit obligations in subsidiaries accounted for using the equity method when the Group's investment in associates has been reduced to zero (see note 18.a)).

### Profit/(loss) from changes in value of financial instruments at fair value

At 31 December 2019, this heading reflects mainly revenue of 3,147 thousand euros related to the change in fair value of energy sales contracts concluded in December 2015 and 2016 by subsidiaries in Chile, to supply a specific amount of energy in the long term at a fixed price.



### **28.- Segment reporting**

Segment reporting is done based on the nature of the goods and services produced by the Group. The Acciona Group's business model is inspired by values supported by two pillars: Energy and Infrastructure, offering products and services with an emphasis on supplying solutions to meet the challenges of modern society and always under the same guiding principle: sustainable development.

The Group also has other lines of business that are grouped under the name of "other activities", composed mainly of fund management services and financial intermediation, real estate business and wine production.

Each of the segments constitutes a differentiated business that has its own management and reporting structure in order to evaluate the degree to which the objectives are achieved. The information presented to Acciona Group's Corporate Management in order for the performance of the different segments to be evaluated, as well as to allocate resources between them, is structured according to this segmentation criterion.

Costs incurred by the Corporate Unit are distributed pro rata, using an internal cost distribution system, among the different divisions. Inter-segment sales are made at market prices.

In addition to the segment information, in order to help understand the results and in line with the way in which the Acciona Group Directors manage this information, certain amounts related to "Corporate Transactions" that facilitate a better understanding of the ordinary course of business are presented as an additional column. Nonetheless, where these effects are material in respect of the Group's results, details are given as to how they impact each segment.

Finally, the information is also presented in terms of the geographical areas in which the operations take place.

Segment information and that of Corporation Transactions for 2019 and 2018 is shown below:



Balances at 31/12/2019	Segments				Corporate transactions	Total Group
	Energy	Infrastructures	Other activities	Intra-group transactions		
<b>ASSETS</b>						
Property, plant and equipment, intangible assets and investment property	6,916,004	670,724	118,737	(2,241)	--	7,703,224
Right of use	284,857	102,480	21,622	--	--	408,958
Goodwill	--	201,667	31,736	--	--	233,403
Non-current financial assets	34,185	82,050	91,630	3,022	--	210,887
Investments accounted for using the equity method	955,302	156,436	4,782	--	--	1,116,520
Other assets	520,289	863,116	254,842	59	--	1,638,306
<b>Non-current assets</b>	<b>8,710,637</b>	<b>2,076,473</b>	<b>523,349</b>	<b>840</b>	<b>--</b>	<b>11,311,298</b>
Inventories	119,754	186,735	956,881	(15,254)	--	1,248,116
Trade and other receivables	364,614	1,928,069	249,013	(450,750)	--	2,090,946
Other current financial assets	140,479	46,111	12,002	--	--	198,592
Other assets	338,006	253,156	(236,918)	(2,625)	--	351,620
Cash and cash equivalents	38,726	1,789,007	323,905	(3,023)	--	2,148,615
<b>Current assets</b>	<b>1,001,579</b>	<b>4,203,078</b>	<b>1,304,883</b>	<b>(471,652)</b>	<b>--</b>	<b>6,037,889</b>
<b>Total assets</b>	<b>9,712,216</b>	<b>6,279,551</b>	<b>1,828,232</b>	<b>(470,812)</b>	<b>--</b>	<b>17,349,187</b>
<b>EQUITY AND LIABILITIES</b>						
<b>Consolidated equity</b>	<b>3,498,700</b>	<b>961,224</b>	<b>(803,489)</b>	<b>(15,746)</b>	<b>--</b>	<b>3,640,689</b>
Financial debt	3,470,596	1,647,532	178,192	--	--	5,296,320
Other liabilities	1,629,578	440,785	184,571	(4,316)	--	2,250,618
<b>Non-current liabilities</b>	<b>5,100,174</b>	<b>2,088,317</b>	<b>362,763</b>	<b>(4,316)</b>	<b>--</b>	<b>7,546,938</b>
Financial debt	150,572	216,936	1,598,535	--	--	1,966,043
Trade and other payables	337,674	2,156,665	358,329	(193,408)	--	2,659,260
Other liabilities	625,095	856,410	312,093	(257,341)	--	1,536,257
<b>Current liabilities</b>	<b>1,113,341</b>	<b>3,230,011</b>	<b>2,268,957</b>	<b>(450,749)</b>	<b>--</b>	<b>6,161,560</b>
<b>Total equity and liabilities</b>	<b>9,712,215</b>	<b>6,279,552</b>	<b>1,828,231</b>	<b>(470,811)</b>	<b>--</b>	<b>17,349,187</b>

Balances at 31/12/2019	Segments				Corporate transactions	Total Group
	Energy	Infrastructures	Other activities	Intra-Group transactions		
<b>Total revenue</b>	<b>1,997,185</b>	<b>5,033,523</b>	<b>360,999</b>	<b>(201,118)</b>	<b>--</b>	<b>7,190,589</b>
Revenue	1,975,728	4,869,634	345,227	--	--	7,190,589
Revenue to other segments	21,457	163,889	15,772	(201,118)	--	--
Other revenue and operating expenses	(1,152,381)	(4,602,676)	(277,466)	198,534	--	(5,833,989)
<b>Gross profit/(loss) from operations</b>	<b>844,804</b>	<b>430,847</b>	<b>83,533</b>	<b>(2,584)</b>	<b>--</b>	<b>1,356,600</b>
Allocations	(415,223)	(229,286)	(12,405)	205	--	(656,709)
Impairment and profit/(loss) from disposal of plant, property and equipment	(4,094)	4,765	7,921	--	--	8,592
Other gains and losses	15,047	(24,633)	(18)	--	--	(9,604)

<b>Profit/(loss) from operations</b>	<b>440,534</b>	<b>181,693</b>	<b>79,031</b>	<b>(2,379)</b>	--	<b>698,879</b>
Financial profit/(loss)	(183,397)	(18,477)	(20,656)	--	--	(222,530)
Profit/(loss) due to changes in value of fin instrum at fair value	2,213	--	3,028	--	--	5,241
Profit/(loss) from entities accounted for by the equity method	25,108	37,901	175	--	--	63,184
<b>Profit / (loss) before tax</b>	<b>284,458</b>	<b>201,117</b>	<b>61,578</b>	<b>(2,379)</b>	--	<b>544,774</b>
Income Tax expense	(71,429)	(68,542)	(7,894)	593	--	(147,272)
Consolidated profit/(loss) in the year	213,029	132,575	53,684	(1,786)	--	397,502
Profit / (loss) after tax of discontinued operations	--	--	--	--	--	--
<b>Profit / (loss) for the year</b>	<b>213,029</b>	<b>132,575</b>	<b>53,684</b>	<b>(1,786)</b>	--	<b>397,502</b>
Non-controlling interests	(25,241)	(20,701)	118	--	--	(45,824)
<b>Profit/(loss) attributable to the Parent Company</b>	<b>187,788</b>	<b>111,874</b>	<b>53,802</b>	<b>(1,786)</b>	--	<b>351,678</b>

Balances at 31/12/2018	Segments				Corporate transactions	Total Group
	Energy	Infrastructures	Other activities	Intra-group transactions		
<b>ASSETS</b>						
Property, plant and equipment, intangible assets and investment property	6,519,463	750,077	184,278	(2,447)	--	7,451,371
Goodwill	--	198,466	--	--	--	198,466
Non-current financial assets	35,042	80,161	89,860	3,023	--	208,086
Investments accounted for using the equity method	848,864	149,369	2,589	--	--	1,000,822
Other assets	448,473	445,272	249,501	91	--	1,143,337
<b>Non-current assets</b>	<b>7,851,842</b>	<b>1,623,345</b>	<b>526,228</b>	<b>667</b>	--	<b>10,002,082</b>
Inventories	112,405	205,050	613,026	(16,170)	--	914,311
Trade and other receivables	559,836	1,600,727	194,655	(654,404)	--	1,700,814
Other current financial assets	124,082	52,013	2,209	--	--	178,304
Other assets	63,607	298,766	(23,380)	(22,954)	108,636	424,675
Cash and cash equivalents	(39,653)	1,952,796	(192,715)	(3,023)	--	1,717,405
<b>Current assets</b>	<b>820,277</b>	<b>4,109,352</b>	<b>593,795</b>	<b>(696,551)</b>	<b>108,636</b>	<b>4,935,510</b>
<b>Total assets</b>	<b>8,672,119</b>	<b>5,732,697</b>	<b>1,120,023</b>	<b>(695,884)</b>	<b>108,636</b>	<b>14,937,592</b>
<b>EQUITY AND LIABILITIES</b>						
<b>Consolidated equity</b>	<b>3,254,616</b>	<b>927,825</b>	<b>(759,024)</b>	<b>(36,915)</b>	<b>108,636</b>	<b>3,495,138</b>
Financial debt	3,129,763	1,639,223	(689,046)	--	--	4,079,940
Other liabilities	1,232,078	399,404	161,734	(4,561)	--	1,788,655
<b>Non-current liabilities</b>	<b>4,361,841</b>	<b>2,038,627</b>	<b>(527,312)</b>	<b>(4,561)</b>	--	<b>5,868,595</b>
Financial debt	254,700	111,111	1,782,784	--	--	2,148,595
Trade and other payables	466,628	2,071,579	117,995	(197,172)	--	2,459,030
Other liabilities	334,334	583,555	505,580	(457,232)	--	966,237
<b>Current liabilities</b>	<b>1,055,662</b>	<b>2,766,245</b>	<b>2,406,359</b>	<b>(654,403)</b>	--	<b>5,573,863</b>
<b>Total equity and liabilities</b>	<b>8,672,119</b>	<b>5,732,697</b>	<b>1,120,023</b>	<b>(695,884)</b>	<b>108,636</b>	<b>14,937,592</b>


  
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Balances at 31/12/2018	Segments				Corporate transactions	Total Group
	Energy	Infrastructures	Other activities	Intra-Group transactions		
<b>Total revenue</b>	<b>2,206,332</b>	<b>5,059,002</b>	<b>391,596</b>	<b>(147,401)</b>	--	<b>7,509,529</b>
Revenue	2,171,548	4,949,868	388,113	--	--	7,509,529
Revenue to other segments	34,784	109,134	3,483	(147,401)	--	--
Other revenue and operating expenses	(1,463,592)	(4,640,338)	(305,795)	144,858	--	(6,264,867)
<b>Gross profit/(loss) from operations</b>	<b>742,740</b>	<b>418,664</b>	<b>85,801</b>	<b>(2,543)</b>	--	<b>1,244,662</b>
Allocations	(382,319)	(230,820)	(25,871)	205	--	(638,805)
Impairment and profit/(loss) from disposal of plant, property and equipment	5,186	1,662	13,505	--	131,330	151,683
Other gains and losses	494	(948)	10	--	315	(129)
<b>Profit/(loss) from operations</b>	<b>366,101</b>	<b>188,558</b>	<b>73,445</b>	<b>(2,338)</b>	<b>131,645</b>	<b>757,411</b>
Financial profit/(loss)	(202,798)	(81,424)	(6,479)	--	--	(290,701)
Profit/(loss) due to changes in value of fin instrum at fair value	(222)	--	26	--	--	(196)
Profit/(loss) from entities accounted for by the equity method	15,804	30,310	(3,849)	--	1	42,266
<b>Profit / (loss) before tax</b>	<b>178,885</b>	<b>137,444</b>	<b>63,143</b>	<b>(2,338)</b>	<b>131,646</b>	<b>508,780</b>
Income Tax expense	(53,748)	(41,297)	(18,971)	702	(23,010)	(136,323)
<b>Consolidated profit/(loss) in the year</b>	<b>125,137</b>	<b>96,147</b>	<b>44,172</b>	<b>(1,636)</b>	<b>108,636</b>	<b>372,457</b>
Profit / (loss) after tax of discontinued operations	--	--	--	--	--	--
<b>Profit / (loss) for the year</b>	<b>125,137</b>	<b>96,147</b>	<b>44,172</b>	<b>(1,636)</b>	<b>108,636</b>	<b>372,457</b>
Non-controlling interests	(20,258)	(24,216)	469	(422)	--	(44,427)
<b>Profit/(loss) attributable to the Parent Company</b>	<b>104,879</b>	<b>71,931</b>	<b>44,641</b>	<b>(2,058)</b>	<b>108,636</b>	<b>328,030</b>

In 2019, no significant results were produced as a result of corporate transactions.

In financial year 2018 the most significant impacts recorded under “Corporate transactions” are detailed below:

- The sale of the shares that the Group held in Acciona Termosolar, S.L., the owner of 5 thermal power plants in Spain, to Contour Global plc, with capital gains of 53 million euros linked to the energy division.
- The sale of 92.71% of the share capital held by Acciona Group in Compañía Trasmediterránea, S.A., with capital gains of 44.8 million euros, linked to the other activities division.
- The sale of the entirety of the shares held by Acciona Group in Testa Residencial SOCIMI, S.A. with capital gains of 47.5 million euros, linked to the other activities division.

The following tables show the breakdown of certain of the Group’s consolidated balances for the energy and infrastructure segments:

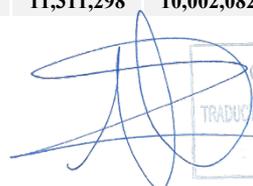
31.12.2019		
Division	Revenues	EBITDA
Generation	1,435,417	867,869
Non-generation (*)	561,768	(23,065)
<b>Energy</b>	<b>1,997,185</b>	<b>844,804</b>
Construction	3,437,477	288,505
Concessions	77,964	33,110
Water	757,935	66,155
Services	823,823	43,077
Consolidation adjustments	(63,676)	--
<b>Infrastructures</b>	<b>5,033,523</b>	<b>430,847</b>
31.12.2018		
Division	Revenues	EBITDA
Generation	1,441,820	820,833
Non-generation (*)	764,512	(78,093)
<b>Energy</b>	<b>2,206,332</b>	<b>742,740</b>
Construction	3,547,732	227,470
Concessions	107,861	48,676
Water	639,211	112,895
Services	799,980	29,623
Consolidation adjustments	(35,782)	--
<b>Infrastructures</b>	<b>5,059,002</b>	<b>418,664</b>

(\*) Includes business development activities, as well as the allocation of costs from the corporate unit.

EBITDA is defined as operating income before depreciation and amortisation and variations in provisions, that is, it shows the operating result of the Group. The Group presents the calculation of EBITDA in the consolidated income statement, and it is calculated by taking the following items of the consolidated income statement: "Revenue", "Other income", "changes in inventories of finished goods and work in progress", "cost of good solds", "personnel expenses" and "other operating expenses".

The table below shows disclosure of certain of the Group's consolidated balances based on the geographical area where the operations take place:

	Income		Total assets		Non-current assets		Current assets	
	2019	2018	2019	2018	2019	2018	2019	2018
Spain	2,969,727	3,180,955	8,239,511	7,741,356	4,619,359	4,538,146	3,620,152	3,203,210
European Union	678,886	585,040	1,714,597	1,474,649	1,228,550	1,102,785	486,047	371,864
OECD countries	2,105,746	2,335,920	5,652,197	4,311,924	4,792,934	3,696,060	859,263	615,864
Other countries	1,436,230	1,407,614	1,742,882	1,409,664	670,455	665,091	1,072,427	744,573
<b>Total</b>	<b>7,190,589</b>	<b>7,509,529</b>	<b>17,349,187</b>	<b>14,937,593</b>	<b>11,311,298</b>	<b>10,002,082</b>	<b>6,037,889</b>	<b>4,935,511</b>


  
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Income and non-current assets from certain significant countries other than Spain are disclosed below, understanding “significant” to refer to those where the values are greater than 10% of the income from external clients or from non-current assets according to IFRS 8.

	Income		Non-current assets	
	2019	2018	2019	2018
<b>Australia</b>	928,409	919,957	1,008,109	704,771
<b>Mexico</b>	385,450	614,157	1,433,097	1,233,223

## 29.- Finance income and costs and other profit/(loss) for the year

Detail of the Group’s finance income and costs was as follows:

	2019	2018
<b>Financial income</b>	<b>33,020</b>	<b>48,600</b>
From equity investments	14	91
From other financial instruments in Associates	4,931	4,261
Other finance income	28,075	44,248
<b>Finance costs</b>	<b>(264,932)</b>	<b>(341,807)</b>
On payables to third parties	(279,170)	(351,142)
On ineffectiveness of derivatives (note 20)	--	--
Capitalisation of borrowing costs	13,961	9,515
Change in financial provisions	277	(180)

### Other finance income and costs:

The Group had capitalised borrowing costs amounting to 13.9 million euros at 31 December 2019 and 9.5 million euros at 31 December 2018, all of them practically capitalised in property, plant and equipment (see note 5). Borrowing costs capitalisation in inventories amounted to 1.9 million euros in 2019, and 2.6 million euros in 2018 (see note 4.2.j).

### Finance costs:

In 2019 payables to third parties subtracted from equity and included in “Finance Costs” relating to the periodic settlements of hedging derivatives and corresponding to fully consolidated Group companies amounted to 25,310 thousand euros (18,490 thousand euros in 2018).

In addition, 10,985 thousand euros (13,100 thousand euros in 2018) relating to these periodic settlements were recognised as a decrease in the results of companies accounted for using the equity method.

## 30.- Proposed application of profit/(loss)

Proposed application of the profit in financial years 2019 and 2018 of Acciona, S.A., as approved by the Annual General Shareholders’ Meeting, in the case of 2018, and that the

Board of Directors will submit to approval by the Annual General Shareholders' Meeting, in the case of 2019, is as follows (in euros):

	2019	2018
<b>Distribution basis:</b>		
Acciona, S.A. profit or loss	260,043,573.01	233,855,108.03
<b>Application:</b>		
To legal reserve	--	--
To statutory reserve	26,004,357.30	2,338,551.08
To capitalisation reserves	3,049,012.99	--
To voluntary reserves	19,792,088.67	39,697,064.45
Dividends	211,198,114.05	191,819,492.50
<b>Total</b>	<b>260,043,573.01</b>	<b>233,855,108.03</b>

The proposed allocation of the result for 2019 contemplates the distribution of dividends of 3.85 euros per share.

Under its Articles of Association, Acciona, S.A. must, in any event, allocate 10% of net profit to legal and statutory reserves in such a manner that, when the former is covered (20% of the share capital), any remaining portion of the 10% of net profit must be transferred to the statutory reserve. This reserve is unrestricted.

The Board of Directors proposes that the capitalisation reserve established in Article 25 of Law 27/2014 of 27 November on Income Tax be charged to profit for the year, for an amount of 3,049,012.99 euros, equivalent to 10% of the amount of the increase in equity relating to the companies forming part of the tax group of which Acciona, S.A. is the parent company. The foregoing provision entitles the Company to reduce its corporate income tax base by the same amount, up to a limit of 10% of the taxable income for the tax group for the year. If this limit is exceeded, the excess can be carried forward to the following two tax periods.

### 31.- Environmental matters

In 2019, 65 million euros were allocated to managing the environmental impacts generated by the Group's activities (prevention, reduction or correction of impacts). Of this amount, 61.4 million euros has been spent and 3.6 million euros has been allocated to investments. The breakdown of this economic figure for Acciona's environment-related activities is as follows:



Category	Amount Million euros
Measures to minimise environmental impact	39
Environmental research, development & innovation	10
Personnel involved in the environmental activity	10
Investments in plant, property and equipment to prevent environmental impacts and protect the environment	4
Environmental consultancy and advisory services	1
Other*	1
<b>Total</b>	<b>65</b>

<sup>(\*)</sup> This category includes other environmental expenses, including insurance and taxes, training, environmental management system, environmental communication and awareness.

### 32.- Earnings per share

Basic earnings per share are calculated by dividing the profit distributable to the Company's shareholders by the weighted average number of ordinary shares outstanding during the financial year.

The amounts for the periods closed at 31 December 2019 and 2018 are given below:

	2019	2018
Equity attributed to the Parent Company (thousand euros)	351,678	328,030
Weighted average number of shares outstanding	54,438,737	55,588,989
Basic earnings per share (euros)	6.46	5.90

As of 31 December 2019 and 2018, the diluted earnings per share coincide with the basic earnings per share.

### 33.- Events after the reporting period

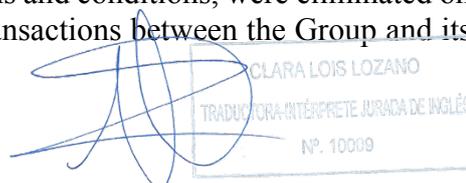
On 9 January 2020, the acceptance period and the additional acceptance period of the public tender offer ended (see note 3). The public tender offer was accepted for a total of 149,399 shares representing 0.14% of share capital at a price of 10.34 euros per share which was settled on 13 January 2020 for a total of 1,544 thousand euros.

On 7 February, Acciona, S.A. confirmed that it had reached an agreement with the Brazilian consortium Move and the government of the State of São Paulo (Brazil) to transfer the concession contract for line 6 of the city's metro system. The closure of the operation is subject to various conditions precedent being met.

### 34. - Related-party transactions

As indicated in these notes to the consolidated financial statements, transactions performed by the Company with its subsidiaries (related parties) as part of its normal business activities, as regards their purpose and terms and conditions, were eliminated on consolidation and are not disclosed in this note. Transactions between the Group and its associates are disclosed below.

#### Transactions with associates



At 31 December 2019 and 2018, detail of the balances receivable from and payable to associates was as follows (in thousand euros):

	Receivables / Expenses		Payables / Income	
	2019	2018	2019	2018
Trade and other accounts receivable	90,595	64,555	--	--
Trade and other payables	--	--	438,775	205,277
Loans to associates	75,914	110,717	9,227	8,496
Income and expenses	153,253	82,385	118,995	396,926

The “Income” line mainly reflects billings by Acciona Construcción, S.A. for the Toledo University Hospital Concessionaire for the construction of the corresponding asset.

The balances of “Expenses” and “Payables” mainly include transactions carried out by companies in the energy division with the Nordex Group corresponding to the acquisition of wind turbines for the construction of wind farms.

The balances receivable related to the line “Loans to associates” were mainly made up of loans made by Acciona Concesiones, S.A and Acciona Energía, S.A. to associates.

These transactions were performed on an arm’s length basis.

#### Transactions with other related parties

At 31 December 2014, following the arrival of the KKR Fund in the shareholding structure of the Acciona Group subsidiary, Acciona Energy Internacional, S.A., the fund became a “related party” for the Group as the term is defined in IAS 24. The only transaction of note with the KKR Fund in financial year 2018 was the subordinated debt described in Note 22.

In addition, the contract signed between Acciona Energy, S.A. and said fund incorporates long-term collaboration agreements between the Acciona Group and KKR in certain countries, through certain rights of refusal that in no case represent a firm commitment.

#### Transactions with shareholders

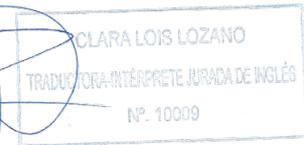
In 2019 there were no significant transactions involving a transfer of resources or obligations between the Parent or its Group companies and the Company’s main shareholders.



#### Transactions with directors or executives

The Group’s “related parties” are deemed to be, in addition to the subsidiaries, associates and joint operations, the Company Management’s “key personnel” (members of its Board of Directors and of senior management, and their close relatives) and the entities over which key management personnel may exercise control or significant influence. The transactions performed by the Group in 2019 and 2018 with its related parties are listed below, differentiating between the Company’s significant shareholders, members of the Board of Directors and Managers, and other related parties. Related party transactions are made on terms equivalent to those in arm’s length transactions that usually take place in a normal business relationship with Acciona, S.A. or the Group companies within the scope of the ordinary course of trade of these entities and under market conditions. These transactions consisted basically of:

Thousand euros					
31.12.2019					
Expenses and income	Significant shareholders	Directors and Executives	Group employees, companies or entities	Other related parties	Total
<b>Expenses:</b>					
Finance costs					
Leases					
Services received				131	131
Purchase of goods					
Other expenses					
<b>Income:</b>					
Financial income					
Dividends received					
Services provided				55	55
Sales of goods					
Other income					
Thousand euros					
31.12.2019					
Other transactions	Significant Shareholders	Directors and Executives	Group employees, companies or entities	Other related parties	Total
Financing agreements: loans and capital contributions (lender)					
Financing agreements: loans and capital contributions (borrower)					
Guarantees provided					
Guarantees received					
Obligations acquired					
Dividends and other profits distributed					
Other transactions					
Thousand euros					
31.12.2019					
Balances at End of Period	Significant shareholders	Directors and Executives	Group employees, companies or entities	Other related parties	Total
Customers and trade receivables					
Loans and credit facilities granted					
Other collection rights					
<b>Total balance receivable</b>					
Loans and credit facilities received					
Other payment obligations				35	35
<b>Total balance payable</b>					

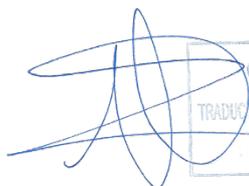
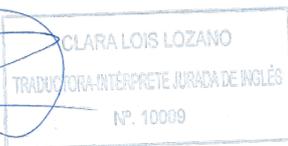
Thousand euros					
31.12.2018					
Expenses and income	Significant shareholders	Directors and Executives	Group employees, companies or entities	Other related parties	Total
<b>Expenses:</b>					
Finance costs					
Leases					
Services received				102	102
Purchase of goods					
Other expenses					
<b>Income:</b>					
Financial income					
Dividends received					
Services provided				6,733	6,733
Sales of goods					
Other income					

Thousand euros					
31.12.2018					
Other transactions	Significant Shareholders	Directors and Executives	Group employees, companies or entities	Other related parties	Total
Financing agreements: loans and capital contributions (lender)					
Financing agreements: loans and capital contributions (borrower)					
Guarantees provided					
Guarantees received					
Obligations acquired					
Dividends and other profits distributed					
Other transactions					

Thousand euros					
31.12.2018					
Balances at End of Period	Significant shareholders	Directors and Executives	Group employees, companies or entities	Other related parties	Total
Customers and trade receivables					
Loans and credit facilities granted					
Other collection rights					
<b>Total balance receivable</b>					
Loans and credit facilities received					
Other payment obligations					
<b>Total balance payable</b>					

### **35. - Remuneration and other benefits**

#### **A. Board of Directors**

In 2019 the remuneration accrued by the members of the Company's Board of Directors, and taking into account that this remuneration is taken from the perspective of the Parent and its subsidiaries, totalled, in euros, the sum indicated in this Note.

According to article 31 of Articles of Association, the remuneration for Directors will consist in a fixed annual allocation determined for their membership of the Board of Directors and any Committees on which each Director may sit. The amount of the remuneration to be paid by the Company to the Directors as a whole for belonging to the Board of Directors and its Committees will be that determined for this purpose by the General Meeting of Shareholders. Once established, this amount shall remain in force until such time as it may be amended, and the Board of Directors may reduce the amount in the financial years where this is considered convenient.

The Board of Directors determines the exact amount to be paid within that limit and its distribution among the different Directors, with consideration being given to the functions and responsibilities of each member, sitting on the Board's committees and any other unbiased circumstances considered relevant by the Board.

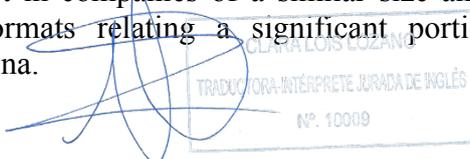
Regardless of the provisions contained in section above, the remuneration deriving from membership of the Board of Directors shall be compatible with any other remuneration (fixed salary; variable bonuses depending on the attainment of business, corporate and/or performance goals; compensation for removal of the Director for reasons other than the failure to perform his or her duties; welfare systems; deferred remuneration items) that, following a proposal by the Appointments and Remuneration Committee and by resolution passed by the Board of Directors, could correspond to the Director for the performance of other functions in the Company, be they senior management executive functions or otherwise, apart from those of joint supervision and decision-taking carried out as mere members of the Board.

Following a resolution adopted by the General Shareholders' Meeting with the legally required scope, Executive Directors may also be remunerated through the delivery of shares or share option rights, or by means of any other remuneration referenced to the value of the shares.

Furthermore, art. 55 of the Regulations for the Board of Directors establishes that the Board determines the system for distributing the remuneration for Directors within the framework established in the Articles of Association.

The decision must take into account the report issued for the purpose by the Appointments and Remuneration Committee.

The Board of Directors shall strive to ensure that the Directors' remuneration is moderate and in line with that paid on the market in companies of a similar size and business activity, with preference for those formats relating a significant portion of the remuneration to their dedication to Acciona.



The system for remuneration of independent directors will strive to serve as a sufficient incentive for their dedication without compromising their independence.

The remuneration of external directors representing substantial shareholders for their performance as Directors must be proportional to that of other Directors and shall not represent any favoured treatment in the form of remuneration of the shareholder(s) designating them. The remuneration system will establish similar remuneration for comparable functions and dedication.

As regards remuneration of executive directors, article 55 bis of the Regulations establishes that the Board of Directors must try and ensure that the remuneration policies in force at each time include for variable remuneration necessary technical safeguards to make sure that such remuneration is in line with the professional performance of its beneficiaries and does not arise simply from the general trend of markets or of the company's business sector or from other similar circumstances. The remuneration of directors must be transparent.

On 18 May 2017, the General Shareholders' Meeting approved the Directors Remuneration Policy for the years 2018-2020, without prejudice to the fact that amendments introduced by the Policy shall apply to remuneration accrued from the date the Policy was approved.

The Remuneration Policy approved at the Meeting and according to Article 31.2 of the Articles of Association of Acciona: a) the maximum amount of remuneration payable per year to the directors in aggregate for their duties as such is 1,700,000 euros; b) except where the General Shareholders' Meeting establishes otherwise, the distribution of the remuneration among the directors will be decided by the Board of Directors, having consideration for the functions and responsibilities of each director, whether they belong to Board committees, and other objective circumstances that it considers to be relevant.

At its meeting on 30 May 2018, the Board of Directors resolved, at the proposal of the Appointments and Remuneration Committee, to set new amounts for membership of the Board of Directors and its Committees, which from this date are as follows: a) Executive directors shall not receive remuneration for their membership of the Board of Directors, and therefore their remuneration shall be that which corresponds to their executive functions; b) if an executive committee ceases to exist then the remuneration for membership to such a committee is removed; c) the remuneration for membership of non-executive directors to the board is set at 100,000 euros; d) the remuneration for membership to the Committees is changed, which is set at 70,000 euros for the audit committee, 55,000 euros for the appointments and remunerations committee, and 50,000 euros for the sustainability committee; e) the additional remuneration for holding the position of Independent Coordinating Director is set at 30,000 euros; and f) the additional remuneration for chairing the committees is set at 18,000 euros for the audit committee, 11,000 for the appointments and remunerations committee, and 8,000 euros for the sustainability committee.

After a detailed analysis of the remuneration received at international companies and those included on the IBEX 35 index, the Appointments and Remuneration Committee considered the remuneration to be in line with what was paid on the market in companies of a similar size in the same business area, that similar remuneration was paid for comparable functions and dedication and, without compromising independence,

remuneration is an adequate incentive for the engagement of directors in the different committees.

The total remuneration paid to the members of the Board for discharging their duties as Company directors in 2019 amounted to 1,492,000 euros (1,407,000 euros in 2018). This amount is broken down in thousand euros, by member of the Board of Directors, in the following way:

	Fixed remuneration	Remuneration for membership of Board Committees	Total 2019	Total 2018
Mr. Daniel Entrecanales Domecq	100	58	158	154
Mr. Jerónimo Marcos Gerard Rivero	100	55	155	117
(**) Mr. Jaime Castellanos Borrego	--	--	--	87
(**) Mr. Fernando Rodés Vila	--	--	--	60
Mr. José Manuel Entrecanales Domecq	--	--	--	29
Mr. Juan Ignacio Entrecanales Franco	--	--	--	29
Mr. Juan Carlos Garay Ibargaray	100	172	272	250
(**) Ms. Belén Villalonga Morenés	41	--	41	86
Mr. Javier Entrecanales Franco	100	50	150	149
Mr. Javier Sendagorta Gómez del Campillo	100	55	155	89
Ms. Ana Sainz de Vicuña Bemberg	100	82	182	145
Ms. Karen Christiana Figueres Olsen	100	70	170	126
Mr. José María Pacheco Guardiola	100	50	150	86
(*) Sonia Dulá	59	--	59	--
<b>Total</b>			<b>1,492</b>	<b>1,407</b>

(\*) Directors joining the Board in 2019.

(\*\*) Directors leaving the Board in 2018 or 2019.

The remuneration in cash paid to Directors for the performance of senior management executive functions and for being members of the Board was 5,111 and 4,799 thousand euros in 2019 and 2018, respectively. In addition, they have received remuneration in kind amounting to 102 and 53 thousand euros in 2019 and 2018, respectively.

In 2019, 8,675 shares with deferred delivery were assigned to executive directors and therefore 8,675 shares remain pending delivery. The amount of gross profit of the shares delivered was 799 and 665 thousand euros in 2019 and 2018 respectively, equivalent to the market value at the date of delivery.

The Independent director Sonia Dulá is a Non-executive director and Chairman of the Board of Directors of the companies in the Bestinver subgroup following her appointment on 22 July 2019. Only the position at Bestinver, S.A. is remunerated, and the amount accrued in 2019 for the period in office is 45 thousand euros.

In 2014, the Company implemented a savings plan related to a term life assurance, permanent disability in the degrees of total, absolute and grand invalidity, and death ("Savings Plan") aimed solely and exclusively at the Company's Executive Directors. The basic characteristics of the plan are as follows:



- a) It is a social welfare system based on a defined contribution.
- b) It is a system endowed externally through the payment by the Company of annual premiums to an insurance company with the Participant as the beneficiary, for the coverage of survival and the risk contingencies, i.e.: (i) death and (ii) permanent disability in the degrees established in the Regulations.
- c) Should the Participants cease to occupy positions as Executive Directors of Acciona for any reason, the Company shall cease to pay the premiums to the Savings Plan on the date on which they indisputably cease to hold their position, without prejudice to any economic rights recognised to Participants.
- d) The payment of the Benefit arising out of the Savings Plan will be made directly by the insurance entity to the Participants, net of any corresponding withholdings or payments on account of personal Income Tax that may be applicable in each case and payable by the beneficiary of the Benefit. For the rest of the contingencies, the payment of the Benefit will also be made directly by the insurance entity to any entitled parties.
- e) The status of Participant in the Savings Plan will be lost should any of the following circumstances arise: i) occurrence of any of the risk contingencies covered and collection of the Benefit; ii) attainment of the age of 65 years; iii) removal from the position of Executive Director of Acciona for any reason other than those indicated above.
- f) Consolidation conditions. The beneficiary of the Savings Plan shall be the Company under the following two situations:

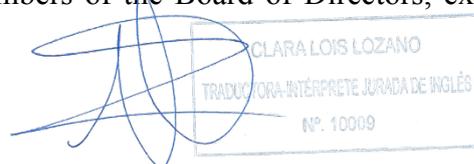
If the participant is removed from the position of Executive Director of Acciona due to resignation for voluntary causes. If the participant is removed from the position of Executive Director for breaching their duties or for an act or omission that harms the Company, or is sentenced with a final verdict issued by a judicial authority.

In these cases, the participants shall lose all economic rights accumulated in the Savings Plan and therefore, may not receive any benefit arising from the Plan.

The contributions to the Savings Plan in 2019 and 2018 in favour of the Executive Directors came to 4,913 and 5,013 thousand euros. These contributions in 2019 included 100% of the fixed annual salary and an additional amount arising from extraordinary contributions to the Savings Plan related to part of the variable remuneration in 2018.

The accumulated value at 31 December 2019 of the savings systems with non-consolidated economic rights of Executive Directors amounted to 23,293 thousand euros.

No obligations have been entered into in connection with pensions with respect to former and current members of the Board of Directors. Nor have any advances, credits or guarantees been given in favour of the members of the Board of Directors, except as indicated in this note.



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In financial years 2019 and 2018 the directors of the Parent did not receive any remuneration for being members of other boards and/or senior management of Group Companies.

The total remuneration of members of the board of directors of Acciona, S.A., including remuneration for executive functions, was 7,503 and 6,864 thousand euros in 2019 and 2018, respectively.

#### B. Senior Management

Senior Management includes those people forming the top two levels of the Acciona group's management and the Corporate Internal Audit Director. This classification is for information purposes only and without prejudice to their specific employment relationship.

The remuneration of the Company's General Managers and people discharging similar duties, excluding those who are simultaneously members of the Board of Directors (whose remuneration is disclosed above), and bearing in mind that this remuneration is taken from the perspective of the Parent Company and subsidiaries, in 2019 and 2018 is summarised as follows:

Type of remuneration	2019	2018
Number of people	37	40
Remuneration (thousand euros)	22,659	23,864

The figures for 2019 appearing as remuneration included the amounts related to compensation paid to the executives that left the company every year, for termination of their employment relationship, as well as the money settlement for differences in the options exercised during the year.

The civil liability premium for directors and executives as paid in 2019 amounted to 1,345 thousand euros.

#### Plan for delivery of shares and performance shares



The General Shareholders' Meeting held on 24 June 2014 approved the following agreement:

*A) To extend the term of validity of the Shares and Options Delivery Plan to Acciona group's management, including Executive Directors, as was approved by the General Shareholders' Meeting of Acciona, S.A. on 4 June 2009, for application in financial years 2014 to 2020, and to increase the maximum number of shares available by 200,000 shares.*

*B) To authorise the Board of Directors of the Company so that it may, to all the extend required by law and upon proposal by the Appointments and Remuneration Committee, amend the Plan Regulations under the terms and conditions that the Board considers convenient, establishing delivery conditions and times, accrual periods, allocation criteria and limits and any other aspect that the Board considers relevant, in order to align further the long-term interests of the Company's Executive Directors and other*

*executives of the Acciona Group with those of the shareholders of Acciona, S.A., and thus boost their motivation in the attainment of higher value and long-term stability for the group, and consolidate their loyalty and permanence in the Group.*

Pursuant to that authority, on 26 February 2015 the Board of Directors approved, upon proposal by the Appointments and Remuneration Committee, to amend the Plan Regulations, drawing up a new one whose term of validity covers the six-year period from 2014 to 2019, both inclusive. In addition, and making use of the approval of the General Shareholders' Meeting on 18 May 2017, following a proposal from the Appointments and Remuneration Committee, the Board of Directors approved an additional amendment to the Plan Regulations at their meeting held on 14 December 2017 with the aim of adapting it to corporate governance best practices regarding deferral, malus and clawback on the variable remuneration of executive directors, and to the principles and guidelines contained in the Directors Remuneration Policy approved by the General Shareholders' Meeting. In addition, the duration of the Plan is extended for an additional two years (i.e. up to and including 2021) only for directors (excluding Executive Directors), and subject to the full discretion of the Board of Directors and after a report from the Appointments and Remuneration Committee, the possibility to assign and deliver extraordinary Acciona shares is also introduced for multi-year periods (a minimum of three (3) years) to one or several Beneficiary Directors (other than Executive Directors) for achieving extraordinary results.

The main characteristics are as follows:

#### **A) Purpose of the Plan:**

The purpose of the 2014 Plan for Delivery of Shares and "Performance Shares" is to remunerate management, including the Executive Directors of Acciona in such a manner as to boost the attainment of strategic business objectives to the benefit of the Company's shareholders, and the loyalty and permanence of executives.

#### **B) Strategic indicators and objectives to achieve**

Achievement of objectives will be based on business strategic indicators, which have been defined by the Board of Directors for financial years ranging from 2014 to 2019.

#### **C) Plan beneficiaries**

##### C.1. – Executive Directors



Reference period: The reference period of the business strategic indicators will be the 2014-2019 six-year period, although, for allocation of "performance shares", the whole period from the start of the 2014 Plan application period to the end of the previous financial year will be considered.

"Performance shares" allocation: Upon completion of each financial year, the Board of Directors may assess the extent to which the long-term strategic objectives have been achieved up to that point.

The final allocation of treasury shares to Executive Directors will take place (a) at the end of the whole 2014 Plan period (in 2020) upon consideration of the assessment made for

the whole 2014-2019 period and (b) at a midpoint milestone, in 2017, upon completion of the first three 2014-2016 financial years, upon consideration of the assessment made on the first 2014-2016 three-year period.

Permanence condition: Delivery of the shares finally allocated to Executive Directors is dependent on the fact that the Executive Director has not ceased to perform his/her senior management duties in Acciona or its Group for reasons attributable to the Director in question, according to the terms set out in the Plan Regulations.

In no event may the number of allocated shares exceed, together with those allocated under the 2014 Plan, the maximum number available approved by the GM.

The actual share delivery date in accordance with the provisions in the preceding sections shall be determined by the Board of Directors and in any case, it shall be done after the General Shareholders' Meeting of the year in which the shares are to be delivered has taken place. Delivery of 20% of the shares that the Executive Directors have a right to receive shall be subjected to a minimum deferral period of one (1) year, and its accrual shall be subject to their permanence as an Executive Director as detailed in the Regulations, and on there not being any causes that in the opinion of the external auditors could lead to a material restatement of the Acciona Group's consolidated financial statements, as determined by the Board of Directors following a proposal by the Appointments and Remuneration Committee, except when this arising from an amendment to accounting standards.

Shares delivered in 2017 are subject to an option for Acciona to buy them back: Treasury shares delivered to Executive Directors in 2017 (in relation to financial years 2014, 2015 and 2016) have been subjected to Acciona's right to buy them back, a right that can be exercised if the Executive Director acquiring the shares ceases to perform his/her senior management duties in Acciona or its group before 31 March 2020 for breach of his/her contractual obligations or resignation of his/her own free will.

In addition, during the three (3) years following the date on which the shares are delivered, Acciona could request the Executive Directors to: (i) return the shares and/or amounts paid when the corresponding calculations had been done based on data which has been proven to be manifestly misstated, and (ii) return the shares and/or amounts paid and/or not be paid the amounts that they are entitled to, in cases where the director has incurred a serious breach in their duties of diligence or loyalty in line with their position in Acciona, or for any other serious and negligent breach of the obligations that the Executive Directors have assumed under the contracts signed with Acciona in order to fulfil their executive functions.

With regards to shares to be delivered to Executive Directors in 2020, as applicable, and only in respect of the number of Shares equating to two times the annual fixed remuneration, these shares cannot be (a) disposed of, encumbered or used under any title (except for mortis causa), and (b) no option right can be set up over them, until three (3) years have passed since the shares were allocated.

Executive Directors may however contribute shares which have been delivered to them to companies controlled or owned by the Executive Director. In these cases, Acciona shall adopt the necessary guarantees, including real guarantees, to ensure compliance with the provisions of the Regulations, and in any case, the beneficiary company receiving the

shares which is controlled or owned by the Executive Director, must do so within reason and is bound to comply with the guarantees or limitations granted in favour of Acciona.

## C.2. – Group’s Executives

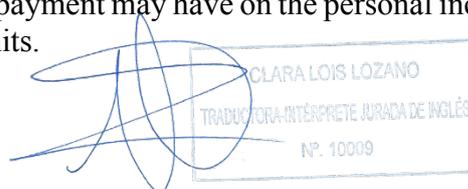
For the other beneficiaries that are not executive directors, the Board of Directors will approve, upon considering proposal by the Appointments and Remuneration Committee, the amount for separate variable remuneration to be paid through delivery of the Acciona’s treasury shares allocated for each financial year to each executive that benefits from the 2014 Plan other than Executive Directors.

The allocation may be implemented through a number of treasury shares or in a cash amount. In the latter case, the equivalent number of shares will be based on the closing price on the last day of trading of March of the year when the Board of Directors determines the allocation. In no event will the number of allocated shares thus quantified exceed, together with the other shares allocated under the 2014 Plan, the maximum number approved by the GM.

Treasury shares delivered to these Beneficiaries are subject to Acciona’s right to buy them back, a right that can be exercised if the beneficiary acquiring the shares ceases his/her professional engagement with Acciona or its Group before 31 March of the third year following the year when delivery takes place, for reasons attributable to the Beneficiary. The Board of Directors may extend to a reduced group of executives the “performance share” and/or shares allocation system established for executive directors, with the changes as can be proposed by the Appointments and Remuneration Committee regarding interim allocation, tax system, objectives, midpoint milestones and delivery times, with the purpose of increasing their motivation in the attainment of higher value and long-term stability for the group, as well as consolidating their loyalty and permanence in the Group.

The 2014 Plan does not provide for the possible sale of shares delivered in order to pay the tax incurred by the Beneficiary as a result of such delivery. The cost of the payment on account of the 2014 Plan performance shall not be passed on to the beneficiaries, and the Company shall assume the tax cost that this payment may have on the personal income tax of the beneficiaries with the established limits.

## **D) Number of shares available for the Plan**



Initially, the maximum number of shares that could be allocated to the Beneficiaries in application of the 2014 Plan was fixed at 258,035, although it could be increased by resolution of the General Shareholders’ Meeting.

In this respect, the General Shareholders’ Meeting held on 11 June 2015, 10 May 2016, 18 May 2017 and 30 May 2018 agreed to increase the maximum number of shares available for the “2014-2019 Plan for Delivery of Shares and Performance Shares” by 100,000 for each year, without affecting later increases if so proposed by the Board of Directors and approved by the General Shareholders’ Meeting.

At the close of 2019 the maximum number of shares that could be delivered to implement the Plan, was 468,192, after 28,956 were used in 2019 for delivery to executives other

than Executive Directors, and 8,675 shares for Executive Directors which corresponded to the deferred delivery agreed in 2017. Without prejudice to the foregoing, 8,675 shares are pending delivery of the 26,025 which were assigned in 2017 to have a delivery deferred for a period of three years on a straight-line basis in implementation of the Plan.

## **E) Recipients**

The annual number of Recipients shall not exceed 100.

### **Plan to replace variable remuneration for shares**

Upon proposal by the Appointments and Remuneration Committee, given the limited number of Beneficiaries of the former Plan, with the purpose of furthering and extending the objectives for building loyalty and retaining the Group's executives, on 26 March 2015 the Board of Directors approved the "Plan to Replace Variable Remuneration for Acciona shares, aimed to Acciona and its Group's management" (the Replacement Plan), excluding executive directors; the main characteristics of the plan are the following:

**Aim:** To retain and motivate the management team effectively and achieve higher alignment of their interests with those of the Company and its Group.

**Initial duration:** Six years (2014 to 2019).

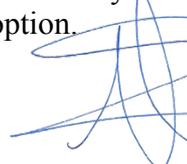
**Purpose:** To offer discretionally the option of replacing or swapping, in whole or in part, variable remuneration in cash for Company shares to certain Acciona and its group's executives, according to a swap equation to be determined each year. Since 2015 and to date, the swap equation approved carried an incentive of 25% over the variable remuneration replaced.

**Beneficiaries:** The executives that the Board of Directors determines of its own free will. Executive Directors are excluded from this Plan.

**Restrictions on the shares delivered:** In general terms, the shares delivered cannot be (a) disposed of, encumbered or used under any title (except for mortis causa), and (b) no option right can be set up over them, or any other right limiting ownership or as security, until after 31 March of the third year following the year in which the shares in question were delivered to the Beneficiary.

Treasury shares transferred to these Beneficiaries, corresponding to the incentive and not to the portion of the shares related to the replaced remuneration as per the amendment approved on 29 February 2016 by the Board of Directors, are subject to Acciona's right to buy them back, a right that can be exercised if the Beneficiary acquiring the shares ceases his/her professional engagement with Acciona or its Group before 31 March of the third year following the year when delivery takes place, for reasons attributable to the Beneficiary.

The Acciona share price to be taken as benchmark to determine the swap equation will be the closing price on the last day of trading of March of the year when the Board of Directors determines the allocation of the replacement option.



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## Shareholders Plan

The Board of Directors, following proposal by the Appointments and Remuneration Committee, with the purpose of facilitating participation in the company's shareholdings, approved on 28 February 2017 a new Plan that makes it possible to redistribute part of the variable and/or fixed money remuneration with the limit of 12,000 euros per year through delivery of shares in the Company in accordance with the current regulatory framework, which is favourable in terms of the fiscal treatment of this type of plan.

The plan is voluntary and it offers all employees with fiscal residence in Spain the opportunity of participating in the company's results by becoming shareholders. This Plan does not affect executive directors as their relationship is mercantile and not based on an employment contract. The shares were measured at the closing quotation price on 29 March 2019.

Finally, the number of shares delivered to Beneficiaries other than executive directors (44 Beneficiaries), under the **Plan for Delivery of Shares /Performance Shares**, in consideration of their dedication and performance in financial year 2019, was 28,956 shares at the fair value of 2,474 thousand euros.

Given that this plan accrues on a three-year basis, one third of the fair values mentioned above is reflected in "Staff costs" on the accompanying income statement at 31 December. The other two thirds will be recognised on the income statements for financial years 2020 and 2021.

Finally, in application of the **Replacement Plan**, 16,211 shares in the Company were delivered in 2019, at the fair value of 1,610 thousand euros, to 30 executives of Acciona and its Group, in payment of part of their variable remuneration in cash in 2018.

The Company determined the fair value of the goods and services received by reference to the fair value of the equity instruments assigned.

The "Plan for delivery to Senior Management" replaced by the plan described in the paragraphs above established the replacement of shares with stock option rights for Acciona, S.A. ordinary shares. The options granted one year as part of the Plan could be exercised, in whole or in part, in one go or more, within the three-year period from (a) 31 March of the third calendar year following the year when they were allocated and (b) 31 March of the third year following the start of the period (the "Exercising Period"). The movement in 2019 in the number of options and weighted average of the prices to exercise the stock options was the following:

2019	N° of options	Strike Price Weighted Average (in euros)
<b>Existing at the start of the financial year</b>	<b>3,300</b>	<b>62.84</b>
Awarded during the period	--	--
Cancelled during the period	--	--
Exercised during the period	3,300	89.90
Lapsed during the period	--	--
<b>Existing at the end of the period</b>	<b>--</b>	<b>--</b>
Susceptible of being exercised at the end of the period	--	--

There are no options that are susceptible of being exercised at the end of the period.

Detail of the individuals who held Senior Management positions in the Group (taking the Parent and subsidiaries into account as Senior Management) in 2019 was as follows:

Name or registered name	Position(s) held
Alcázar Viela, Jesús	General Manager Latin America - Infrastructure
Ancín Viguiristi, Joaquín	General Manager Engineering & Construction - Energy
Arilla de Juana, Carlos	Operations General Manager - Infrastructure
Beltrán Núñez, Raúl	Internal Audit Manager
Callejo Martínez, Alfonso	General Manager - Corporate Resources
Carrión López de la Garma, Macarena	General Manager - Office of the Chairman
Castilla Cámara, Luis	CEO - Infrastructures
Castillo García, Joaquín	Development Area General Manager - Energy
Claudio Vázquez, Adalberto	Contract Management and Studies Area General Manager - Infrastructure
Corella Hurtado, Olga	Finance Area General Manager - Infrastructure
Corral Fernandez, Nicolás	Area General Manager - Service
Cruz Palacios, Juan Manuel	Labour Relations and OSH General Manager - Infrastructure
Díaz-Caneja Rodríguez, José Luis	Area General Manager - Water
Ezpeleta Puras, Arantza	General Manager – Technology & Innovation
Fajardo Gerez, Fernando	Infrastructure Area General Manager - Australia and Asia
Fernández López, Roberto	Corporate Resources Area General Manager - Infrastructure
Fernández-Cuesta Laborde, Raimundo	General Manager – Market Area and Relations with Investors
Figueroa Gómez de Salazar, José Julio	Area General Manager – Legal Services
Gutierrez Abarquero, David	Area General Manager - Economic Management and Tax Matters
Jiménez Serrano, Ramón	Area General Manager - Industrial
Marín García, Diego	Area General Manager – Concessions
Martínez Sánchez, Juan Manuel	Area General Manager - Corporate Security
Mateo Alcalá, Rafael	CEO - Energy
Mollinedo Chocano, José Joaquín	General Manager - Institutional Relations, Sustainability and Brand
Moreno Lorente, Huberto José	Area General Manager – Construction
Muro-Lara Girod, Juan	General Manager - Strategy and Corporate Development
Otazu Aguerri, Juan	Production Area General Manager - Energy
Pan de Soraluze Muguiro, Andrés	CEO - Real Estate
Rego Prieto, Oscar Luis	Procurement Area General Manager - Infrastructures
Rodríguez Hernández, José Luis	Area General Manager – Other Businesses and Investees
Santamaria-Paredes Castillo, Vicente	Area General Manager – Compliance
Silva Ferrada, Juan Ramón	Area General Manager – Sustainability
Soto Conde, Antonio	Area General manager - Grupo Bodegas Palacio 1894
Tejero Santos, José Ángel	General Manager - Economic and Financial Area

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Name or registered name	Position(s) held
Terceiro Mateos, José Manuel	General Manager of Corporate Economic Management Area
Vega-Penichet Lopez, Jorge	General Secretary
Vicente Pelegrini, Justo	Area General Manager – Construction Spain

Detail of the individuals who held Senior Management positions in the Group (taking the Parent and subsidiaries into account as Senior Management) in 2018 was as follows:

Name or registered name	Position(s) held
Alcázar Viela, Jesús	General Manager – Acciona Infrastructure - Latin America
Ancín Viguiristi, Joaquín	General Manager – Acciona Energy – Engineering & Construction
Antúnez Cid, Isabel	General Manager – Acciona Real Estate Property Development
Arilla de Juana, Carlos María	General Manager - Economic and Financial Area
Beltrán Núñez, Raúl	Internal Audit Manager
Callejo Martínez, Alfonso	General Manager - Corporate Resources
Carrión López de la Garma, Macarena	General Manager - Office of the Chairman
Castilla Cámara, Luis	CEO - Acciona Infrastructure
Castillo García, Joaquín	Area General Manager - Acciona Energy Development
Claudio Vázquez, Adalberto	Area General Manager - Acciona Infrastructure Contract Management and Studies
Corella Hurtado, Olga	General Manager - Acciona Infrastructure - Economic Control Area
Cruz Palacios, Juan Manuel	General Manager - Acciona Infrastructure - Labour Relations, OHS and Sustainability
Díaz-Caneja Rodríguez, José Luis	Area General Manager - Acciona Water
Ezpeleta Puras, Arantza	General Manager – Technology & Innovation
Fajardo Gerez, Fernando	Area General Manager - Acciona Infrastructure – Australia and South-East Asia
Farto Paz, José María	Area General Manager - Acciona Infrastructure – Galicia
Fernández López, Roberto	Area General Manager - Acciona Infrastructure - Corporate Resources
Figueroa Gómez de Salazar, José Julio	Area General Manager – Legal Services
Gutierrez Abarquero, David	Area General Manager – Fiscal
Jiménez Serrano, Ramón	Area General Manager – Acciona Industrial and Acciona Service
Mateo Alcalá, Rafael	CEO - Acciona Energy
Mollinedo Chocano, José Joaquín	General Manager - Institutional Relations, Sustainability and Brand
Moreno Lorente, Huberto José	General Manager – Acciona Infrastructure - Construction Area
Muro-Lara Girod, Juan	General Manager – Corporate Development and Relations with Investors
Otazu Aguerri, Juan	Production Area General Manager - Acciona Energy
Quero Gil, Mario	Area General Manager – Trasmediterránea
Rego Prieto, Oscar Luis	Procurement Area General Manager - Acciona Infrastructures
Rodríguez Hernández, José Luis	Area General Manager – Other Businesses and Investees
Santamaría-Paredes Castillo, Vicente	Area General Manager – Compliance
Silva Ferrada, Juan Ramón	Area General Manager – Sustainability

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Soto Conde, Antonio	Area General manager - Grupo Bodegas Palacio 1894
Tejero Santos, José Ángel	Area General Manager - Economic Management and Finance
Terceiro Mateos, José Manuel	Area General Manager - Acciona Infrastructure - Economics and Finance
Vega-Penichet Lopez, Jorge	General Secretary
Vicente Pelegrini, Justo	Area General Manager - Acciona Construction - Spain, Portugal and Africa

### C. Auditor

For financial years 2019 and 2018, the fees for financial audit and other services provided by the auditor of the Group's consolidated financial statements, KPMG Auditores, S.L., or by firms in the KPMG organisation, and the fees billed by the auditors of the financial statements of the consolidated companies, and by companies related to these auditors as a result of a relationship of control, common ownership or common management, were as follows:

	Services provided by the main auditor		Services provided by other audit firms	
	2019	2018	2019	2018
Auditing services	3,850	3,755	526	592
Other assurance services	381	391	906	533
<b>Total audit and related services</b>	<b>4,231</b>	<b>4,146</b>	<b>1,432</b>	<b>1,125</b>
Tax advisory services	233	242	1,801	1,389
Other services	1,200	1,881	4,333	3,951
<b>Total professional services</b>	<b>1,433</b>	<b>2,123</b>	<b>6,134</b>	<b>5,340</b>

The fees for the services provided by the audit firm KPMG Auditores, S.L. for the Group's financial statements amounted to 1,528 thousand euros in 2019 (1,725 thousand euros in 2018), for other verification services including limited reviews of interim financial statements, comfort letter services relating to securities, and the report on the Internal Control System for Financial Information amounted to 247 thousand euros in 2019 (247 thousand euros in 2018), and for other services including the reports on agreed-upon procedures for the certification of financial ratios amounted to 51 thousand euros in 2019 (40 thousand euros in 2018).

In addition, in relation to other KPMG International affiliates, the concept of "tax advisory services" includes mainly fees for advisory services on transfer pricing, income tax and indirect taxation documentation. Finally, "other services" mainly includes advice on information security, advisory services in the scope of sustainability and corporate social responsibility, and information technology and business consultancy services.

The fees charged by other audit firms when the firm providing them is also the auditor of the corresponding company, in relation to other verification services, amounted to 30 thousand euros in 2019 and 31 thousand euros in 2018; in relation to Tax Advisory Services, amounted to 50 thousand euros in 2019 and 27 thousand euros in 2018; in relation to Other Services, amounted to 71 thousand euros in 2019 and 15 thousand euros in 2018.



**36.- Other disclosures concerning the Board of Directors**

Pursuant to Article 229 of Royal Legislative Decree 1/2010, of 2 July, whereby the consolidated text of the Capital Companies Act was approved, at 31 December 2019, according to the information available to the Company and notified by Directors and their related parties, they were not involved in any situations of conflict, whether direct or indirect, with the Company's interests.



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## APPENDIX I

### GROUP COMPANIES

The subsidiaries of Acciona, S.A. considered to be Group companies were treated as such in accordance with IFRS. The companies fully consolidated in 2019, and the information thereon at 31 December 2019, were the following:

Company	Audit	Location	Main activity	% Effective Shareholding	Shareholder
3240934 Nova Scotia Company	--	Canada	Energy	100.00%	Subgroup Acciona Renewable Canadá
Acciona Wind Energy Canada Inc.	--	Canada	Energy	66.67%	Subgroup Acciona Energía Internacional
Acciona & Sogex Facility Services LLC	E	Oman	Urban Services	70.00%	Subgroup Acciona Facility Services
Acciona Aeropuertos, S.L.	--	Madrid	Airport Services	100.00%	Subgroup Acciona Servicios Urbanos y Medio Ambiente
Acciona Agua Adelaide Pty Ltd	A	Australia	Water Treatment	100.00%	Subgroup Acciona Agua Australia
Acciona Agua Australia Proprietary, Ltd	A	Australia	Water Treatment	100.00%	Subgroup Acciona Agua
Acciona Agua Brasil - Tratamento De Agua Ltd	--	Brazil	Water Treatment	100.00%	Subgroup Acciona Agua
Acciona Agua Canada Inc.	A	Canada	Water Treatment	100.00%	Subgroup Acciona Agua
Acciona Agua India Private Limited	E	India	Water Treatment	100.00%	Subgroup Acciona Agua
Acciona Agua Internacional Australia Pty, Ltd	C	Australia	Water Treatment	100.00%	Subgroup Acciona Agua Internacional
Acciona Agua Internacional Inc.	--	Canada	Water Treatment	100.00%	Subgroup Acciona Agua Internacional
Acciona Agua Internacional, S.L.	--	Madrid	Water Treatment	100.00%	Subgroup Acciona Agua
Acciona Agua México, S.R.L. De C.V.	E	Mexico	Water Treatment	100.00%	Subgroup Acciona Agua
Acciona Agua Servicios S.L.	A	Madrid	Water Treatment	100.00%	Subgroup Acciona Agua
Acciona Agua, S.A.	A	Madrid	Water Treatment	100.00%	Subgroup Corporación Acciona Infraestructuras
Acciona Airport Services Düsseldorf GmbH	--	Germany	Airport Services	100.00%	Subgroup Acciona Airport Services Frankfurt, GmbH
Acciona Airport Americas, Spa	--	Chile	Airport Services	100.00%	Subgroup Acciona Aeropuertos
Acciona Airport Customer Services GmbH	--	Germany	Airport Services	100.00%	Subgroup Acciona Servicios Urbanos y Medio Ambiente
Acciona Airport Services Barcelona, S.L.	--	Madrid	Airport Services	100.00%	Subgroup Acciona Airport Services
Acciona Airport Services Canarias, S.L.	--	Madrid	Airport Services	100.00%	Subgroup Acciona Airport Services

Company	Audit	Location	Main activity	% Effective Shareholding	Shareholder
Acciona Airport Services Chile, Spa	--	Chile	Airport Services	100.00%	Subgroup Acciona Aeropuertos
Acciona Airport Services Este, S.L.	--	Madrid	Airport Services	100.00%	Subgroup Acciona Airport Services
Acciona Airport Services Madrid, S.L.	--	Madrid	Airport Services	100.00%	Subgroup Acciona Airport Services
Acciona Airport Services S.A.S.	--	Colombia	Airport Services	100.00%	Subgroup Acciona Aeropuertos
Acciona Airport Services Sur, S.L.	--	Madrid	Airport Services	100.00%	Subgroup Acciona Airport Services
Acciona Airport Services, GmbH	--	Germany	Airport Services	100.00%	Subgroup Acciona Airport Services Frankfurt, GmbH
Acciona Airport Services, S.A.	A	Madrid	Airport Services	100.00%	Subgroup Acciona Servicios Urbanos y Medio Ambiente
Acciona Airport Services, S.A.U Argentina	--	Argentina	Airport Services	100.00%	Subgroup Acciona Aeropuertos
Acciona Biocombustibles, S.A.	--	Navarra	Energy	100.00%	Subgroup Acciona Energía
Acciona Biomasa	--	Navarra	Energy	100.00%	Subgroup Acciona Energía
Acciona Campus España S.L.	--	Madrid	Concessions	100.00%	Subgroup Acciona Concesiones
Acciona Campus S.L.	--	Madrid	Concessions	100.00%	Subgroup Acciona Concesiones
Acciona Cerro Negro, S.A.	--	Chile	Water Treatment/Construction	100.00%	Subgroup Acciona Construcción
Acciona Concesiones Australia Pty Limited	A	Australia	Concession Operation	100.00%	Subgroup Acciona Concesiones
Acciona Concesiones Chile, S.A.	A	Chile	Holding Company	100.00%	Subgroup Acciona Construcción
Acciona Concesiones Mexico S.R.L. De C.V.	--	Mexico	Concessions	100.00%	Subgroup Acciona Concesiones
Acciona Concesiones, S.L.	A	Madrid	Holding Company	100.00%	Subgroup Acciona Concesiones
Acciona Concessions Management Inc.	A	Canada	Holding Company	100.00%	Subgroup Acciona Concesiones
Acciona Construcción Andina S.A.S.	--	Colombia	Construction	100.00%	Subgroup Acciona Construcción
Acciona Construccion Australia, Pty Ltd	A	Australia	Construction	82.40%	Subgroup Geotech Holding
Acciona Construcción, S.A.	A	Madrid	Construction	100.00%	Subgroup Corporación Acciona Infraestructuras
Acciona Construction Holdings Pty Ltd	A	Australia	Construction	82.40%	Subgroup Geotech Holding
Acciona Construction Maroc, S.A.R.L	--	Morocco	Construction	100.00%	Subgroup Acciona Construcción
Acciona Construction Philippines Inc.	A	Philippines	Construction	100.00%	Subgroup Acciona Construcción
Acciona Construction USA Corp.	--	USA	Construction	100.00%	Subgroup Acciona Construcción

Company	Audit	Location	Main activity	% Effective Shareholding	Shareholder
Acciona Copiapó, S.A.	--	Chile	Water Treatment/Construction	100.00%	Subgroup Acciona Construcción
Acciona Corporación, S.A.	--	Madrid	Instrumental	100.00%	Subgroup Finanzas y Cartera 2
Acciona Desarrollo Corporativo, S.A.	--	Madrid	Instrumental	100.00%	Subgroup Finanzas y Cartera 2
Acciona Do Brasil, Ltda.	--	Brazil	Holding Company	100.00%	Subgroup Acciona Construcción
Acciona Energía Atlanta I, S.L.	--	Madrid	Energy	66.67%	Subgroup Acciona Energía Internacional
Acciona Energía Atlanta II, S.L.	--	Madrid	Energy	66.67%	Subgroup Acciona Energía Internacional
Acciona Energía Atlanta III, S.L.	--	Madrid	Energy	66.67%	Subgroup Acciona Energía Internacional
Acciona Energía Chile	A	Chile	Energy	100.00%	Subgroup Acciona Energía Global
Acciona Energía Chile Holdings, S.A.	A	Chile	Energy	100.00%	Subgroup Acciona Energía Global
Acciona Energía Colombia S.A.S.	--	Colombia	Energy	100.00%	Subgroup Acciona Energía Global
Acciona Energía Costa Rica, S.A.	--	Costa Rica	Energy	100.00%	Subgroup Acciona Energía Global
Acciona Energía Global Egypt, Llc	--	Egypt	Energy	100.00%	Subgroup Acciona Energía Global
Acciona Energía Global Italia, S.R.L.	A	Italy	Energy	100.00%	Subgroup Acciona Energía Global
Acciona Energía Global, S.L.	A	Madrid	Energy	100.00%	Subgroup Acciona Energía
Acciona Energía Internacional, S.A.	A	Madrid	Energy	66.67%	Subgroup Acciona Energía
Acciona Energía México, S.R.L.	A	Mexico	Energy	66.67%	Subgroup Acciona Energía Internacional
Acciona Energía Servicios México S De RI De C.V.	A	Mexico	Energy	100.00%	Subgroup Acciona Energía Mexico Global
Acciona Energía, S.A.	A	Navarra	Energy	100.00%	Subgroup Corp. Acciona Energías Renovables
Acciona Energija D.O.O.	--	Croatia	Energy	100.00%	Subgroup Acciona Energía Global
Acciona Energy North América Corp.	--	USA	Energy	66.67%	Subgroup Acciona Energía Internacional
Acciona Energy Australia Global, Pty. Ltd	A	Australia	Energy	100.00%	Subgroup Acciona Energía Global
Acciona Energy Canadá Global Corp	--	Canada	Energy	100.00%	Subgroup Acciona Energía Global
Acciona Energy Development Canadá Inc	--	Canada	Energy	100.00%	Subgroup Acciona Energía Global Canadá
Acciona Energy Global Poland Sp. Z.O.O.	A	Poland	Energy	100.00%	Subgroup Acciona Energía Global

Company	Audit	Location	Main activity	% Effective Shareholding	Shareholder
Acciona Energy India Private Limited	A	India	Energy	100.00%	Subgroup Acciona Energía Global
Acciona Energy Korea, Inc	--	South Korea	Energy	100.00%	Subgroup Acciona Energía Global
Acciona Energy Oceania Construction Pty Ltd	A	Australia	Energy	100.00%	Subgroup Acciona Energía Global Australia
Acciona Energy Oceania Financial Services Ply, Ltd	A	Australia	Energy	100.00%	Subgroup Acciona Energía Global Australia
Acciona Energy Oceania Ply. Ltd	A	Australia	Energy	66.67%	Subgroup Acciona Energía Internacional
Acciona Energy Poland Maintenance Services Sp. Z.O.O.	A	Poland	Energy	100.00%	Subgroup Acciona Energía Global Poland
Acciona Energy Poland Sp. Z.O.O.	A	Poland	Energy	66.67%	Subgroup Acciona Energía Internacional
Acciona Energy South Africa (Proprietary) Limited	A	South Africa	Energy	66.67%	Subgroup Acciona Energía Internacional
Acciona Energy South Africa Global (Pty) Ltd	A	South Africa	Energy	100.00%	Subgroup Acciona Energía Global
Acciona Energy USA Global LLC	--	USA	Energy	100.00%	Subgroup Acciona Energía Global
Acciona Engineering Qatar	A	Qatar	Engineering	100.00%	Subgroup Acciona Ingeniería
Acciona Eólica Calabria, S.R.L.	--	Italy	Energy	100.00%	Subgroup Acciona Energía Global Italia
Acciona Eólica Cesa Italia, S.R.L.	A	Italy	Energy	66.67%	Subgroup Acciona Energía Internacional
Acciona Eólica Cesa, S.L.	--	Madrid	Energy	100.00%	Subgroup Ceatesalas
Acciona Eólica De Castilla La Mancha, S.L.	A	Madrid	Energy	100.00%	Subgroup Alabe
Acciona Eólica De Galicia, S.A.	A	Lugo	Energy	100.00%	Subgroup Corp. Acciona Energías Renovables
Acciona Eólica Levante, S.L.	A	Valencia	Energy	100.00%	Subgroup Alabe
Acciona Eólica Portugal Unipersonal, Lda.	A	Portugal	Energy	66.67%	Subgroup Acciona Energía Internacional
Acciona Eólica Santa Cruz, S. De R.L. De C.V.	--	Mexico	Energy	100.00%	Subgroup Acciona Energía Mexico Global
Acciona EPC North América LLC	--	USA	Energy	100.00%	Subgroup Acciona Energía Global USA
Acciona Esco, S.L.	--	Madrid	Urban Services	100.00%	Subgroup Acciona Facility Services
Acciona Facility Services Canadá Ltd	--	Canada	Urban Services	100.00%	Subgroup Acciona Facility Services
Acciona Facility Services Este, S.L.	--	Madrid	Urban Services	100.00%	Subgroup Acciona Facility Services
Acciona Facility Services Germany GmbH	--	Germany	Logistics Services	100.00%	Subgroup Acciona Servicios Urbanos y Medio Ambiente

Company	Audit	Location	Main activity	% Effective Shareholding	Shareholder
Acciona Facility Services Italia, S.R.L.	--	Italy	Urban Services	100.00%	Subgroup Acciona Facility Services
Acciona Facility Services Middle East Llc	--	Qatar	Urban Services	97.00%	Subgroup Acciona Facility Services
Acciona Facility Services Poland Spolka Z.O.O.	--	Poland	Facility Services	100.00%	Subgroup Acciona Facility Services
Acciona Facility Services Portugal	E	Portugal	Urban Services	100.00%	Subgroup Acciona Facility Services
Acciona Facility Services Sur, S.A.	--	Toledo	Urban Services	100.00%	Subgroup Multiservicios Acciona Facility Services
Acciona Facility Services, S.A.	A	Barcelona	Urban Services	100.00%	Subgroup Acciona Servicios Urbanos y Medio Ambiente
Acciona Financiación De Filiales Chile Spa	A	Chile	Financial	100.00%	Acciona
Acciona Financiación Filiales, S.L.	A	Madrid	Financial	100.00%	Acciona
Acciona Financiacion Filiales Australia Pty Ltd	--	Australia	Financial	100.00%	Acciona
Acciona Forwarding Argentina, S.A.	--	Argentina	Logistics Services	100.00%	Subgroup Acciona Forwarding
Acciona Forwarding Brasil	--	Brazil	Logistics Services	98.71%	Subgroup Acciona Forwarding
Acciona Forwarding Canarias, S.L.	--	Canary Islands	Logistics Services	100.00%	Subgroup Acciona Forwarding
Acciona Forwarding Chile, S.A.	--	Chile	Logistics Services	57.50%	Subgroup Acciona Forwarding
Acciona Forwarding Mexico S.R.L. De C.V.	--	Mexico	Logistics Services	100.00%	Forwarding Subgroup
Acciona Forwarding Peru S.A.	A	Perú	Logistics Services	89.54%	Subgroup Acciona Forwarding
Acciona Forwarding, S.A.	A	Madrid	Logistics Services	100.00%	Subgroup Acciona Servicios Urbanos y Medio Ambiente
Acciona Geotech Group Services Pty Ltd	A	Australia	Construction	82.40%	Subgroup Geotech Holding
Acciona Geotech Holding PTY LTD	A	Australia	Construction	82.40%	Subgroup Acciona Geotech
Acciona Global Energy Ukraine	--	Poland	Energy	100.00%	Subgrupo Dymarka Solar Poland
Acciona Global Renewables, S.A.	--	Madrid	Energy	66.67%	Subgroup Acciona Energía
Acciona Green Energy Developments, S.L.	A	Madrid	Energy	100.00%	Subgroup Acciona Energía
Acciona Ground Services, S.L.	--	Madrid	Logistics Services	100.00%	Subgroup Acciona Aeropuertos
Acciona Health Care Services, S.L.	--	Madrid	Urban Services	100.00%	Subgroup Acciona Facility Services
Acciona HSR Services, S.L.	--	Madrid	Logistics Services	100.00%	Subgroup Acciona Servicios Urbanos y Medio Ambiente
Acciona Industrial Australia, Pty Ltd	--	Australia	Construction	100.00%	Subgroup Acciona Construcción

Company	Audit	Location	Main activity	% Effective Shareholding	Shareholder
Acciona Industrial Brasil Ltda	--	Brazil	Construction	100.00%	Subgroup Acciona Industrial
Acciona Industrial Kenya, Pty Ltd	--	Kenya	Construction	100.00%	Subgroup Acciona Industrial
Acciona Industrial Uk Limited	--	United Kingdom	Construction	100.00%	Subgroup Acciona Industrial
Acciona Industrial, S.A.	A	Sevilla	Construction	100.00%	Subgroup Acciona Construcción
Acciona Infraestructuras Colombia SAS	--	Colombia	Construction	100.00%	Subgroup Acciona Construcción
Acciona Infraestructuras Residenciales México S.A.	A	Mexico	Construction	100.00%	Subgroup Acciona Construcción
Acciona Infraestructuras-Elecnor, Hospital David	--	Panama	Construction	75.00%	Subgroup Acciona Construcción
Acciona Infrastructure Asia Pacific Pty Limited	--	Australia	Construction	100.00%	Subgroup Acciona Construcción
Acciona Infrastructure Canada Inc.	B	Canada	Construction	100.00%	Subgroup Acciona Construcción
Acciona Infrastructure Maintenance, Inc.	--	Canada	Construction	100.00%	Subgroup Acciona Construcción
Acciona Infrastructure New Zealand, Ltd	--	New Zealand	Construction	100.00%	Subgroup Acciona Construcción
Acciona Infraestructuras Australia Pty. Ltd	A	Australia	Construction	100.00%	Subgroup Acciona Construcción
Acciona Ingeniería Colombia, S.A.S.	--	Colombia	Engineering	100.00%	Subgroup Acciona Ingeniería
Acciona Ingeniería Industrial S.A. De C.V.	A	Mexico	Engineering	100.00%	Subgroup Acciona Ingeniería
Acciona Inmobiliaria S.L.	A	Madrid	Real estate	100.00%	Acciona
Acciona Instalaciones México, S.A De C.V.	A	Mexico	Construction	100.00%	Subgroup Acciona Industrial
Acciona Inversiones Corea, S.L.	--	Navarra	Energy	100.00%	Subgroup Acciona Energía Global
Acciona Logística, S.A.	--	Madrid	Holding Company	100.00%	Acciona
Acciona Mantenimiento De Infraestructuras, S.A.	A	Madrid	Construction	100.00%	Subgroup Acciona Construcción
Acciona Medioambiente, S.A.	A	Valencia	Urban Services	100.00%	Subgroup Acciona Servicios Urbanos y Medio Ambiente
Acciona Mobility Italia, S.R.L.	--	Italy	Sustainable Mobility	100.00%	Subgroup Acciona Ss. Urbanos and Ma.
Acciona Mobility Portugal, Unipessoal Lda	--	Portugal	Sustainable Mobility	100.00%	Subgroup Acciona Ss. Urbanos and Ma.
Acciona Mobility, S.A.	--	Madrid	Sustainable Mobility	100.00%	Subgroup Acciona Servicios Urbanos y Medio Ambiente
Acciona Multiservicios, S.A.	A	Madrid	Urban Services	100.00%	Subgroup Acciona Facility Services
Acciona Nieruchomosci Wilanow, Sp. Z.O.O.	A	Poland	Real estate	100.00%	Subgroup Acciona Inmobiliaria

Company	Audit	Location	Main activity	% Effective Shareholding	Shareholder
Acciona Nieruchomosci Zoliborz, Sp. Z.O.O.	A	Poland	Real estate	100.00%	Subgroup Acciona Inmobiliaria
Acciona Nieruchomosci, Sp. Z.O.O.	--	Poland	Real estate	100.00%	Subgroup Acciona Inmobiliaria
Acciona Operación y Mantenimiento, S.R.L De C.V.	A	Mexico	Urban Services	100.00%	Subgroup Acciona Facility Services
Acciona Portugal II - Energía Global, Lda	--	Portugal	Energy	100.00%	Subgroup Acciona Energía Global
Acciona Producciones y Diseño S.A.	A	Madrid	Audio-visual services	100.00%	Acciona
Acciona Project Management Mexico, S.A. de C.V.	A	Mexico	Urban Services	100.00%	Subgroup Acciona Facility Services
Acciona Rail Services, S.A.	--	Madrid	Logistics Services	100.00%	Subgroup Acciona Servicios Urbanos y Medio Ambiente
Acciona Real Estate, S.A.U.	A	Madrid	Real estate	100.00%	Subgroup Acciona Inmobiliaria
Acciona Redes y Mantenimientos Especializados, S.L.	--	Madrid	Urban Services	100.00%	Subgroup Acciona Facility Services
Acciona Renewable Energy Canadá Gp Holdings Inc	--	Canada	Energy	100.00%	Subgroup Nova Scotia
Acciona Renewable Energy Canadá Holdings LLC	--	USA	Energy	100.00%	Subgroup Acciona Energía Global USA
Acciona Saltos De Agua, S.L.U.	A	Madrid	Energy	100.00%	Subgroup Corp. Acciona Energías Renovables
Acciona Saudi Arabia For Contracting Llc	E	Saudi Arabia	Engineering	100.00%	Subgroup Acciona Industrial
Acciona Serv. Hospitalarios, S.L.	--	Madrid	Holding Company	100.00%	Subgroup Acciona Servicios Urbanos y Medio Ambiente
Acciona Service, S.L.	A	Madrid	Urban Services	100.00%	Subgroup Corporación Acciona Infraestructuras
Acciona Servicios Administrativos, S.A. de C.V.	A	Mexico	Urban Services	100.00%	Subgroup Acciona Facility Services
Acciona Servicios Concesionales, S.L.	A	Madrid	Concession Operation	100.00%	Acciona
Acciona Servicios Energéticos, S.L.R. De Cv	--	Mexico	Urban Services	100.00%	Subgroup Acciona Facility Services
Acciona Servicios Ferroviarios, S.L.	--	Madrid	Logistics Services	100.00%	Subgroup Acciona Facility Services
Acciona Servicios Urbanos Medio Ambiente México, S.A. De C.V.	A	Mexico	Urban Services	100.00%	Subgroup Acciona Facility Services
Acciona Servicios Urbanos, S.L.	A	Madrid	Urban Services	100.00%	Subgroup Acciona Servicios Urbanos y Medio Ambiente
Acciona Sistemas De Seguridad, S.A.	--	Madrid	Construction	100.00%	Subgroup Acciona Facility Services
Acciona Smart City Services, S.L.	--	Madrid	Urban Services	100.00%	Subgroup Acciona Facility Services
Acciona Solar Energy LLC	--	USA	Energy	66.67%	Subgroup Acciona Energía North América

Company	Audit	Location	Main activity	% Effective Shareholding	Shareholder
Acciona Solar Holdings Pty. Ltd.	--	Australia	Energy	100.00%	Subgroup Acciona Energía Global
Acciona Solar Power Inc.	--	USA	Energy	100.00%	Subgroup Acciona Energía Global USA
Acciona Solar Pty. Ltd.	--	Australia	Energy	100.00%	Subgroup Acciona Energía Global
Acciona Solar, S.A.	--	Navarra	Energy	100.00%	Subgroup Acciona Energía
Acciona Suministradora Mexico, S.R.L. De C.V.	A	Mexico	Energy	100.00%	Subgroup Acciona Energía
Acciona Tecnología y Servicios S.L.	--	Madrid	Instrumental	100.00%	Acciona
Acciona Water Supplies Technology Beijing Co. Ltd	E	China	Water Treatment	100.00%	Subgroup Acciona Agua
Acciona Wind Energy Pvt Ltd	A	India	Energy	66.67%	Subgroup Acciona Energía Internacional
Acciona Wind Energy USA, LLC	--	USA	Energy	66.67%	Subgroup Acciona Energía North América
Acciones Urbanas, Servicios y Medio Ambiente, S.L.	--	Murcia	Urban Services	50.00%	Subgroup Acciona Servicios Urbanos
Ae Mex Global, S. De R.L. De C.V.	A	Mexico	Energy	100.00%	Subgroup Acciona Energía Global
Aepo Gabón, S.A.	--	Gabon	Engineering	100.00%	Subgroup Acciona Ingeniería
Aepo Polska S.P. Z.O.O.	--	Poland	Engineering	100.00%	Subgroup Acciona Ingeniería
Aerosite Energy Private Limited	A	India	Energy	100.00%	Subgroup Acciona Energía Global
AFS Efficient Energy Uk Limited	--	United Kingdom	Urban Services	100.00%	Subgroup Acciona Facility Services
AFS Empleo Social Barcelona, S.L.	--	Barcelona	Urban Services	100.00%	Subgroup Acciona Facility Services
AFS Empleo Social, S.L.	--	Barcelona	Urban Services	100.00%	Subgroup Acciona Facility Services
Aguas Pilar de la Horadada S.L.	--	Madrid	Water Treatment	100.00%	Subgroup Acciona Agua Servicios
Alabe Sociedad De Cogeneración, S.A.	--	Madrid	Energy	100.00%	Subgroup Corp. Acciona Energías Renovables
Almeyda Spa	--	Chile	Energy	100.00%	Subgroup Acciona Energía Global
Alsubh Solar Energy Holding S.A.	A	Madrid	Energy	100.00%	Subgroup Acciona Energía Global
Anchor Wind, LLC	--	USA	Energy	100.00%	Subgroup Acciona Energía Global USA
Andes Airport Services, S.A.	--	Chile	Airport Services	100.00%	Subgroup Acciona Airport Services
Andratx Obres I Sanetjament, S.L.	--	Mallorca	Water Treatment	100.00%	Subgroup Acciona Agua
Antigua Bodega De Don Cosme Palacio, S.L.	--	Alava	Winery	100.00%	Subgroup Palacio

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Apoderada Corporativa General, S.A.	--	Madrid	Instrumental	100.00%	Acciona
Apoderada General De Service, S.A.	--	Madrid	Instrumental	100.00%	Acciona
Arcyz Spa	A	Poland	Energy	75.01%	Subgrupo Dymarka Solar Poland
Arsogaz 2005, S.L.	--	Madrid	Real estate	100.00%	Subgroup Acciona Inmobiliaria
ATLL Concesionaria de la Generalitat de Catalunya, S.A.	A	Barcelona	Water Treatment	88.00%	Subgroup Acciona Agua
Aulac Wind Power Lp	--	Canada	Energy	100.00%	Subgroup Acciona Energía Global Canada
Auriga Sport S.L.	--	Madrid	Audio-visual services	100.00%	Subgroup Acciona Producciones y Diseño
Autovia De Los Viñedos	A	Toledo	Concessions	100.00%	Acciona
Bear Creek	--	USA	Energy	100.00%	Subgroup GWH Acciona Energy
Bestinver Gestion S.C.I.I.C., S.A.	A	Madrid	Financial	96.83%	Subgroup Bestinver
Bestinver Pensiones G.F.P., S.A.	A	Madrid	Financial	96.83%	Subgroup Bestinver
Bestinver Sociedad de Valores, S.A.	A	Madrid	Financial	96.83%	Subgroup Bestinver
Bestinver, S.A.	A	Madrid	Financial	96.83%	Acciona
Biodiesel Caparros, S.L.	--	Navarra	Energy	100.00%	Subgroup Acciona Energía
Biodiesel Sagunt, S.L.	--	Valencia	Energy	100.00%	Subgroup Biocombustibles
Biomasa Briviesca, S.L.	A	Burgos	Energy	85.00%	Subgroup Biomasa Nacional
Biomasa Míajadas, S.L.	A	Madrid	Energy	100.00%	Subgroup Biomasa Nacional
Biomasa Sangüesa, S.L.	--	Navarra	Energy	100.00%	Subgroup Acciona Energía
Blue Falcon 140 Trading (Pty) Ltd	A	South Africa	Energy	36.60%	Subgroup Acciona Energía Sudáfrica
Bodegas Palacio, S.A.	A	Alava	Winery	100.00%	Subgroup Sileno
Bosques Solares De Bolivar 500 S.A.S.	--	Colombia	Energy	100.00%	Subgroup Acciona Energía Global
Bosques Solares De Bolivar 501 S.A.S.	--	Colombia	Energy	100.00%	Subgroup Acciona Energía Global
Bosques Solares De Bolivar 502 S.A.S.	--	Colombia	Energy	100.00%	Subgroup Acciona Energía Global
Bosques Solares De Bolivar 503 S.A.S.	--	Colombia	Energy	100.00%	Subgroup Acciona Energía Global
Bosques Solares De Bolivar 504 S.A.S.	--	Colombia	Energy	100.00%	Subgroup Acciona Energía Global

Company	Audit	Location	Main activity	% Effective Shareholding	Shareholder
Capev Venezuela	E	Venezuela	Construction	100.00%	Subgroup Acciona Construcción
Ce Oaxaca Cuatro, S. De R.L. De C.V.	A	Mexico	Energy	66.67%	Subgroup Acciona Energía Mexico
Ce Oaxaca Dos, S. De R.L. De C.V.	A	Mexico	Energy	66.67%	Subgroup Acciona Energía Mexico
Ce Oaxaca Tres, S. De R.L. De C.V.	A	Mexico	Energy	66.67%	Subgroup Acciona Energía Mexico
Ceatesalas. S.L.	--	Madrid	Energy	100.00%	Subgroup Corp. Acciona Energías Renovables
Ceólica Hispania. S.L.	--	Madrid	Energy	100.00%	Subgroup Acciona Eólica Cesa
Cesa Eolo Sicilia Srl.	A	Italy	Energy	66.67%	Subgroup Cesa Italia
Cia. De Agua Del Municipio De Boca De Rio, S.A.P.I. De C.V.	A	Mexico	Water Treatment	68.60%	Subgroup Agua Boca De Rio
Cirtover, S.L.	--	Madrid	Instrumental	100.00%	Acciona
Civerzba Itg, S.L.	A	Madrid	Energy	100.00%	Subgroup Acciona Energía Global
Coefisa, S.A.	--	Switzerland	Financial	100.00%	Acciona
Coleman Rail Pty Ltd	A	Australia	Construction	82.40%	Subgroup Geotech Holding
Compañía De Aguas Paguera, S.L.	--	Mallorca	Water Treatment	100.00%	Subgroup Gesba
Compañía Eólica Granadina. S.L.	A	Granada	Energy	50.00%	Subgroup Ceólica
Compañía Internacional De Construcciones	--	Madrid	Financial	100.00%	Acciona
Consortio Acciona Ossa, S.A.	--	Chile	Construction	65.00%	Subgroup Acciona Construcción
Consortio Acciona - Ossa Andina, S.A.	--	Chile	Construction	65.00%	Subgroup Acciona Construcción
Consortio Constructor Araucaria Ltd.	--	Chile	Construction	60.00%	Subgroup Acciona Construcción
Consortio Eólico Chiripa, S.A.	A	Costa Rica	Energy	65.00%	Subgroup Acciona Energía
Construcciones Residenciales Mexico, C.B.	--	Mexico	Construction	100.00%	Subgroup Acciona Construcción
Constructora Acciona Chile, S.A.	--	Chile	Construction	100.00%	Subgroup Acciona Concesiones Chile
Constructora El Paso S.P.A.	--	Chile	Construction	100.00%	Subgroup Acciona Construcción
Constructora La Farfana, Spa	--	Chile	Construction	100.00%	Subgroup Acciona Construcción
Copane Valores, S.L.	--	Madrid	Instrumental	100.00%	Acciona
Corp. Acciona Infraestructuras, Pty Ltd	--	Australia	Construction	100.00%	Subgroup Corp. Acciona Infraest.

Company	Audit	Location	Main activity	% Effective Shareholding	Shareholder
Corporación Acciona Energías Renovables, S.L.	A	Madrid	Energy	100.00%	Acciona
Corporación Acciona Eólica, S.A.	--	Madrid	Energy	100.00%	Subgroup Corp. Acciona Energías Renovables
Corporación Acciona Hidráulica, S.A.	A	Madrid	Energy	100.00%	Subgroup Corp. Acciona Energías Renovables
Corporación Acciona Infraestructuras S.L.	A	Madrid	Holding Company	100.00%	Acciona
Corporación De Explotaciones y Servicios, S.A.	--	Madrid	Holding Company	100.00%	Subgroup Acciona Servicios Urbanos y Medio Ambiente
Corporación Eólica Catalana, S.L.	--	Madrid	Energy	100.00%	Subgroup Ceólica
Corporación Eólica De Valdivia, S.L.	--	Madrid	Energy	100.00%	Subgroup Ceólica
Corporación Eólica La Cañada, S.L.	--	Madrid	Energy	100.00%	Subgroup Ceatesalas
Cwien Australia Pty Ltd	--	Australia	Engineering	100.00%	Subgroup Acciona Ingeniería
Demsey Ridge Wind Farm, LLC	A	USA	Energy	66.67%	Subgroup Acciona Wind Energy USA
Depurar 7B, S.A.	A	Aragón	Water Treatment	100.00%	Subgroup Acciona Agua
Depurar 8B, S.A.	A	Aragón	Water Treatment	100.00%	Subgroup Acciona Agua
Desarrolladora De Infraestructura Hispano-Peninsular, S.A. De C.V.	--	Mexico	Construction	60.00%	Subgroup Acciona Construcción
Desarrolladora De Infraestructuras Hispano-Mexicanas, S.A. De C.V.	A	Mexico	Construction	100.00%	Subgroup Acciona Construcción
Desarrollos Renovables Del Norte, S.L.	--	Madrid	Energy	100.00%	Subgroup Acciona Energía
Desarrollos Renovables Eólicos Y Solares, S.L.	--	Madrid	Energy	100.00%	Subgroup Acciona Energía
Desarrollos Revolt Del Llobregat, S.L.	--	Madrid	Real estate	100.00%	Subgroup Acciona Inmobiliaria
Desarrollos y Construcciones, S.A. De C.V.	A	Mexico	Construction	100.00%	Subgroup Acciona Construcción
Dren, S.A.	--	Madrid	Holding Company	100.00%	Acciona
Dymerka Solar Mmc	--	Ukraine	Energy	100.00%	Subgrupo Dymerka Solar Poland
Dymerka Solar Poland Sp. Z.O.O.	--	Poland	Energy	100.00%	Subgrupo Dymerka Solar Poland
Dymerska Photovoltaic Power Plant-2 Llc	A	Ukraine	Energy	100.00%	Subgrupo Dymerka Solar Poland
Dymerska Photovoltaic Power Plant-3 Llc	A	Ukraine	Energy	100.00%	Subgrupo Dymerka Solar Poland
Ecogrove	A	USA	Energy	66.67%	Subgroup Acciona Wind Energy USA
Ecovista Wind, LLC	--	USA	Energy	100.00%	Subgroup Ecoenergy

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Efrato Itg, S.L.	A	Madrid	Energy	100.00%	Subgroup Acciona Energía Global
Efw Ness Limited	--	United Kingdom	Construction	100.00%	Subgroup Acciona Industrial
El Romero Spa	A	Chile	Energy	100.00%	Subgroup Acciona Energía Global
Empordavent S.L.U.	A	Barcelona	Energy	100.00%	Subgroup Acciona Energía
Empreendimientos Eólicos Do Verde Horizonte, S.A.	A	Portugal	Energy	66.67%	Subgroup Acciona Eólica Portugal
Empreendimientos Eólicos Ribadelide, S.A.	A	Portugal	Energy	66.67%	Subgroup Acciona Eólica Portugal
Empresa Operadora ATLL, S.A.	A	Barcelona	Water Treatment	100.00%	Subgroup Acciona Agua
Enalia, S.A.S.	A	Colombia	Winery	100.00%	Subgroup Hijos de Antonio Barceló
Energiea Servicios y Mantenimiento. S.L.	A	Barcelona	Energy	100.00%	Subgroup Terranova Energy Corporation
Energía Renovable Del Istmo II SA de Cv	A	Mexico	Energy	100.00%	Subgroup Acciona Energía Mexico Global
Energía Renovables De Barazar, S.L.	--	Madrid	Energy	100.00%	Subgroup Ceatesalas
Energías Alternativas De Teruel, S.A.	--	Teruel	Energy	51.00%	Subgroup Acciona Energía
Energías Eólicas De Catalunya, S.A.	A	Barcelona	Energy	100.00%	Subgroup Acciona Energía
Energías Renovables De Ricobayo. S.A.	--	Madrid	Energy	50.00%	Subgroup Ceólica
Energías Renovables El Abra. S.L.	--	Vizcaya	Energy	100.00%	Subgroup Ceólica
Energías Renovables Operación y Mantenimiento, S.L.	A	Barcelona	Urban Services	100.00%	Subgroup Multiservicios Acciona Facility Services
Energías Renovables Peña Nebina. S.L.	A	Madrid	Energy	100.00%	Subgroup Ceólica
Entidad Efinen, S.A.	--	Madrid	Instrumental	100.00%	Acciona
Entorno Urbano y Medio Ambiente, S.L.	--	Murcia	Urban Services	50.00%	Subgroup Acciona Servicios Urbanos
Entrecanales y Tavora Gibraltar, Ltd	--	Gibraltar	Construction	100.00%	Subgroup Acciona Construcción
Eólica De Rubió, S.A.	A	Barcelona	Energy	100.00%	Subgroup Acciona Energía
Eólica De Zorraquín, S.L.	A	Madrid	Energy	66.00%	Subgroup Acciona Energía
Eólica Villanueva, S.L.	--	Navarra	Energy	66.66%	Subgroup Acciona Energía
Eólico Alijar, S.A.	A	Sevilla	Energy	100.00%	Subgroup Acciona Energía
Eólicos Breogan. S.L.	--	Pontevedra	Energy	100.00%	Subgroup Ceólica

Company	Audit	Location	Main activity	% Effective Shareholding	Shareholder
ES Legarda, S.L.	--	Navarra	Energy	100.00%	Subgroup Biocombustibles
Espiritu Wind, Llc	--	USA	Energy	100.00%	Subgroup Acciona Energy Usa Global
Estudios y Construcciones De Obras, S.A. De C.V.	--	Mexico	Construction	50.00%	Subgroup Acciona Construcción
Eurus S.A.P.I De C.V.	A	Mexico	Energy	62.67%	Subgroup Acciona Energía Mexico
Fidentiis Equities, S.V. S.A.	--	Madrid	Financial	96.83%	Subgroup Bestinver
Fidentiis Gestión S.G.I.I.C., S.A.	--	Madrid	Financial	96.83%	Subgroup Bestinver
Finanzas Dos, S.A.	--	Madrid	Instrumental	100.00%	Acciona
Finanzas Nec, S.A.	--	Madrid	Financial	100.00%	Subgroup Acciona Inmobiliaria
Finanzas y Cartera Dos, S.A.	--	Madrid	Holding Company	100.00%	Acciona
Finanzas y Cartera Uno, S.A.	--	Madrid	Instrumental	100.00%	Acciona
First Lusitanian Re Project 2018, Sgps, Lda	--	Portugal	Real estate	94.00%	Subgroup Acciona Inmobiliaria
Flughafendienst Av Gmbh	--	Germany	Airport Services	100.00%	Subgroup Acciona Airport Services
Frigoriferi Di Tavazzano, S.P.A.	--	Italy	Logistics Services	100.00%	Subgroup Acciona Logística
Fujin Power Private Limited	A	India	Energy	100.00%	Subgroup Acciona Energía Global
Generación de Energía Renovable S.A.	--	Alava	Energy	100.00%	Subgroup Ceólica
Generica De Construcc.Y Mto. Industrial, S.A.	--	Zaragoza	Construction	100.00%	Subgroup Acciona Construcción
Geog Services Pty Ltd	A	Australia	Construction	82.40%	Subgroup Geotech Holding
Geotech Holdco Pty Ltd	A	Australia	Construction	82.40%	Subgroup Geotech Holdco
Geotech Pty Ltd	A	Australia	Construction	82.40%	Subgroup Geotech Holding
Gestio Catalana D'Aigües, S.A.	--	Barcelona	Water Treatment	100.00%	Subgroup Acciona Agua
Gestion De Recursos Corporativos, S.L.	--	Navarra	Instrumental	100.00%	Acciona
Gestion De Servicios Urbanos Baleares, S.A.	--	Mallorca	Water Treatment	100.00%	Subgroup Acciona Agua Servicios
Golice Wind Farm Sp. Z.O.O.	A	Poland	Energy	66.67%	Subgroup Acciona Energía Polonia
Grupo Bodegas Palacio 1894, S.A.	A	Madrid	Winery	100.00%	Acciona
Guadalaviar Consorcio Eólico Alabe Enerfin, S.A.	--	Madrid	Energy	100.00%	Subgroup Alabe

Company	Audit	Location	Main activity	% Effective Shareholding	Shareholder
Guadamad 1 Development, Unipessoal, Lda.	--	Portugal	Real estate	94.00%	Subgroup First Lusitanian
Guadamad 2 Development, Unipessoal, Lda.	--	Portugal	Real estate	94.00%	Subgroup First Lusitanian
Gunning Wind Energy Developments Pty Ltd	A	Australia	Energy	66.67%	Subgroup Gunning Wind Energy
Gunning Wind Energy Holdings Pty Ltd	--	Australia	Energy	66.67%	Subgroup Acciona Energía Oceanía
Gwh-Acciona Energy LLC	--	USA	Energy	100.00%	Subgroup Acciona Energía Global USA
Heartland Windpower, LLC	--	USA	Energy	100.00%	Subgroup Acciona Energía Global USA
Hidroeléctrica Del Serradó, S.L.	--	Barcelona	Energy	100.00%	Subgroup Acciona Saltos de Agua
Hospital De Leon Bajio, S.A. De C.V.	A	Mexico	Concessions	100.00%	Acciona
Hudzovka Solar 1 Llc	--	Poland	Energy	75.01%	Subgrupo Dymarka Solar Poland
Hudzovka Solar 2 Llc	A	Poland	Energy	75.01%	Subgrupo Dymarka Solar Poland
Iberinsa Do Brasil Engenharia Ltda.	--	Brazil	Engineering	100.00%	Subgroup Acciona Ingeniería
Inetime, S.A.	--	Madrid	Urban Services	100.00%	Subgroup Acciona Servicios Urbanos y Medio Ambiente
Ineuropa De Cogeneración, S.A.	--	Madrid	Energy	100.00%	Subgroup Corp. Acciona Energías Renovables
Infraestructuras Ayora, S.L.	--	Madrid	Energy	84.72%	Subgroup Guadalaviar
Ingenieria Especializada Obra Civil E Industrial, S.A.	E	Madrid	Engineering	100.00%	Subgroup Acciona Construcción
Inmobiliaria Parque Reforma, S.A. De CV	A	Mexico	Real estate	100.00%	Subgroup Acciona Inmobiliaria
INR Eólica, S.A.	--	Sevilla	Energy	100.00%	Subgroup Acciona Energía
Interlogística Del Frío, S.A.	A	Barcelona	Logistics Services	100.00%	Subgroup Acciona Logística
Interurbano De Prensa, S.A.	--	Madrid	Logistics Services	100.00%	Subgroup Acciona Servicios Urbanos y Medio Ambiente
John Beaver Pty Ltd	A	Australia	Construction	82.40%	Subgroup Geotech Holding
Kw Tarifa, S.A.	--	Madrid	Energy	100.00%	Subgroup Corp. Acciona Energías Renovables
La Chalupa, Llc	--	USA	Energy	100.00%	Subgroup Acciona Energy Usa Global
La Favorita Real Estate, Unipessoal Lda	--	Portugal	Real estate	94.00%	Subgroup First Lusitanian
Lambarene Necso Gabon	--	Gabon	Construction	100.00%	Subgroup Acciona Construcción
Lameque Wind Power Lp	A	Canada	Energy	66.67%	Subgroup Acciona Wind Energy Canadá

Company	Audit	Location	Main activity	% Effective Shareholding	Shareholder
Lusoneco	--	Portugal	Real estate	100.00%	Subgroup Acciona Inmobiliaria
Macintyre Wind Farm Holding Pty Ltd	--	Australia	Energy	100.00%	Subgroup Acciona Energía Global
Macintyre Wind Farm Pty Ltd	--	Australia	Energy	100.00%	Subgroup Acciona Energía Global
Malgarida I Spa	--	Chile	Energy	100.00%	Subgroup Acciona Energía Global
Malgarida II Spa	--	Chile	Energy	100.00%	Subgroup Acciona Energía Global
Meltemi Sp. Z.O.O.	A	Poland	Energy	66.67%	Subgroup Acciona Energía Polonia
Metrologia y Comunicaciones, S.A.	--	Madrid	Construction	100.00%	Subgroup Acciona Construcción
Mortlake South Wind Farm Holdings Pty. Ltd.	--	Australia	Energy	100.00%	Subgroup Acciona Energía Global
Mortlake South Wind Farm Pty. Ltd.	--	Australia	Energy	100.00%	Subgroup Acciona Energía Global
Mostostal Warszawa, S.A.	A	Poland	Construction	62.13%	Subgroup Acciona Construcción
Moura Fabrica Solar, Lda.	A	Portugal	Energy	100.00%	Subgroup Acciona Energía Global
Mt Gellibrand Wind Farm Holding Pty Ltd	--	Australia	Energy	100.00%	Subgroup Acciona Energía Global
Mt Gellibrand Wind Farm Pty, Ltd.	A	Australia	Energy	100.00%	Subgroup Acciona Energía Global Australia
Multiservicios Grupo Ramel, S.A.	--	Barcelona	Urban Services	100.00%	Subgroup Acciona Facility Services
Nesco Entrecanales Cubiertas Mexico, S.A. De CV	A	Mexico	Construction	100.00%	Subgroup Acciona Construcción
Nesco Hong Kong, Ltd.	--	Hong Kong	Construction	100.00%	Subgroup Acciona Construcción
Nesco Triunfo Construcoes Ltda	--	Brazil	Construction	50.00%	Subgroup Acciona Construcción
Nevada Solar One, LLC	A	USA	Energy	66.67%	Subgroup NVS1 Investment Group
Northwinds Trading (Proprietary) Limited	--	South Africa	Engineering	100.00%	Subgroup Acciona Industrial
Notos Produção De Energia Lda	A	Portugal	Energy	46.67%	Subgroup Sayago
NvsI Investment Group LLC	--	USA	Energy	66.67%	Subgroup Acciona Solar Energy
Operadora De Servicios Hospitalarios, S.A. De C.V.	A	Mexico	Concession Operation	100.00%	Subgroup Acciona Servicios Hospitalarios
Pacific Renewable Energy Generation LLC	--	USA	Energy	100.00%	Subgroup Acciona Energía Global USA
Palmas Wind Finance Llc	--	USA	Energy	100.00%	Subgroup Palmas Wind Finance Llc
Palmas Wind Holding Llc	--	USA	Energy	100.00%	Subgroup Palmas Wind Finance Llc

Company	Audit	Location	Main activity	% Effective Shareholding	Shareholder
Palmas Wind, Llc	--	USA	Energy	100.00%	Subgroup Acciona Energía Global USA
Parco Eólico Cocullo S.P.A.	A	Italy	Energy	66.67%	Subgroup Cesa Italia
Parque Eólico Da Costa Vicentina, S.A.	A	Portugal	Energy	66.67%	Subgroup Acciona Eólica Portugal
Parque Eólico Da Raia, S.A.	A	Portugal	Energy	66.67%	Subgroup Acciona Eólica Portugal
Parque Eólico De Manrique, S.A.	A	Portugal	Energy	66.67%	Subgroup Acciona Eólica Portugal
Parque Eólico De Pracana, S.A.	A	Portugal	Energy	66.67%	Subgroup Acciona Eólica Portugal
Parque Eólico Do Marao, S.A.	A	Portugal	Energy	66.67%	Subgroup Acciona Eólica Portugal
Parque Eólico Do Outeiro, S.A.	A	Portugal	Energy	66.67%	Subgroup Acciona Eólica Portugal
Parque Eólico Dos Fiéis, S.A.	A	Portugal	Energy	66.67%	Subgroup Acciona Eólica Portugal
Parque Eólico El Chaparro	--	Madrid	Energy	100.00%	Subgroup Alabe
Parque Eólico Escepar, S.A.	--	Toledo	Energy	100.00%	Subgroup Ceólica
Parque Eólico La Esperanza. S.L.	--	Madrid	Energy	100.00%	Subgroup Ceólica
Parque Eólico Peralejo, S.A.	A	Toledo	Energy	100.00%	Subgroup Ceólica
Parque Eólico San Gabriel Spa	A	Chile	Energy	100.00%	Subgroup Acciona Energía Global
Parque Eólico Villamayor, S.L.	A	Madrid	Energy	100.00%	Subgroup Ceólica
Parques Eólicos Celadas, S.L.	A	Madrid	Energy	100.00%	Subgroup Ceólica
Parques Eólicos De Ciudad Real. S.L.	A	Ciudad Real	Energy	100.00%	Subgroup Ceólica
Parques Eólicos De San Lazaro, S.A. De C.V.	--	Mexico	Energy	100.00%	Subgroup Acciona Energía Mexico Global
Parques Eólicos Del Cerrato. S.L.	--	Madrid	Energy	100.00%	Subgroup Ceólica
Pia.Cos S.R.L.	--	Italy	Water Treatment	100.00%	Subgroup Acciona Agua
Pichilingue Spa	--	Chile	Energy	100.00%	Subgroup Acciona Energía Global
Pililin Spa	--	Chile	Energy	100.00%	Subgroup Acciona Energía Global
Pitagora Srl.	A	Italy	Energy	66.67%	Subgroup Cesa Italia
Press Cargo Colombia, S.A.	A	Colombia	Logistics Services	99.34%	Subgroup Acciona Forwarding Perú
Pridagua Tratamiento De Aguas y Residuos, Lda.	--	Portugal	Water Treatment	100.00%	Subgroup Acciona Agua

Company	Audit	Location	Main activity	% Effective Shareholding	Shareholder
Pridesa America Corporation	--	USA	Water Treatment	100.00%	Subgroup Acciona Agua
Punta Palmeras, S.A.	A	Chile	Energy	66.67%	Subgroup Acciona Energía Internacional
Pyrenees Wind Energy Developments Pty. Ltd	A	Australia	Energy	66.67%	Subgroup Acciona Energía Oceanía
Pyrenees Wind Energy Holdings Pty. Ltd	--	Australia	Energy	66.67%	Subgroup Pyrenees Wind Energy
Ramwork, S.A.	--	Barcelona	Urban Services	99.98%	Subgroup Acciona Facility Services
Red Hills Finance, LLC	A	USA	Energy	66.67%	Subgroup Acciona Wind Energy USA
Red Hills Holding, LLC	--	USA	Energy	63.34%	Subgroup Red Hills Finance
Renovables Del Penedés, S.A.U.	--	Badajoz	Energy	100.00%	Subgroup Acciona Energía
Riacho Novo Empreendimentos Imobiliarios, Ltda	--	Brazil	Real estate	100.00%	Subgroup Acciona Inmobiliaria
Rio Paraiba Do Sul Serviços Ltda	--	Brazil	Concession Operation	100.00%	Subgroup Acciona do Brasil
Ripley Windfarm JV	A	Canada	Energy	66.67%	Subgroup Acciona Wind Energy Canadá
S.C. A2 Tramo 2, S.A.	A	Guadalajara	Concessions	100.00%	Acciona
S.C. DLP, S.A.	--	Madrid	Construction	60.00%	Subgroup Acciona Construcción
S.C. Hospital del Norte, S.A.	A	Madrid	Concessions	100.00%	Acciona
Saltos Del Nansa, S.A.U.	A	Santander	Energy	100.00%	Subgroup Acciona Saltos de Agua
Saltos y Centrales De Catalunya, S.A.	A	Barcelona	Energy	100.00%	Subgroup Acciona Saltos de Agua
San Roman Finance Llc	--	USA	Energy	100.00%	Subgroup Acciona Energía Global USA
San Roman Holding Llc	--	USA	Energy	100.00%	Subgroup San Roman Holding Llc
San Roman Wind I, LLC	A	USA	Energy	100.00%	Subgroup San Roman Holding Llc
San Solar Energy Facility (Propietary) Limited	A	South Africa	Energy	100.00%	Subgroup Acciona Energía Global Sudáfrica
Sc Acciona Facility Services Automotive Srl	--	Rumanía	Urban Services	100.00%	Subgroup Acciona Facility Services
Scdad. Empresarial De Financiacion y Comercio, S.L	--	Madrid	Financial	100.00%	Acciona
Servicios Hospitalarios Chut, S.L.	--	Madrid	Concession Operation	100.00%	Subgroup Acciona Servicios Hospitalarios
Sierra De Selva, S.L.	A	Navarra	Energy	100.00%	Subgroup Acciona Energía
Sileno, S.A.	--	Alava	Winery	100.00%	Subgroup Hijos de Antonio Barceló

Company	Audit	Location	Main activity	% Effective Shareholding	Shareholder
Sishen Solar Facility (Proprietary) Limited	A	South Africa	Energy	36.60%	Subgroup Acciona Energía Sudáfrica
Sistemas Energéticos Sayago. S.L.	--	Madrid	Energy	66.67%	Subgroup Acciona Energía Internacional
Sistemas Energéticos Valle De Sedano. S.A.	A	Madrid	Energy	100.00%	Subgroup Ceólica
Sociedad Explotadora De Recursos Eólicos, S.A.	A	Portugal	Energy	66.67%	Subgroup Acciona Eólica Portugal
Sociedad Istmeña Desarrollo Eólico, SRL De C.V.	--	Mexico	Energy	100.00%	Subgroup Acciona Energía Mexico Global
Sociedad Levantina De Obras y Servicios, S.A.	--	Valencia	Construction	100.00%	Subgroup Acciona Construcción
Sociedad San Rafael Hidráulica S.A. De C.V.	A	Mexico	Engineering	100.00%	Subgroup Acciona Ingeniería
Soconfil, S.A.	--	Madrid	Instrumental	100.00%	Subgroup Finanzas y Cartera 2
Solar Bolarque, S.L.	--	Madrid	Energy	100.00%	Subgroup Acciona Energía
Sun Photo Voltaic Energy India Pvt Ltd	A	India	Energy	100.00%	Subgroup Acciona Energía Global
Surya Energy Photo Voltaic India Pvt Ltd	A	India	Energy	100.00%	Subgroup Acciona Energía Global
Table Mountain Wind LLC	--	USA	Energy	100.00%	Subgroup Acciona Energía Global USA
Tatanka Finance LLC	--	USA	Energy	66.67%	Subgroup Acciona Wind Energy USA
Tatanka Holding, LLC	--	USA	Energy	26,00% (100% class B shares)	Subgroup Tatanka
Tateldaco, S.L.	--	Madrid	Real estate	60.00%	Subgroup Acciona Inmobiliaria
Tecniomnia Española, S.L.	--	Barcelona	Urban Services	100.00%	Subgroup Acciona Facility Services
Ternua Holdings. B.V.	--	Holland	Energy	100.00%	Subgroup Tecusa
Terranova Energy Corporation	--	USA	Energy	100.00%	Subgroup Acciona Eólica Cesa
Terranova Energy Corporation. S.A.	--	Barcelona	Energy	100.00%	Subgroup Ceólica
Tibest Cuatro, S.A.	--	Madrid	Instrumental	100.00%	Acciona
Tictres, S.A.	--	Madrid	Instrumental	100.00%	Acciona
Tlalui Aqua, S.A. De C.V.	A	Mexico	Water Treatment	70.00%	Subgroup Agua Boca De Rio
Tolchén Transmisión Spa	A	Chile	Energy	100.00%	Subgroup Acciona Energía Global
Tolpan Sur, Spa	--	Chile	Energy	100.00%	Subgroup Acciona Energía Global
Torre Lugano S.L.	--	Valencia	Real estate	100.00%	Subgroup Acciona Real Estate
Towarowa Park Spolka Z.O.O.	A	Poland	Real estate	100.00%	Subgroup Acciona Inmobiliaria
Transurme, S.A.	--	Barcelona	Logistics Services	100.00%	Subgroup Acciona Servicios Urbanos y Medio Ambiente

Company	Audit	Location	Main activity	% Effective Shareholding	Shareholder
Ttanka Wind Power LLC	A	USA	Energy	26,00% (100% class B shares)	Subgroup Tatanka
Tuppadahalli Energy India Private Limited	A	India	Energy	66.67%	Subgroup Acciona Energía Internacional
Usya Spa	--	Chile	Energy	100.00%	Subgroup Acciona Energía Global
Valdivia Energía Eólica, S.A.	A	Sevilla	Energy	100.00%	Subgroup Acciona Energía
Velva Windfarm, LLC	--	USA	Energy	66.67%	Subgroup Acciona Wind Energy USA
Vientos Bajo Hondo I, S.A.	--	Argentina	Energy	100.00%	Subgroup Acciona Energía Global
Vientos Bajo Hondo, S.A.	--	Argentina	Energy	100.00%	Subgroup Acciona Energía Global
Viñedos Viña Mayor, S.L.	--	Madrid	Winery	100.00%	Subgroup Hijos de Antonio Barceló
Vjetroelektrana Čemernica D.O.O.	--	Croatia	Energy	100.00%	Subgroup Acciona Energía Global
Vjetroelektrana Jelinak Doo	A	Croatia	Energy	66.67%	Subgroup Acciona Energía Internacional
Vjetroelektrana Opor D.O.O.	--	Croatia	Energy	100.00%	Subgroup Acciona Energía Global
Voltser Serviços De Operação E Manutenção De Centr	--	Portugal	Energy	100.00%	Subgroup Acciona Energía Global Portugal II
White Shield Wind Project LLC	--	USA	Energy	63.34%	Subgroup Acciona Wind Energy Usa, Llc
Wind Construction, Lp	--	Canada	Energy	100.00%	Subgroup Acciona Energía Global Canada
Wind Farm 66, LLC	--	USA	Energy	100.00%	Subgroup Acciona Energía Global USA
Zurich Wind Power Lp Inc	--	Canada	Energy	100.00%	Subgroup Acciona Renewable Canadá

(\*) Companies whose financial statements are audited by: (A) KPMG; (B) PricewaterhouseCoopers; (C) Deloitte; (D) Ernst & Young (E) Others

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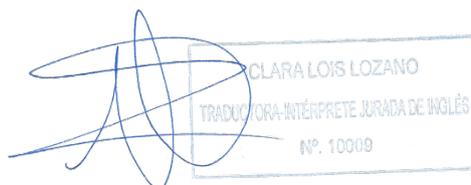
## APPENDIX II

### JOINTLY CONTROLLED ENTITIES

The joint arrangements structured through separate vehicles proportionately consolidated in the year ended 31 December 2019, in accordance with IFRS, and the information related thereto are as follows:

Company	Audit	Location	Main activity	Effective Share %	Shareholder
Aista-Trans JV (PTY) LTD	--	South Africa	Construction	66.67%	Subgroup Acciona Construcción
Bokpoort EPC Consortium (Pty) Ltd	C	South Africa	Engineering	30.00%	Subgroup Acciona Ingeniería
Chin Chute Windfarm JV	A	Canada	Energy	22.22%	Subgroup Acciona Wind Energy Canadá
Consorcio Acciona Brotec Icafal S.A.	--	Chile	Construction	60.00%	Subgroup Acciona Construcción
Consorcio Hospital Egc, S.A.	--	Chile	Construction	80.00%	Subgroup Acciona Construcción
Constructora Terminal Valle De México, S.A. De C.V.	--	Mexico	Construction	14.28%	Subgroup Acciona Construcción
Iniciativas Energéticas Renovables, S.L.	--	Pamplona	Energy	50.00%	Subgroup Acciona Energía
Liciastar (Propietary) Limited	C	South Africa	Engineering	50.00%	Subgroup Acciona Ingeniería
Magrath Windfarm Jv	B	Canada	Energy	22.22%	Subgroup Acciona Wind Energy Canadá
Ouarzazate Solar 1, Sarl	--	Morocco	Engineering	37.50%	Subgroup Acciona Ingeniería
Proyecto F8 Troy Aym, S.A. de C.V.	A	Mexico	Engineering	55.95%	Subgroup Acciona Industrial

(\*) Companies whose financial statements are audited by: (A) KPMG; (B) PricewaterhouseCoopers; (C) Deloitte; (D) Ernst & Young (E) Others



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## APPENDIX III

### COMPANIES ACCOUNTED FOR USING THE EQUITY METHOD

The companies consolidated by application of the equity method in the year ended 31 December 2019, in accordance with IFRS, and the information related thereto are as follows:

Company	Audit	Location	Main activity	Effective Share %	Shareholder
Acciona Agua & Sogex Llc	--	Oman	Water Treatment	50.00%	Subgroup Acciona Agua
Acciona Agua Sardinia Infraestructure S.R.L.	--	Italy	Water Treatment	10.00%	Subgroup Acciona Agua
Acciona Concesiones P2W Investment Limited	--	New Zealand	Infrastructure concession	10.00%	Subgroup Acciona Concesiones
Acciona Waste Water Treatment Plant Limited	--	Trinidad y Tobago	Water Treatment	70.00%	Subgroup Acciona Agua
Acciona Wastewater Solutions Gp Inc.	--	Canada	Water Treatment	25.00%	Subgroup Acciona Agua
Acciona Wep Holdings Inc.	--	Canada	Concessions	33.33%	Subgroup Acciona Concesiones
Adelaidequa Pty Ltd.	--	Australia	Water Treatment	50.00%	Subgroup Acciona Agua Adelaide
Aguas Tratadas Del Valle De Mexico S.A. De C.V.	--	Mexico	Water Treatment	24.26%	Subgroup Acciona Agua
Algerian Water Investment, S.L.	--	Madrid	Water Treatment	50.00%	Subgroup Acciona Agua
Alsubh Solar Power, S.A.E.	--	Egypt	Energy	50.00%	Subgroup Acciona Energía Global
Altrac Light Rail Holdings 1 Pty Limited	--	Australia	Concessions	5.00%	Subgroup Acciona Concesiones
Amper Central Solar Moura	--	Portugal	Energy	43.74%	Subgroup Acciona Energía Internacional
Ampliaci3n Facultad Dret, S.A.	--	Barcelona	Construction	50.00%	Subgroup Acciona Construcci3n
Aprofitament D'Energies Renovables De L'Ebre S.L.	--	Barcelona	Energy	9.76%	Subgroup Acciona Energía
Asenda Ciudad Mayakoba Sa De Cv	--	Mexico	Real estate	50.00%	Subgroup Parque Reforma
At Solar I, SAPI de CV	--	Mexico	Energy	50.00%	Subgroup Acciona Energia Mexico Global
At Solar II, SA PI de CV	--	Mexico	Energy	50.00%	Subgroup Acciona Energia Mexico Global
At Solar III, SAPI de CV	--	Mexico	Energy	50.00%	Subgroup Acciona Energia Mexico Global
At Solar IV, SAPI de CV	--	Mexico	Energy	50.00%	Subgroup Acciona Energia Mexico Global
At Solar V, SAPI de CV	A	Mexico	Energy	50.00%	Subgroup Acciona Energia Mexico Global
Baja California Power, S.A. De C.V.	--	Mexico	Engineering	65.00%	Subgroup Acciona Ingenieria
Banchory Spain S.L.	--	Madrid	Real estate	32.00%	Subgroup Acciona Real Estate
Bioetanol Energ3tico	--	Madrid	Energy	50.00%	Subgroup Biocombustibles
Bioetanol Energ3tico La Mancha	--	Madrid	Energy	50.00%	Subgroup Biocombustibles
Camarate Golf, S.A.	--	Madrid	Real estate	22.00%	Subgroup Acciona Inmobiliaria
Carnotavento. S.A.	--	A Coru1a	Energy	24.50%	Subgroup Eurovento
Cat 2022 Office Complex, S.I	A	Madrid	Real estate	32.00%	Subgroup Acciona Real Estate

Company	Audit	Location	Main activity	Effective Share %	Shareholder
Cathedral Rocks Construcc. And Management, Pty Ltd	--	Australia	Energy	50.00%	Subgroup Acciona Energía Global Australia
Cathedral Rocks Holdings 2, Pty. Ltd	--	Australia	Energy	33.34%	Subgroup Cathedral Rocks Holdings
Cathedral Rocks Holdings, Pty. Ltd	--	Australia	Energy	33.34%	Subgroup Acciona Energía Oceania
Cathedral Rocks Wind Farm, Pty. Ltd	--	Australia	Energy	33.34%	Subgroup Cathedral Rocks Holdings 2
Chinook Highway Operations Inc.	--	Canada	Concession Operation	50.00%	Subgroup Acciona Concesiones
Cleverreal - Gestão De Investimentos Imobiliários, Lda	--	Portugal	Real estate	15.00%	Subgroup Acciona Inmobiliaria
Cogeneración Arrudas Ltda	--	Brazil	Water Treatment	50.00%	Subgroup Acciona Agua
Concesionaria De Desalacion De Ibiza, S.A.	E	Ibiza	Water Treatment	50.00%	Subgroup Acciona Agua
Concesionaria La Chira, S.A.	E	Peru	Water Treatment	50.00%	Subgroup Acciona Agua
Consortio Operador De Atotonilco, S.A. De C.V.	E	Mexico	Water Treatment	24.50%	Subgroup Acciona Agua
Consortio Traza, S.A.	--	Zaragoza	Concessions	16.60%	Acciona
Constructor Atacama CSP Chile Spa	--	Chile	Construction	25.00%	Subgroup Acciona Industrial
Constructor Atacama CSP S.L.	--	Madrid	Construction	25.00%	Subgroup Acciona Industrial
Constructora De Obras Civiles y Electromecanicas	--	Mexico	Water Treatment	24.50%	Subgroup Aguas Hispano Mexicana
Constructora Necso Sacyr Chile	--	Chile	Construction	50.00%	Subgroup Acciona Concesiones Chile
Depurar P1, S.A.	--	Zaragoza	Water Treatment	50.00%	Subgroup Acciona Agua
Desarrollo De Energías Renovables De Navarra, S.A.	D	Pamplona	Energy	50.00%	Subgroup Acciona Energía
Emserva, S.A.	--	Málaga	Water Treatment	49.00%	Subgroup Acciona Agua Servicios
Energías Renovables Mediterraneas, S.A.	C	Valencia	Energy	50.00%	Subgroup Acciona Energía
Energy Corp Hungary Kft	E	Hungary	Energy	50.00%	Subgroup Acciona Eólica Cesa
Eólicas Mare Nostrum S.L.	--	Valencia	Energy	50.00%	Subgroup Acciona Energía
Eurovento. S.L.	--	A Coruña	Energy	50.00%	Subgroup Tripower
Explotaciones Eólicas Sierra De Utrera. S.L.	--	Madrid	Energy	25.00%	Subgroup Ceólica
Firefly Investments 238 (Proprietary) Limited	C	South Africa	Energy	45.00%	Subgroup Acciona Energía Global Sudáfrica
Gran Hospital Can Misses, S.A.	--	Ibiza	Concessions	40.00%	Acciona
Helena Water Finance Pty Ltd	C	Australia	Water Treatment	25.05%	Subgroup Acciona Agua Internacional Australia
Infraestructuras Villanueva, S.L.	--	Madrid	Energy	40.53%	Subgroup Guadalaviar
Líneas Eléctricas Asturianas. S.L.	--	Asturias	Energy	50.00%	Subgroup Eurovento
Líneas Eléctricas Gallegas II. S.L.	--	Galicia	Energy	50.00%	Subgroup Eurovento
Líneas Eléctricas Gallegas III. S.L.	--	Galicia	Energy	50.00%	Subgroup Eurovento
Líneas Eléctricas Gallegas. S.L.	--	Galicia	Energy	35.00%	Subgroup Eurovento
Locubsa	E	Andorra	Construction	48.89%	Subgroup Acciona Construcción
Logiberica de Prensa y Servicios, S.L.	--	Madrid	Logistics Services	50.00%	Subgroup Acciona Servicios Urbanos y Medio Ambiente
Mov-R H1 Szeleromu Megujulo Energia Hasznosito Kft	E	Hungary	Energy	49.25%	Subgroup Energy Corp Hungary

Company	Audit	Location	Main activity	Effective Share %	Shareholder
Myah Typaza, Spa	D	Algeria	Water Treatment	25.50%	Subgroup Algerian Water Investment
Necsorgaz, S.L.	--	Madrid	Real estate	50.00%	Subgroup Acciona Inmobiliaria
Nexus Infrastructure Holdings Unit Trust	--	Australia	Concessions	20.00%	Subgroup Acciona Concesiones
Nordex SE	--	Germany	Energy	36.27%	Acciona
Nova Darsena Deportiva De Bara, S.A.	--	Madrid	Concessions	50.00%	Acciona
Nuevo Hospital De Toledo, S.A.	--	Toledo	Concessions	33.33%	Subgroup Acciona Concesiones
Oakleaf Investment Holdings 86 (Proprietary) Limit	C	South Africa	Energy	50.00%	Subgroup Acciona Energía Global Sudáfrica
Operador Del Mercado Ibérico - Polo Español, S.A.	--	Madrid	Energy	5.00%	Subgroup Acciona Energía
Operadora Can Misses S.L.	--	Ibiza	Concession Operation	40.00%	Subgroup Acciona Servicios Hospitalarios
P2W Services Limited	--	New Zealand	Infrastructure concession	50.00%	Subgroup Acciona Concesiones
Páramo De Los Angostillos, S.L.	--	Palencia	Energy	50.00%	Subgroup Acciona Energía
Parque Eólico A Runa, S.L.	C	A Coruña	Energy	50.00%	Subgroup Ceólica
Parque Eólico Adrano, S.L.	C	A Coruña	Energy	50.00%	Subgroup Ceólica
Parque Eólico Ameixenda Filgueira, S.L.	C	A Coruña	Energy	50.00%	Subgroup Ceólica
Parque Eólico Cinseiro, S.L.	--	Zamora	Energy	50.00%	Subgroup Ceólica
Parque Eólico Curras, S.L.	C	A Coruña	Energy	50.00%	Subgroup Ceólica
Parque Eólico De Abara, S.L.	C	A Coruña	Energy	50.00%	Subgroup Ceólica
Parque Eólico De Barbanza, S.L.	--	A Coruña	Energy	12.50%	Subgroup Eurovento
Parque Eólico De Bobia y San Isidro, S.L.	C	Asturias	Energy	50.00%	Subgroup Ceólica
Parque Eólico De Deva, S.L.	C	A Coruña	Energy	50.00%	Subgroup Ceólica
Parque Eólico De Tea, S.L.	C	A Coruña	Energy	50.00%	Subgroup Ceólica
Parque Eólico Vicedo, S.L.	C	A Coruña	Energy	50.00%	Subgroup Ceólica
Parque Eólico Virxe Do Monte, S.L.	C	A Coruña	Energy	50.00%	Subgroup Ceólica
Parques Eólicos De Buió, S.L.	C	A Coruña	Energy	50.00%	Subgroup Ceólica
Polígono Romica, S.A.	--	Albacete	Real estate	50.00%	Subgroup Acciona Inmobiliaria
Port City Water Services Inc.	--	Canada	Water Treatment	50.00%	Subgroup Acciona Agua
Reghion Agua S.C.A.R.L.	--	Italy	Water Treatment	50.00%	Subgroup Acciona Agua Servicios
Residencial Maranta Dos S.A. de C.V.	C	Mexico	Real estate	10.00%	Subgroup Parque Reforma
Rising Sun Energy, S.A.E.	A	Egypt	Energy	38.00%	Subgroup Acciona Energía Global
S.C. Autovía De La Plata S.A.	--	Madrid	Concessions	25.00%	Subgroup Acciona Construcción
S.C. De La Zona Regable Del Canal De Navarra, S.A.	--	Pamplona	Concessions	50.00%	Acciona
Novo Hospital De Vigo S.A.	--	Pontevedra	Concessions	43.33%	Acciona
S.C. Puente Del Ebro, S.A.	--	Aragón	Concessions	50.00%	Acciona
Servicio De Tratamiento De Aguas Ptar Caracol, S.A.	D	Mexico	Water Treatment	48.98%	Subgroup Acciona Agua
Servicios Comunitarios De Molina De Segura, S.A.	E	Murcia	Water Treatment	48.27%	Subgroup Acciona Agua Servicios

Company	Audit	Location	Main activity	Effective Share %	Shareholder
Shuqaiq Three Company For Water	--	Saudi Arabia	Water Treatment	10.00%	Subgroup Acciona Agua
Sistemas Electricos Esplugas, S.A.	--	Barcelona	Energy	50.00%	Subgroup Acciona Energía
Sociedad De Aguas Hispano Mexicana S.A De C.V.	C	Mexico	Water Treatment	50.00%	Subgroup Acciona Agua
Sociedad Mixta Del Agua- Jaen, S.A.	C	Jaén	Water Treatment	60.00%	Subgroup Acciona Agua Servicios
Sociedad Operadora Novo Hospital De Vigo S.A.	--	Pontevedra	Concession Operation	43.33%	Subgroup Acciona Servicios Hospitalarios
Solena Group	--	USA	Urban Services	25.00%	Subgroup Acciona Servicios Urbanos y Medio Ambiente
Sunrise Energy, S.A.E.	--	Egypt	Energy	38.00%	Subgroup Acciona Energía Global
Tranvias Urbanos De Zaragoza S.L.	--	Zaragoza	Concession Operation	15.00%	Subgroup Acciona Concesiones
Tuto Energy I, S.A.P.I. de C.V.	--	Mexico	Energy	50.00%	Subgroup Acciona Energia Mexico Global
Tuto Energy II, S.A.P.I. de C.V.	A	Mexico	Energy	50.00%	Subgroup Acciona Energia Mexico Global
Vento Mareiro, S.L.	--	A Coruña	Energy	24.50%	Subgroup Eurovento
Ventos e Terras Galegas II, S.L.	--	Galicia	Energy	50.00%	Subgroup Tripower
Ventos e Terras Galegas, S.L.	--	Galicia	Energy	50.00%	Subgroup Tripower
Vertex Residencial Cuajimalpa, S.A. De C.V.	C	Mexico	Real estate	10.00%	Subgroup Parque Reforma

(\*) Companies whose financial statements are audited by: (A) KPMG; (B) PricewaterhouseCoopers; (C) Deloitte; (D) Ernst & Young (E) Others



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## APPENDIX IV

### CHANGES IN THE SCOPE OF CONSOLIDATION

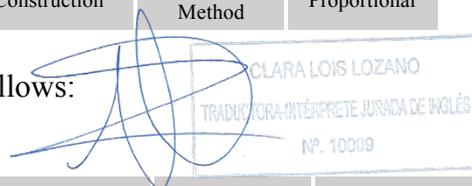


Changes in the consolidation scope in 2019 were as follows:

Company	Location	Main activity	Change	Consolidation Method
Acciona Airport Services S.A.S.	Colombia	Logistics Services	Addition	Group
Acciona Energia Global Egypt, Llc	Egypt	Energy	Addition	Group
Tateldaco, S.L.	Madrid	Real estate	Addition	Group
Acciona Mobility Portugal, Unipessoal Lda	Portugal	Sustainable Mobility	Addition	Group
Arcyz Spa	Ukraine	Energy	Addition	Group
Hudzovka Solar 1 Llc	Ukraine	Energy	Addition	Group
Hudzovka Solar 2 Llc	Ukraine	Energy	Addition	Group
La Chalupa, Llc	USA	Energy	Addition	Group
Acciona Industrial Uk Limited	United Kingdom	Construction	Addition	Group
Efw Ness Limited	United Kingdom	Construction	Addition	Group
Guadamad 1 Development, Unipessoal, Lda.	Portugal	Real estate	Addition	Group
Guadamad 2 Development, Unipessoal, Lda.	Portugal	Real estate	Addition	Group
Acciona Construcción Andina S.A.S.	Colombia	Construction	Addition	Group
Acciona Forwarding Mexico S.R.L. De C.V.	Mexico	Logistics Services	Addition	Group
Acciona Campus S.L.	Madrid	Concessions	Addition	Group
Acciona Campus España S.L.	Madrid	Concessions	Addition	Group
Acciona Mobility Italia, S.R.L.,	Italy	Sustainable Mobility	Addition	Group
Auriga Sport S.L.	Madrid	Audio-visual services	Addition	Group
Acciona Global Energy Ukraine	Ukraine	Energy	Addition	Group
Acciona Energía Colombia Sas	Colombia	Energy	Addition	Group
Macintyre Wind Farm Holding Pty Ltd	Australia	Energy	Addition	Group
Macintyre Wind Farm Pty Ltd	Australia	Energy	Addition	Group
Acciona Concesiones Mexico S.R.L. De C.V.	Mexico	Concessions	Addition	Group
Acciona Servicios Energéticos, S.L.R. De Cv	Mexico	Services	Addition	Group
Fidentiis Gestión S.G.I.I.C., S.A.	Madrid	Financial	Addition	Group
Fidentiis Equities, S.V. S.A.	Madrid	Financial	Addition	Group
Cat 2022 Office Complex, S.L.	Madrid	Real estate	Addition	Associate
Cwien Australia Pty Ltd	Australia	Engineering	Addition	Group
Espiritu Wind, Llc	USA	Energy	Addition	Group
Bosques Solares De Bolivar 500 Sas	Colombia	Energy	Addition	Group
Bosques Solares De Bolivar 501 Sas	Colombia	Energy	Addition	Group
Bosques Solares De Bolivar 502 Sas	Colombia	Energy	Addition	Group
Bosques Solares De Bolivar 503 Sas	Colombia	Energy	Addition	Group

Company	Location	Main activity	Change	Consolidation Method
Bosques Solares De Bolivar 504 Sas	Colombia	Energy	Addition	Group
Solar Bolarque, S.L.	Madrid	Energy	Addition	Group
Palmas Wind Holding Llc	USA	Energy	Addition	Group
Palmas Wind Finance Llc	USA	Energy	Addition	Group
Shuqaiq Three Company For Water	Saudi Arabia	Water Treatment	Addition	Associate
Banchory Spain S.L.	Madrid	Real estate	Addition	Associate
Inantic, S.A.	Madrid	Instrumental	Removal	Group
Ravi Urja Energy India Pvt Ltd	India	Energy	Removal	Group
Solar Fields Energy Photo Voltaic India Pvt Ltd	India	Energy	Removal	Group
Emp.Diseño Constr.Jardines Y Zonas Verdes, S.A.	Malaga	Construction	Removal	Group
Iberica Arabian Co Ltd	Saudi Arabia	Engineering	Removal	Group
Solomon Forks Wind Farm, Llc	USA	Energy	Removal	Group
Interboya Press, S.A.	Madrid	Logistics Services	Removals	Associate
Divinopolis Saneamento, S.A.	Brazil	Water Treatment	Removal	Associate
S.C. Autovia Gerediaga Elorrio S.A.	Bilbao	Concessions	Removals	Associate
Sociedad Explotadora Autovia Gerediaga - Elorrio S.A.	Bilbao	Concessions	Removals	Associate
Infraestructuras Radiales, S.A.	Madrid	Concessions	Removals	Associate
Acciona Facility Services Middle East Llc	Qatar	Urban Services	Change in Method	Group
Constructora Terminal Valle De México, S.A. De C.V.	Mexico	Construction	Change in Method	Proportional

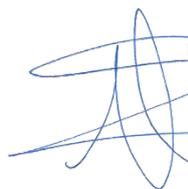
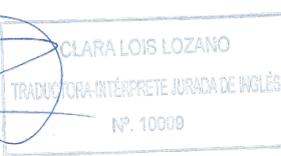
Changes in the consolidation scope in 2018 were as follows:



Company	Location	Main activity	Change	Consolidation Method
Acciona Airport Services, Sau Argentina	Argentina	Services	Addition	Group
Acciona Industrial Kenia, Pty Limited	Republic of Kenya	Construction	Addition	Group
Acciona Infrastructure Maintenance Inc.	Canada	Construction	Addition	Group
Andes Airport Services, S.A.	Chile	Services	Addition	Group
A Raia Do Tejo Housing Manager, Lda	Portugal	Real estate	Addition	Associates
Asenda Ciudad Mayakoba Sa De Cv	Mexico	Real estate	Addition	Associates
Constructor Atacama Csp, S.L.	Chile	Construction	Addition	Associates
Constructor Atacama Csp Chile Spa	Chile	Construction	Addition	Associates
Acciona Solar Pty Ltd	Australia	Energy	Addition	Group
Acciona Solar Holdings Pty Ltd	Australia	Energy	Addition	Group
Corporación Acciona Infraestructuras (Australia), Pty Ltd	Australia	Infrastructures	Addition	Group
Consorcio Operador De Atotonilco S.A. De C.V.	Mexico	Water	Addition	Associates
Dymerka Solar Poland Sp. Z.O.O.	Ukraine	Energy	Addition	Group

Company	Location	Main activity	Change	Consolidation Method
Dymerka Solar Mmc	Ukraine	Energy	Addition	Group
Dymerska Photovoltaic Power Plant-2 Llc	Ukraine	Energy	Addition	Group
Dymerska Photovoltaic Power Plant-3 Llc	Ukraine	Energy	Addition	Group
La Favorita Real Estate, Unipessoal Lda	Portugal	Real estate	Addition	Group
Acciona Industrial Brasil Ltda	Brazil	Engineering	Addition	Group
Holding Acciona Airport Services, Spa	Chile	Services	Addition	Group
Parques Eólicos De San Lazaro, S.A. De C.V.	Mexico	Energy	Addition	Group
First Lusitanian Re Project 2018, Sgps, Lda	Portugal	Real estate	Addition	Group
Mortlake South Wind Farm Pty Ltd	Australia	Energy	Addition	Group
Mt Gellibrand Wind Farm Holding Pty Ltd	Australia	Energy	Addition	Group
Servicios Hospitalarios Chut, S.L.	Madrid	Concessions	Addition	Group
Acciona Eólica Santa Cruz, S. De R.L. De C.V.	Mexico	Energy	Addition	Group
Maple Concessions Canada Inc.	Canada	Holding Company	Removals	Associates
Acciona Facility Services Holland B.V.	Holland	Urban Services	Removals	Group
AIE Trafalgar	Cadiz	Energy	Removal	Group
Autovia Del Almanzora S.A.	Seville	Concessions	Removals	Associates
Agencia Maritima Transhispanica, S.A.	Madrid	Logistics Services	Removals	Group
Termosolar Alvarado, S.L.	Badajoz	Energy	Removal	Group
Biocarburants De Catalunya, S.A.	Barcelona	Energy	Removal	Group
Bana H2 Szeleromu Megujulo Energia Hasznosito Kft	Hungary	Energy	Removal	Associates
Cenargo España, S.L.	Madrid	Logistics Services	Removals	Group
Europa Ferrys, S.A.	Cadiz	Logistics Services	Removals	Group
EHN Slovenia	Slovenia	Energy	Removal	Group
Estibadora Puerto Bahía, S.A.	Cadiz	Logistics Services	Removals	Group
Asesores Turisticos Del Estrecho, S.A.	Malaga	Logistics Services	Removals	Group
Viajes Eurotras, S.A.	Cadiz	Logistics Services	Removals	Group
Evacuacion Villanueva Del Rey, S.L.	Seville	Energy	Removal	Associates
Ferrimaroc Agencias, S.L.	Almería	Logistics Services	Removals	Associates
Ferrimaroc, S.A.	Morocco	Logistics Services	Removals	Associates
GSD Flughafen Gmbh	Germany	Logistics Services	Removals	Group
Hermes Logística, S.A.	Barcelona	Logistics Services	Removals	Group
Iber Rail France, S.L.	France	Logistics Services	Removals	Group

Company	Location	Main activity	Change	Consolidation Method
Maritime Global Operator, Ltd	Malta	Logistics Services	Removals	Group
Meltemi South Sp. Z.O.O.	Poland	Energy	Removal	Group
Alabe Mengibar, A.I.E.	Madrid	Energy	Removal	Group
Millatres 2003, S.L.	Tenerife	Logistics Services	Removals	Group
Termosolar Palma Saetilla, S.L.	Madrid	Energy	Removal	Group
Paris Aquitaine Transports, S.A.	France	Logistics Services	Removals	Group
Terminal De Carga Rodada, S.A.	Madrid	Logistics Services	Removals	Group
Rodovia do Aço, S.A.	Brazil	Concessions	Removals	Group
Parque Reforma Santa Fe, S.A. De C.V.	Mexico	Real estate	Removals	Group
Agencia Schembri, S.A.	Madrid	Logistics Services	Removals	Group
Trasmediterránea Cargo, S.A.	Madrid	Logistics Services	Removals	Group
Terminal Ferry Barcelona, S.R.L.			Removals	Group
Testa Residencial SOCIMI, S.A.	Madrid	Real estate	Removals	Associates
Trasmediterránea Shipping Maroc, S.A.R.L.	Tangier	Logistics Services	Removals	Group
Transportes Olloquiegui, S.A.	Navarra	Logistics Services	Removals	Group
Tours And Incentives, S.A.U.	Madrid	Logistics Services	Removals	Group
Compañía Trasmediterránea, S.A.	Madrid	Logistics Services	Removals	Group
Acciona Termosolar	Navarra	Energy	Removal	Group
Termosolar Majadas, S.L.	Madrid	Energy	Removal	Group
Rústicas Vegas Altas, S.L.	Badajoz	Energy	Removal	Group
Turismo y Aventuras, S.A.U.	Madrid	Logistics Services	Removals	Group
Eólico Alijar, S.A.	Cadiz	Energy	Change in Method	Group
Valdivia Energía Eólica, S.A.	Seville	Energy	Change in Method	Group

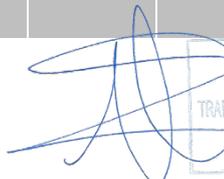


  
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## APPENDIX V

### BREAKDOWN OF THE MAIN CONCESSIONS

Water division:

Name	Description	Period	Country	ACCIONA	Status	Accounting method	Asset type
EDAR 8B	Construction, operation and maintenance of the wastewater treatment plant "08B Zone" of Aragon	2008 - 2031	Spain	100%	Operational	Fully consolidated	Intangible asset
EDAR 7B	Construction, operation and maintenance of the wastewater treatment plant "07B Zone" of Aragon	2011 - 2031	Spain	100%	Operational	Fully consolidated	Intangible asset
IDAM Javea	Construction, operation and maintenance of the sea water desalination plant in Javea	2001 - 2023	Spain	100%	Operational	Fully consolidated	Financial asset
IDAM Cartagena	Construction, operation and maintenance of the sea water desalination plant in Cartagena	2001 - 2020	Spain	63%	Operational	Proportionally consolidated	Financial asset
IDAM Fouka	Construction, operation and maintenance of the sea water desalination plant in Tipaza	2008 - 2036	Argelia	26%	Operational	Equity method	Financial asset
IDAM Ibiza - Portmany	Reconstruction, works operation and maintenance of the sea water desalination plant in San Antonio Portmany and Ibiza	2009 - 2024	Spain	50%	Operational	Equity method	Financial asset
PTAR Atotonilco	Construction, operation and maintenance of the wastewater treatment plant in Atotonilco	2010 - 2035	Mexico	24%	Operational	Equity method	Financial asset
WWTP Mundaring	Construction, operation and maintenance of the wastewater treatment plants in Mundaring	2011 - 2048	Australia	25%	Operational	Equity method	Financial asset
PTAR La Chira	Construction, operation and maintenance of the wastewater treatment plants in La Chira	2011 - 2037	Peru	50%	Operational	Equity method	Financial asset
IDAM Arucas Moya	Extension, operation and maintenance of the sea water desalination plant in Arucas / Moya	2008 - 2024	Spain	100%	Operational	Fully consolidated	Intangible asset
Red de saneamiento en Andratx	Construction, operation and maintenance of the sewage network in Andratx	2009 - 2044	Spain	100%	Construction /Operational	Fully consolidated	Intangible asset
Port City Water	Design, construction, financing, operation and maintenance of a water treatment plant and storage reservoirs in Saint John	2016 - 2048	Canada	40%	Construction / Operational	Equity method	Financial asset
Sercomosa	Public-private company whose principal activity is the water supply to Molina de Segura	1998 - 2040	Spain	48%	Operational	Equity method	Intangible asset
Somajasa	Public-private company to manage integrated water cycle of public services in some relevant Municipalities of Province of Jaen	2007 - 2032	Spain	60%	Operational	Equity method	Intangible asset
Gesba	Water supply service in Andratx and Deiá (Mallorca)	1994 - 2044	Spain	100%	Operational	Fully consolidated	Intangible asset
Costa Tropical	Integrated water cycle service in Costa Tropical (Granada)	1995 - 2045	Spain	49%	Operational	Proportionally consolidated	Intangible asset
Boca del Rio	Integrated water cycle of public services in Boca del Rio (Veracruz)	2018 - 2047	Mexico	70%	Operational	Fully consolidated	Intangible asset
Shuqaiq	Development, design, financing, construction, commissioning, operation and maintenance of a SWRO plant	2019 - 2046	Saudi Arabia	10%	Construction	Equity method	Financial asset


  
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## Infrastructure division:

	Name	Description	Period	Country	ACCIONA	Status	Accounting method	Asset type
Roads	Autovia de los Viñedos	Construction, operation and maintenance of road CM-42 between Consuegra & Tomelloso (74.5km). Shadow toll	2003 - 2033	Spain	100%	Operational	Fully consolidated	Intangible asset
	A2 - Section 2	Remodelling, restoration, operation and maintenance of a 76.5km stretch of an existing road between km 62 (A-2) and km 139 (border of province of Soria-Guadalajara). Shadow toll	2007 - 2026	Spain	100%	Operational	Fully consolidated	Intangible asset
	Windsor Essex Parkway	Design, construction and operation of 11km highway connecting Windsor (Ontario - Canada) and U.S. Border (Detroit - Michigan)	2010 - 2044	Canada	33%	Operational	Equity method	Financial asset
	Autovía de la Plata	Construction, conservation and operation of Autovía de la Plata (A-66) road, between Benavente and Zamora. Stretches: A6 (Castrogonzalo) - Santovenia del Esla, Santovenia del Esla - Fontanillas de Castro, Fontanillas de Castro -Zamora. Pay for availability	2012 - 2042	Spain	25%	Operational	Equity method	Financial asset
	Toowoomba Second Range Crossing (Nexus)	Design, construction and operation of 41km of the north ring road in Toowoomba (Queensland), from Helidon Spa to Athol, through Charlton. Availability payment (25 year operation from construction end)	2015 - 2043	Australia	20%	Construction	Equity method	Financial asset
	Puhoi to Warkworth	Finance, design, construct and maintain the new Puhoi to Warkworth motorway. The Puhoi to Warkworth project will extend the four-lane Northern Motorway (SH1) 18.5km from the Johnstone's Hill tunnels to just north of Warkworth.	2016 - 2046	New Zealand	10%	Construction	Equity method	Financial asset
Rail	Consortio Traza (Tranvía Zaragoza)	Construction & operation of the streetcar that crosses the city (12.8km)	2009 - 2044	Spain	17%	Operational	Equity method	Both methods
	Sydney Light Rail	Design, construction and O&M of 12km rail line from Circular Quay via George Street to Central Station crossing Surry Hills to Moore Park, Kensington, Kingsford and Randwick. It includes operation of Inner West line	2014 - 2034	Australia	5%	Construction	Equity method	Financial asset
Canal	Canal de Navarra	Construction & operation of the 1 <sup>st</sup> phase of the Canal de Navarra irrigation area	2006 - 2036	Spain	50%	Operational	Equity method	Both methods
Port	Nova Darsena Esportiva de Bara	Construction & operation of the Roda de Bara marina. Revenues from moorings, shops & parking (191,771m <sup>2</sup> )	2005 - 2035	Spain	50%	Operational	Equity method	N/A
Hospital	Hospital de Leon Bajio	Design, construction, equipment and O&M of the hospital (184 beds)	2005 - 2030	Mexico	100%	Operational	Fully consolidated	Financial asset
	Hospital del Norte (Madrid)	DBFOM of the hospital with an area of 90,000m <sup>2</sup> divided in 4 blocks (283 beds)	2005 - 2035	Spain	95%	Operational	Fully consolidated	Financial asset
	Gran Hospital Can Misses (Ibiza)	DBFOM of the hospital with an area of 72,000m <sup>2</sup> & a health centre (241 beds)	2010 - 2045	Spain	40%	Operational	Equity method	Financial asset
	Novo Hospital de Vigo	DBFOM of 3 hospitals with an area of 300,000m <sup>2</sup> (175,000m <sup>2</sup> hospital y 125,000m <sup>2</sup> car park). (2007 beds)	2011 - 2035	Spain	43%	Operational	Equity method	Financial asset
	Centro Hospitalario Universitario de Toledo	Construction and operation of Hospital Universitario de Toledo, with 760 beds	2015 - 2045	Spain	33%	Construction	Equity method	Financial asset


  
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**ACCIONA, S.A. AND SUBSIDIARIES**  
**(CONSOLIDATED GROUP)**  
**DIRECTORS' REPORT – FINANCIAL YEAR 2019**

ACCIONA reports in accordance with the International Financial Reporting Standards (IFRS) under a corporate structure that comprises three divisions:

- Energy includes the electric business, encompassing the promotion, construction, operation and maintenance of renewable generation facilities and the sale of the energy produced. All the electricity generated by Acciona Energía is renewable.
- Infrastructure: includes the following activities:
  - Construction: includes construction activity, as well as turn-key projects (EPC) for power generation plants and other facilities.
  - Concessions: includes the exploitation of primarily transport and hospital concessions.
  - Water: including the activities relating to the construction of desalination plants, water and wastewater treatment plants as well as the management of the entire water cycle, an activity that covers from the initial water collection, to its treatment, including desalination, to its purification and return to the environment after use. Acciona Agua also operates water concessions covering the entire water cycle.
  - Services: includes urban mobility activities such as rental of all types of vehicles, analysis, design and implementation of energy efficiency projects and renewable energy improvement projects in all types of energy-consuming facilities, as well as facility services activities, airport handling, waste collection and treatment and logistics services, among others.
- Other activities: includes fund management and brokerage services, wineries, real state business and other businesses.

The Alternative Performance Measures or APMs used in this report by ACCIONA Group are listed and defined below:

**EBITDA or the gross operating profit:** is defined as operating income before depreciation and amortisation and variations in provisions, that is, it shows the operating result of the Group. It is calculated by taking the following items of the consolidated income statement: "Revenue", "Other income", "changes in inventories of finished goods and work in progress", "cost of good solds", "personnel expenses" and "other operating expenses".

**EBT excluding corporate transactions:** is defined as earnings before tax excluding those accounting impacts related to events and decisions made by the Group's corporate management, which go beyond the ordinary business decisions made by the different division's management and are detailed in the segment information note.

**Net Debt:** shows the Group's debt, in net terms, deducting cash and current financial assets. The detailed reconciliation is broken down in the Cash flow and Net Financial Debt Variation section of the Directors' Report. It is calculated by taking the following

items from the consolidated balance sheet: "Non-current bank borrowing and Non-Current Preferred shares, debentures, and Other marketable Securities" and "Current bank borrowings and Current Preferred shares, debentures, and Other marketable Securities", less "cash and cash equivalents" and "other current financial assets".

**Net Debt including IFRS16:** is defined as net debt adding balance sheet current and non-current "lease obligations".

**Non-recourse debt (project debt):** corresponds to debt that does not have corporate guarantees, and therefore its recourse is limited to the debtor's assets and cash flows.

**Recourse debt (corporate debt):** debt with a corporate guarantee.

**Financial gearing:** shows the relationship between the Group's financial debt and its equity. It is calculated dividing "net debt" (calculated as explained above) by "equity".

**Backlog:** is defined as the pending production, i.e., contractual amounts or customer orders after having deducted the amounts already accounted for as income in the income statement. It is calculated on the basis of orders and contracts awarded to the Group, deducting the realized portion that is accounted for in "net revenue" and adding or subtracting "other variations" that correspond to forex adjustments and modifications to the initial contracts.

**Gross Ordinary Capex:** is defined as the change in the balance of property, plant & equipment, intangible assets, financial assets and real estate property, corrected by:

- Amortisation, and impairment of assets during the period
- Results on non-current assets
- Variation due to forex fluctuations

When dealing with changes in the consolidation perimeter, net capex is defined as the net outflow/inflow of used/sourced resources in the purchase/sale of net assets.

**Net Ordinary Capex:** is defined as the Gross Ordinary Capex +/- change in "other payables" related to non-current assets providers.

**Divestments:** resources obtained from the sale of businesses or significant cash generating units that are carried out within the framework of a divestment strategy.

**Net Investment Cashflow:** Net Ordinary Capex, subtracting divestments, +/- change in Real Estate inventories.

**Operating Cashflow:** represents the ability of assets to generate resources in terms of net debt. It is obtained as follows: EBITDA +/- change in operating working capital – net financial cost +/- cash inflow/outflow of tax income + income from associates +/- other cash inflow/outflow different from those included in the Net Investment Cash-flow and from those which constitute shareholder remuneration.

Management uses these APMs to make financial, operational or planning decisions. They are also used to evaluate the performance of the Group and its subsidiaries.

Management considers these APMs provide useful additional financial information to evaluate the performance of the Group and its subsidiaries as well as for decision-making by the users of the financial information.



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## Executive Summary

### Key Highlights of the period:

- ACCIONA generated revenues of €7,191 million, 4.2% less than 2018. Energy reduced its revenues by 9.5% mainly due to lower production, and lower income from the construction of turn-key projects for third parties. Infrastructure revenues are maintained practically flat (-0.5%) as the Water division compensates the lower volume of the Construction business. Other Activities reduced revenues by 7.8% due to the sale of Trasmediterránea in 2018.
- EBITDA increased to €1,357 million, 9.0% higher than last year. On a like for like basis, EBITDA increased by 13.2%<sup>1</sup>.
- The Energy division improved its EBITDA by 13.7%:
  - In Spain, the Generation business EBITDA fell by 1.7% mainly due to the disposal of CSP assets and the lower hydro production.
  - The International Generation business grew by 14.4% mainly driven by the contribution of the new operating assets.
  - This figure has also been affected by the first implementation of the IFRS16.
- EBITDA for the Infrastructure division grew by 2.9%, due to a large extent to the increase of Construction, which includes the global settlement agreement of Sidney Light Rail and despite the changes in the perimeter (the early termination of ATLL from the 1st of March 2019 and the disposal of Rodovia do Aço).
- Other Activities' EBITDA decreased by 2.6% as a consequence of the lower contribution of Bestinver, partially compensated by Real Estate.
- Attributable net profit grew to €352 million, 7.2% higher than 2018. Net profit grew by 60.3% excluding the result of corporate transactions in 2018.
- Net Ordinary Capex amounted €1,031 million in 2019. The Energy division invested €509 million in new renewable capacity, with 835MWs under construction at the end of the year and exceeding 10GWs of total installed capacity (8GWs consolidated). In addition, a 10% capital increase was subscribed in Nordex for €99 million. Infrastructure capex includes €281 million in the Sydney Light Rail concession. The group invested an additional €210 million in real estate, including the Mesena project.
- ACCIONA strengthens its high capacity for growth with a 13GW pipeline of energy projects and an EPC backlog of ~€8,000 million.
- Net financial debt reached €5,317 million due to the intense investment activity and the application of the IFRS16 (+€402 millions of adjustment).



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<sup>1</sup> Excluding the contribution of deconsolidated assets (CSP business in Spain, Trasmediterránea and the concession Rodovia do Aço in Brasil), the early termination of ATLL and eliminating the effect of the IFRS16, which came into force in 2019).

## Income Statement Data

(Million Euros)	Jan-Dec 19	Jan-Dec 18	Chg. %
Revenues	7,191	7,510	-4.2%
EBITDA	1,357	1,245	9.0%
EBT	545	509	7.1%
EBT - ex. corp. trans.	545	377	44.5%
Attributable net profit	352	328	7.2%
Net profit - ex. corp. trans.	352	219	60.3%

## Balance Sheet Data and Capital Expenditure

(Million Euros)	31-Dec-19	31-Dec-18	Chg. %
Attributable Equity	3,421	3,289	4.0%
Net debt	4,915	4,333	13.4%
Net debt including IFRS16	5,317	--	n.a.
Net debt (incl. IFRS16) / EBITDA	3.92x	3.48x <sup>(*)</sup>	12.6%

(\*) 2018 ratio without IFRS 16 impact.

(Million Euros)	Jan-Dec 19	Jan-Dec 18	Chg. %
Net Ordinary Capex	1,031	726	42.4%
Net Investment Cashflow	1,241	(594)	n.a.

## Operating Data

	31-Dec-19	31-Dec-18	Chg. %
Infrastructure backlog (Million euros)	11,391	10,846	5.0%
Average workforce	39,699	38,544	3.0%

	31-Dec-19	31-Dec-18	Chg. %
Total capacity (MW)	10,117	9,627	5.1%
Consolidated capacity (MW)	8,053	7,585	6.2%
Total production (GWh) (Jan-Dec)	22,991	22,087	4.1%
Consolidated production (GWh) (Jan-Dec)	18,712	18,605	0.6%
Assets under Bestinver's management (Million euros)	6,790	5,476	24.0%



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## Consolidated Income Statement

(Million Euros)	Jan-Dec 19	Jan-Dec 18	Chg. €m	Chg. %
<b>Revenues</b>	<b>7,191</b>	<b>7,510</b>	<b>(319)</b>	<b>-4%</b>
Other revenues	684	462	222	48%
Changes in inventories of finished goods and work in progress	16	44	(27)	-63%
<b>Total Production Value</b>	<b>7,891</b>	<b>8,015</b>	<b>(124)</b>	<b>-2%</b>
Costs of goods sold	(2,021)	(2,170)	149	7%
Personnel expenses	(1,599)	(1,486)	(113)	-8%
Other expenses	(2,915)	(3,114)	199	6%
<b>EBITDA</b>	<b>1,357</b>	<b>1,245</b>	<b>112</b>	<b>9%</b>
Depreciation and amortisation	(586)	(610)	24	4%
Provisions	(71)	(29)	(42)	n.a.
Impairment of asset value	(4)	(11)	7	63%
Results of non-current assets	13	163	(150)	92%
Other gains or losses	(10)	--	(9)	n.a.
<b>EBIT</b>	<b>699</b>	<b>757</b>	<b>(59)</b>	<b>-8%</b>
Net financial result	(230)	(293)	63	22%
Exchange differences (net)	9	3	7	n.a.
Change in financial investment provisions	(2)	--	(2)	n.a.
Share in results of associates accounted for by the equity method	63	42	21	50%
Profit and loss from changes in fair value of financial instruments	5	--	5	n.a.
<b>Profit from Continuing Activities</b>	<b>545</b>	<b>509</b>	<b>36</b>	<b>7%</b>
Income tax	(147)	(136)	(11)	-8%
<b>Profit / (loss) from continuing activities</b>	<b>398</b>	<b>372</b>	<b>25</b>	<b>7%</b>
Non-controlling interests	(46)	(44)	(1)	-3%
<b>Attributable Net Profit</b>	<b>352</b>	<b>328</b>	<b>24</b>	<b>7%</b>

In order to facilitate the analysis, a simplified income statement is included where the results of corporate transactions are separated from the total:

(Million euros)	Jan-Dec 19			Jan-Dec 18			Chg. excluding corporate transactions (%)
	Result of excluding corporate transactions	Result of corporate transactions	Total	Results excluding corporate transactions	Result of corporate transactions	Total	
<b>Revenues</b>	<b>7,191</b>	-	<b>7,191</b>	<b>7,510</b>	-	<b>7,510</b>	<b>-4.2%</b>
Cost of goods sold, expenses and other income	(5,834)	-	(5,834)	(6,265)	-	(6,265)	6.9%
<b>EBITDA</b>	<b>1,357</b>	-	<b>1,357</b>	<b>1,245</b>	-	<b>1,245</b>	<b>9.0%</b>
Depreciation and amortisation	(586)	-	(586)	(610)	-	(610)	3.9%
Provisions, results non-current assets	(72)	-	(72)	(9)	132	122	n.a.
<b>EBIT</b>	<b>699</b>	-	<b>699</b>	<b>626</b>	<b>132</b>	<b>757</b>	<b>11.7%</b>
Net financial result	(230)	-	(230)	(293)	-	(293)	21.5%
Income from associates accounted for by the equity method	63	-	63	42	-	42	49.5%
Other financial results	13	-	13	2	-	2	n.a.
<b>Profit from Continuing Activities (EBT)</b>	<b>545</b>	-	<b>545</b>	<b>377</b>	<b>132</b>	<b>509</b>	<b>44.5%</b>
Income tax	(147)	-	(147)	(113)	(23)	(136)	-30.0%
<b>Profit / (loss) from continuing activities</b>	<b>398</b>	-	<b>398</b>	<b>264</b>	<b>109</b>	<b>372</b>	<b>50.7%</b>
Non-controlling interests	(46)	-	(46)	(44)	-	(44)	-3.1%
<b>Attributable Net Profit</b>	<b>352</b>	-	<b>352</b>	<b>219</b>	<b>109</b>	<b>328</b>	<b>60.3%</b>

Additionally, here included is the information on the effects of the perimeter change, as well as the implementation of the IFRS16, in order to make the comparison between the two exercises:

(Million Euros)	Revenues			EBTIDA			EBT excl. corp. transactions		
	Jan-Dec 19	Jan-Dec 18	Chg.(€)	Jan-Dec 19	Jan-Dec 18	Chg.(€)	Jan-Dec 19	Jan-Dec 18	Chg.(€)
<b>Total Reported</b>	<b>7,191</b>	<b>7,510</b>	<b>(319)</b>	<b>1,357</b>	<b>1,245</b>	<b>112</b>	<b>545</b>	<b>377</b>	<b>168</b>
CSP	-	(43)	43	-	(29)	29	-	(3)	3
Rodovia do Aço	-	(24)	24	-	(9)	9	-	2	(2)
ATLL	(22)	(161)	139	(9)	(94)	85	(9)	(17)	115
Trasmediterránea	-	(160)	160	-	(4)	4	-	7	(107)
<b>Total changes in the scope of consolidation</b>	<b>(22)</b>	<b>(388)</b>	<b>366</b>	<b>(9)</b>	<b>(136)</b>	<b>127</b>	<b>(9)</b>	<b>(12)</b>	<b>3</b>
<b>IFRS16</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(93)</b>	<b>-</b>	<b>(93)</b>	<b>5</b>	<b>-</b>	<b>5</b>
<b>Total (like for like)</b>	<b>7,169</b>	<b>7,122</b>	<b>47</b>	<b>1,255</b>	<b>1,108</b>	<b>146</b>	<b>541</b>	<b>366</b>	<b>175</b>

## Revenue

(Million euros)	Jan-Dec 19	Jan-Dec 18	Chg. €m	Chg. %
Energy	1,997	2,206	(209)	-9.5%
Infrastructures	5,034	5,059	(25)	-0.5%
Other activities	361	392	(31)	-7.8%
Consolidation adjustments	(201)	(147)	(54)	-36.4%
<b>TOTAL Revenues</b>	<b>7,191</b>	<b>7,510</b>	<b>(319)</b>	<b>-4.2%</b>

Revenues decreased by 4.2% to €7,191 million, due to a combination of the following factors:

- The decrease in Energy revenues (-9.5%), mainly due to the reduction from the construction of turn-key projects for third parties (Puerto Libertad in 2018), the lower hydro production and the disposal of the CSP business in Spain.
- Slight decrease in the Infrastructure business revenues (-0.5%), with Water business compensating the lower volume of the Construction business.
- The decrease in revenues from Other Activities (-7.8%), mainly due to the disposal of Trasmediterránea in the second quarter of 2018.



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## EBITDA

(Million Euros)	Jan-Dec 19	% EBITDA	Jan-Dec 18	% EBITDA	Chg. €m	Chg. %
Energy	845	62%	743	60%	102	13.7%
Infrastructures	431	32%	419	34%	12	2.9%
Other activities	84	6%	86	7%	(2)	-2.6%
Consolidation adjustments	(3)	n.m.	(3)	n.m.	(0)	-1.6%
<b>EBITDA Total</b>	<b>1,357</b>	<b>100%</b>	<b>1,245</b>	<b>100%</b>	<b>112</b>	<b>9.0%</b>
<b>Margin (%)</b>	<b>18.9%</b>		<b>16.6%</b>			<b>+2.3pp</b>

Note: EBITDA contributions calculated before consolidation adjustments.

FY 2019 EBITDA increased by 9.0% to €1,357 million. Broken-down into business lines, Energy increased by 13.7%, Infrastructure's EBITDA grew by 2.9% and Other Activities contributed with an EBITDA of €84 million, representing a 2.6% decline compared to last year.

## EBIT

EBIT amounted to €699 million vs. €757 million in 2018. The latter included the result of the corporate transactions closed during 2018, which contributed €132 million.

## Earnings Before Tax (EBT)

(Million Euros)	Jan-Dec 19	Jan-Dec 18	Chg. €m	Chg. %
Energy	284	179	106	59.0%
Infrastructures	201	137	64	46.3%
Other activities	62	63	(2)	-2.5%
Consolidation adjustments	(2)	(2)	(0)	1.8%
<b>EBT - ex. corp. trans.</b>	<b>545</b>	<b>377</b>	<b>168</b>	<b>44.5%</b>
Results from corporate transactions	-	132	(132)	n.a.
<b>TOTAL EBT</b>	<b>545</b>	<b>509</b>	<b>36</b>	<b>7.1%</b>
<b>Margin (%)</b>	<b>7.6%</b>	<b>6.8%</b>		<b>+0.8pp</b>

Note: In 2019, the Corporate Unit in charge of the treasury centralising system has generated a financial margin that has been attributed among the various divisions in accordance with financing necessities, aiming to facilitate its year on year comparison; the information by segment for 2018 has been reformulated.

EBT increased by 7.1%, driven by the growth in EBITDA and the reduction in depreciation and financial expenses.



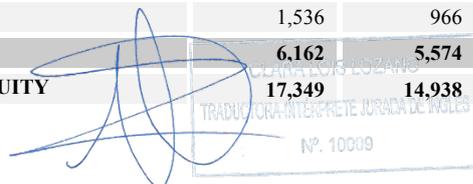
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## Attributable Net Profit

Attributable net profit reached €352 million, 7.2% higher than the 2018 result. If we eliminate the effect of these corporate transactions in 2018, the Ordinary Net Profit grew by 60.3% during 2019.

## Consolidated Balance Sheet and Cashflow

<i>(Million Euros)</i>	31-Dec-19	31-Dec-18	Chg. €m	Chg. %
Property, Plant & Equipment and Intangible assets	7,703	7,451	252	3.4%
Right of use	409	--	409	n.a.
Financial assets	1,327	1,209	118	9.8%
Goodwill	233	198	35	17.6%
Other non-current assets	1,638	1,143	495	43.3%
<b>NON-CURRENT ASSETS</b>	<b>11,311</b>	<b>10,002</b>	<b>1,309</b>	<b>13.1%</b>
Inventories	1,248	914	334	36.5%
Accounts receivable	2,091	1,701	390	22.9%
Other current assets	352	425	(73)	-17.2%
Current financial assets	199	178	20	11.4%
Cash and cash equivalents	2,149	1,717	431	25.1%
<b>CURRENT ASSETS</b>	<b>6,038</b>	<b>4,936</b>	<b>1,102</b>	<b>22.3%</b>
<b>TOTAL ASSETS</b>	<b>17,349</b>	<b>14,938</b>	<b>2,412</b>	<b>16.1%</b>
Capital	55	57	(2)	-4.2%
Reserves	3,043	3,104	(60)	-1.9%
Profit attributable to equity holders of the Parent Company	352	328	24	7.2%
Treasury stock	(29)	(200)	171	85.7%
<b>EQUITY ATTRIBUTABLE TO EQUITY HOLDERS OF THE PARENT COMPANY</b>	<b>3,421</b>	<b>3,289</b>	<b>132</b>	<b>4.0%</b>
<b>NON-CONTROLLING INTERESTS</b>	<b>219</b>	<b>206</b>	<b>14</b>	<b>6.7%</b>
<b>EQUITY</b>	<b>3,641</b>	<b>3,495</b>	<b>146</b>	<b>4.2%</b>
Interest-bearing borrowings	5,296	4,080	1,216	29.8%
ST leasing liabilities	347	--	347	n.a.
Other non-current liabilities	1,904	1,789	115	6.4%
<b>NON-CURRENT LIABILITIES</b>	<b>7,547</b>	<b>5,869</b>	<b>1,678</b>	<b>28.6%</b>
Interest-bearing borrowings	1,966	2,149	-183	-8.5%
ST leasing obligations	55	--	55	n.a.
Trade payables	2,604	2,459	145	5.9%
Other current liabilities	1,536	966	570	59.0%
<b>CURRENT LIABILITIES</b>	<b>6,162</b>	<b>5,574</b>	<b>588</b>	<b>10.5%</b>
<b>TOTAL LIABILITIES AND EQUITY</b>	<b>17,349</b>	<b>14,938</b>	<b>2,412</b>	<b>16.1%</b>


  
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(Million Euros)	Jan-Dec 19	Jan-Dec 18	Chg.(€m)	Chg.(%)
<b>EBITDA</b>	<b>1,357</b>	<b>1,245</b>	<b>112</b>	<b>9.0%</b>
Financial results	(197)	(226)	29	12.9%
Working capital	(33)	(200)	167	83.5%
Other operating cashflow	(227)	(153)	(74)	-48.6%
<b>Operating cashflow</b>	<b>899</b>	<b>665</b>	<b>234</b>	<b>35.2%</b>
Net Ordinary Capex	(1,031)	(726)	(305)	-42%
Divestments	--	1,420	(1,420)	-100%
Investment property (*)	(210)	(100)	(110)	n.a.
<b>Net Investment Cashflow</b>	<b>(1,241)</b>	<b>594</b>	<b>(1,835)</b>	<b>n.a.</b>
Share buy-back programme	(0)	(196)	196	n.a.
Debt derivatives	(42)	13	(55)	n.a.
Forex	(14)	12	(26)	n.a.
Dividend	(192)	(172)	(20)	-11.7%
Perimeter changes and other	7	(25)	31	n.a.
<b>Financing/other cashflow</b>	<b>(241)</b>	<b>(368)</b>	<b>127</b>	<b>-34.5%</b>
<b>Change in net debt decrease / (increase)</b>	<b>(582)</b>	<b>892</b>	<b>(1,474)</b>	<b>n.a.</b>

Note: 2019 Real Estate investment net of real estate assets sales (€63 million)

## Attributable Equity

ACCIONA's attributable equity as of 31st December 2019 stood at €3,421 million, 4.0% higher than 31st December 2018.

## Change in Net Financial Debt

	31-Dec-19		31-Dec-18		Chg. €m	Chg. %
	Amount	Total	Amount	Total		
Project debt	1,304	18%	1,540	25%	(236)	-15.3%
Corporate debt	5,958	82%	4,689	75%	1,269	27.1%
<b>Financial debt</b>	<b>7,262</b>	<b>100%</b>	<b>6,229</b>	<b>100%</b>	<b>1,034</b>	<b>16.6%</b>
<b>Cash + Current financial assets</b>	<b>(2,347)</b>	<b>--</b>	<b>(1,896)</b>	<b>--</b>	<b>(451)</b>	<b>-23.8%</b>
<b>Net financial debt:</b>	<b>4,915</b>	<b>--</b>	<b>4,333</b>	<b>--</b>	<b>582</b>	<b>13.4%</b>
<b>Net financial debt incl. IFRS 16</b>	<b>5,317</b>	<b>--</b>	<b>--</b>	<b>--</b>	<b>n.a.</b>	<b>n.a.</b>

Net debt as of 31st December 2019 grew to €4,915 million (€5,317 million including the IFRS16 effect), an increase of €582 million compared to December 2018. This variation is a result of a combination of the following factors:

- Operating Cashflow of €899 million.
- Net Investment Cashflow of -€1,241 million, including real estate investment of €210 million
- Financing Cashflow and Others, which reached -€241 million, including the distribution of a dividend amounting to €192 million

Financial gearing has evolved as follows:

(Million Euros)	31-Dec-19	31-Dec-18
Gearing (Net Debt/Equity) (%)	146% <sup>(*)</sup>	124%

(\*) in 2019, net debt including IFRS16 is considered

## Capital Expenditure

(Million Euros)	Jan-Dec 19	Jan-Dec 18	Chg. (€m)	Chg. (%)
<b>Energy</b>	<b>608</b>	<b>554</b>	<b>54</b>	<b>9.7%</b>
New energy capacity	509	554	(45)	-8.2%
Nordex capital increase	99	--	99	n.a.
<b>Infrastructure</b>	<b>372</b>	<b>145</b>	<b>227</b>	<b>156.7%</b>
Construction	45	22	23	102.2%
Concessions	268	4	264	n.a.
Water	15	58	(42)	-73.3%
Services	44	61	(17)	-27.7%
<b>Other activities</b>	<b>52</b>	<b>27</b>	<b>25</b>	<b>90.0%</b>
<b>Net Ordinary Capex</b>	<b>1,031</b>	<b>726</b>	<b>305</b>	<b>42.0%</b>

Note: 2019 Concessions figure includes the sale of concessional assets (€20 million)

In 2019 the net ordinary capex across ACCIONA's various divisions grew to €1,031 million, a 42.0% increase on the amount invested during 2018.

The Energy division invested €509 million in the construction of new capacity, mainly wind technology, highlighting the San Gabriel and Almeyda projects in Chile, Palmas Altas in USA and Santa Cruz y San Carlos in Mexico. As of December 2019, there were 835MW under construction. Additionally, €99 million were provided to subscribe Nordex's 10% capital increase.

Regarding Infrastructures, €372 million were invested, including €281 million from the global settlement reached with the client on the Sydney Light Rail concession.

Capex in Other Activities amounted to €52 million in the period, not including the investment in real estate.



## Results by Division

### Energy

<i>(Million Euros)</i>	Jan-Dec 19	Jan-Dec 18	Chg. €m	Chg. %
Generation	1,435	1,442	(6)	-0.4%
Spain	766	854	(88)	-10.3%
International	670	588	82	13.9%
Development, Construction & Other	970	963	7	0.7%
Consolidation adjustments and other	(408)	(199)	(210)	-105.5%
<b>Revenues</b>	<b>1,997</b>	<b>2,206</b>	<b>(209)</b>	<b>-9.5%</b>
Generation	868	821	47	5.7%
Spain	433	441	(8)	-1.7%
International	435	380	55	14.4%
Development, Construction & Other	4	(31)	34	111.9%
Consolidation adjustments and other	(27)	(47)	21	43.7%
<b>EBITDA</b>	<b>845</b>	<b>743</b>	<b>102</b>	<b>13.7%</b>
<i>Generation Margin (%)</i>	<i>60.5%</i>	<i>56.9%</i>		
<b>EBT</b>	<b>284</b>	<b>179</b>	<b>106</b>	<b>59.0%</b>
<i>Generation Margin (%)</i>	<i>19.0%</i>	<i>18.2%</i>		

ACCIONA Energy revenues decreased by 9.5% compared to 2018. EBITDA grew reaching €845 million (+13.7%), mainly due to:

- In Spain, the Generation business EBITDA fell by 1.7% mainly due to the disposal of CSP assets and the lower hydro production. The average price obtained in the portfolio has been lower in 2019 compared to 2018, in an environment of lower wholesale prices (€47.7/MWh vs. €57.3/MWh in 2018).
- The International Generation business grew by 14.4% mainly driven by the contribution of the new operating assets.
- The effect of IFRS16, which requires that lease expenses are accounted for below the EBITDA line (depreciation and financial expenses).

Over the last 12 months, consolidated installed capacity increased by 469MWs. In Spain, capacity decreased by 3MWs (reversion of a hydro concession). The international portfolio increased by 471MWs (334MWs of wind capacity in the USA and Chile and 138MWs in PV in Ukraine and Chile).

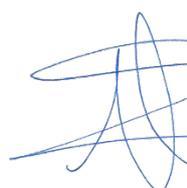
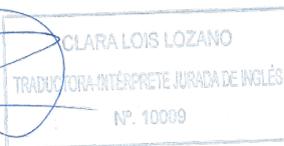
At an operational level, consolidated production in the year reached 18,712GWh, in line with the same period last year (+0.6%). In the Spanish market, it decreased by 5.1%, mainly driven by the lower hydro output. International assets showed a 7.7% growth in production, due to the new capacity that has come into operation during 2019 despite the lower load factor of the capacity that was already operating.



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## Breakdown of Installed Capacity and Production by Technology

31-Dec-19	Total		Consolidated		Net	
	Installed MW	Produced GWh	Installed MW	Produced GWh	Installed MW	Produced GWh
<b>Spain</b>	<b>5,678</b>	<b>12,784</b>	<b>4,453</b>	<b>9,870</b>	<b>5,015</b>	<b>11,211</b>
Wind	4,740	10,639	3,516	7,725	4,080	9,085
Hydro	873	1,720	873	1,720	873	1,720
Solar Thermolectric	--	--	--	--	--	--
Solar PV	3	4	3	4	3	4
Biomass	61	421	61	421	59	402
<b>International</b>	<b>4,439</b>	<b>10,207</b>	<b>3,600</b>	<b>8,842</b>	<b>3,047</b>	<b>6,831</b>
Wind	3,236	8,561	3,034	8,019	2,272	5,798
Mexico	740	2,457	740	2,457	544	1,822
USA	866	2,179	791	1,948	607	1,402
Australia	435	1,234	371	1,083	312	866
India	164	396	164	396	135	326
Italy	156	257	156	257	104	171
Canada	181	483	141	373	94	249
South Africa	138	330	138	330	51	121
Portugal	120	309	120	309	75	191
Poland	101	244	101	244	67	163
Costa Rica	50	267	50	267	32	174
Chile	234	273	234	273	219	235
Croatia	30	82	30	82	20	55
Hungary	24	51	--	--	12	25
Solar PV	1,138	1,533	502	710	732	957
Chile	308	461	308	461	308	461
South Africa	94	208	94	208	35	76
Portugal	46	96	--	--	20	42
Mexico	405	408	--	--	202	204
Egypt	186	319	--	--	78	134
Ukraine	100	40	100	40	89	40
Solar Thermolectric (USA)	64	113	64	113	43	76
<b>Total Wind</b>	<b>7,977</b>	<b>19,201</b>	<b>6,550</b>	<b>15,744</b>	<b>6,353</b>	<b>14,883</b>
<b>Total other technologies</b>	<b>2,140</b>	<b>3,791</b>	<b>1,504</b>	<b>2,968</b>	<b>1,710</b>	<b>3,159</b>
<b>Total Energy</b>	<b>10,117</b>	<b>22,991</b>	<b>8,053</b>	<b>18,712</b>	<b>8,062</b>	<b>18,042</b>



  
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## Infrastructure

(Million Euros)	Jan-Dec 19	Jan-Dec 18	Chg. €m	Chg. %
Construction	3,430	3,545	(115)	-3.2%
Concessions	78	108	(30)	-27.7%
Water	758	639	119	18.6%
Services	824	800	24	3.0%
Consolidation adjustments	(56)	(33)	(23)	-70.1%
<b>Revenues</b>	<b>5,034</b>	<b>5,059</b>	<b>(25)</b>	<b>-0.5%</b>
Construction	289	227	61	26.8%
Concessions	33	49	(16)	-32.0%
Water	66	113	(47)	-41.4%
Services	43	30	13	45.4%
<b>EBITDA</b>	<b>431</b>	<b>419</b>	<b>12</b>	<b>2.9%</b>
Margin (%)	8.6%	8.3%		
<b>BAI</b>	<b>201</b>	<b>137</b>	<b>64</b>	<b>46.3%</b>
Margin (%)	4.0%	2.7%		

ACCIONA's Infrastructure revenues reached €5,034 million, (-0.5% vs 2018). EBITDA increased by 2.9% and stood at €431 million.

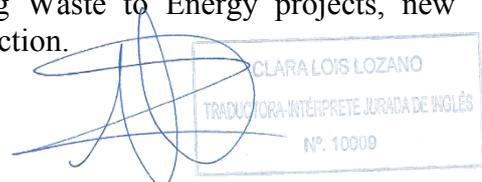
## **Infrastructure Backlog**

(Million Euros)	31-Dec-19	31-Dec-18	Chg. %	Weight (%)
Construction	6,506	6,015	8.2%	57%
Water	3,974	3,779	5.2%	35%
Services	911	1,052	(13.4%)	8%
<b>Total</b>	<b>11,391</b>	<b>10,846</b>	<b>5.0%</b>	<b>100%</b>

(Million Euros)	31-Dec-19	31-Dec-18	Chg. %	Weight (%)
EPC (Const. and Water)	8,047	7,126	12.9%	71%
Services	911	1,052	(13.4%)	8%
Water O&M	2,433	2,668	-8.8%	21%
<b>Total</b>	<b>11,391</b>	<b>10,846</b>	<b>5.0%</b>	<b>100%</b>

(Million euros)	31-Dec-19	31-Dec-18	Chg. %	Weight (%)
Spain	3,558	3,589	(0.8%)	31%
International	7,832	7,257	7.9%	69%
<b>Total</b>	<b>11,391</b>	<b>10,846</b>	<b>5.0%</b>	<b>100%</b>

The Infrastructure backlog increased by 5.0%. During 2019, more than €4.7 billion in new EPC projects has been awarded, highlighting Waste to Energy projects, new desalination plants, bridges and railway lines construction.



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## A. Construction

(Million Euros)	Jan-Dec 19	Jan-Dec 18	Chg. €m	Chg. %
Revenues	3,430	3,545	(115)	-3.2%
EBITDA	289	227	61	26.8%
Margin (%)	8.4%	6.4%		

Revenues decreased by 3.2% and stood at €3,430 million, due to the fact that some of the large international projects are reaching more mature stages in their production curves or they have already been delivered, and despite the revenues related to the agreement reached with the client in the Sydney Light Rail project. EBITDA stood at €289 million.

## B. Concessions

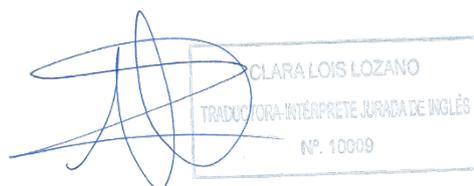
(Million Euros)	Jan-Dec 19	Jan-Dec 18	Chg. €m	Chg. %
Revenues	78	108	(30)	-27.7%
EBITDA	33	49	(16)	-32.0%
Margin (%)	42.5%	45.1%		

Concessions revenues and EBITDA fell to €78 million and €33 million respectively, partially explained by the sale of Rodovia do Aço.

## C. Water

(Million Euros)	Jan-Dec 19	Jan-Dec 18	Chg. €m	Chg. %
Revenues	758	639	119	18.6%
EBITDA	66	113	(47)	-41.4%
Margin (%)	8.7%	17.7%		

Water revenues increased by 18.6% due to the construction of new desalination plants beginning in the Middle East. In spite of that, EBITDA decreased by 41.4% to €66 million, due to the early termination of ATLL's water concessions from the 1st of March 2019.



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## D. Services

(Million Euros)	Jan-Dec 19	Jan-Dec 18	Chg. €m	Chg. %
<b>Revenues</b>	<b>824</b>	<b>800</b>	<b>24</b>	<b>3.0%</b>
<b>EBITDA</b>	<b>43</b>	<b>30</b>	<b>13</b>	<b>45.4%</b>
<i>Margin (%)</i>	5.2%	3.7%		

This activity has grown as a result of the increase of the urban services business.

## Other activities

(Million Euros)	Jan-Dec 19	Jan-Dec 18	Chg. €m	Chg. %
Real estate	141	84	57	67.6%
Bestinver	99	102	(4)	-3.6%
Corp. and other	122	205	(84)	-40.7%
<b>Revenues</b>	<b>361</b>	<b>392</b>	<b>(31)</b>	<b>-7.8%</b>
Real Estate	20	9	12	136.7%
<b>Margin (%)</b>	<b>14.3%</b>	<b>10.1%</b>		
Bestinver	62	72	(10)	-14.2%
<b>Margin (%)</b>	<b>63.0%</b>	<b>70.7%</b>		
Corp. and other	1	5	(4)	-74.5%
<b>EBITDA</b>	<b>84</b>	<b>86</b>	<b>(2)</b>	<b>2.6%</b>
<b>BAI</b>	<b>62</b>	<b>63</b>	<b>(2)</b>	<b>2.5%</b>

### A. Real Estate

Revenues increase as a result of 412 residential units being completed during 2019.

The Real Estate business EBITDA reached €20 million, compared to €9 million last year.

### B. Bestinver

Lower contribution from Bestinver due to slightly lower average AUMs (€6,047 million vs €6,151 million in FY 2018) and product mix.

At the end of 2019, the funds under management grew by 24.0% to €6,790 million, including the consolidation with the funds under management of Fidentiis.



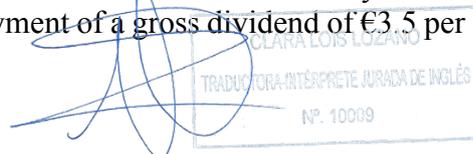
## RELEVANT INFORMATION, DIVIDEND AND SHARE DATA

### Significant communications to the stock market

- **11 January 2019: ACCIONA reports on the transactions of the Liquidity Contract for periods ranging from 11/10/2018 and 10/01/2019, both inclusive**
  - On 29 October 2018 (Relevant information 254438), the operational phase under the Liquidity Contract was reactivated after its temporary suspension under the Buy-Back Programme.
  
- **28 March 2019: ACCIONA executes its capital reduction agreement**
  - ACCIONA's Board of Directors executes its capital reduction agreement for an amount equal to 2,402,897 euros through the amortisation of 2,402,897 own shares acquired through a buy-back programme.
  - After the share capital reduction and amortisation of own shares, the Company's articles of association consider a share capital of 54,856,653 euros, divided into 54,856,653 shares of 1 euro nominal value each, fully subscribed and paid-up within the same class and in one series.
  
- **11 April 2019: ACCIONA reports on the transactions of the Liquidity Contract for periods ranging from 11/01/2018 and 10/04/2019, inclusive**
  - Detailed information about the operations relevant to the seventh quarter of the mentioned contract (from 11th January 2019 to 10th April 2019, both included).
  
- **15 April 2019: ACCIONA officially announces and submits the proposal of the Annual General Meeting**
  - ACCIONA's Board of Directors has convened the Shareholders Annual General Meeting for 29 May 2019 on first call and 30 May 2019 on second call (it being expected that it will be held on second call).
  
- **30 May 2019: Approval of Agreements adopted by the Ordinary General Shareholders Meeting**

At the Ordinary General Shareholders' Meeting held on the 30th May 2019, the following agreements, among others, were adopted:

1. To approve ACCIONA, S.A.'s individual annual accounts for 2018, as well as the consolidated annual accounts of the Group for the same period.
2. To approve the management of the Board of Directors, managers and attorneys of the Company during 2018, as well as the management reports presented by the Board of Directors
3. To approve the allocation of the results of the 2018 financial year set out in the approved annual accounts. The payment of a gross dividend of €3.5 per share will be paid on July 1st 2019



4. To re-elect Mr. Juan Carlos Garay Ibargaray as Independent External Director. To appoint Sonia Dulá as Independent External Director.
  5. To approve the 2018 Sustainability Report.
  6. To increase the maximum number of shares available under the 2014 Share Performance and Delivery Plan by 100,000 shares, notwithstanding subsequent increases if proposed by the Board of Directors and approved by the General Meeting of Shareholders
  7. To authorise the announcement, where relevant, of Extraordinary General Meetings of the Company with a minimum of fifteen (15) days' notice, pursuant to article 515 of the Spanish Companies Act
  8. To approve, on a consultative basis, the Annual Report on the Remuneration of Directors for the 2018 financial year
  9. Information about the changes introduced in the Board of Directors Regulations
  10. To delegate to the Board of Directors the broadest powers of implementation, interpretation, remedy and execution of the resolutions adopted by this General Meeting, with the express authorisation for the powers to be exercised by the Directors or the Secretary designated by the Board of Directors
- **30 May 2019: ACCIONA reports on the dividend payment of €3.5 gross per share and payment date on 01/07/2019**
    - ACCIONA reports that the gross dividend of €3.5 per share approved by the Annual General Shareholders Meeting shall be paid on July 1st, 2019, through the agents of Sociedad de Gestión de los Sistemas de Registro Compensación y Liquidación de Valores.
  - **30 May 2019: ACCIONA reports on the replacement of the Audit Committee president.**
    - As a result of the resolutions adopted by the Board of Directors, ACCIONA reports that, due to the mandatory term of four years having elapsed, Mr. Juan Carlos Garay Ibargaray has been replaced by Ms. Ana Sáinz de Vicuña Bemberg as President of the Audit Committee with effects from today.
  - **21 June 2019: ACCIONA reports on the cessation of payment rights of its stake in ATLL**
    - In relation with the claim between ATLL Concesionaria de la Generalitat de Catalunya, S.A. and the Catalan Government (Generalitat de Catalunya) deriving from the annullability of the award of the contract for the management of water supply “en alta” Ter-Llobregat declared by the Cataluña Superior Justice Court and confirmed by the Supreme Court, ATLL Concesionaria, in which ACCIONA holds a 76.05% share, has assigned any future payment rights derived from the Claim for a price equal to; (i) a fixed and unconditional amount of €170 million; and (ii) a contingent amount based on the amount finally awarded by the Catalan Government and/or the Courts.



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- **24 June 2019: ACCIONA reports on the exact dates and amount of the dividend payment**

  - ACCIONA reports on the payment of its 2018 dividend, as approved by the Annual General Shareholders Meeting. The payment of the dividend shall be processed through agents of Sociedad de Gestión de los Sistemas de Registro Compensación y Liquidación de Valores.
  - The €3.5 per share gross dividend approved by the Annual General Shareholders Meeting has been slightly increased to the amount of 3.52256082 euros per share due to the direct treasury stock adjustment.
  
- **2 July 2019: ACCIONA Construcción S.A. has launched a Public Tender Offer for 49.9% of the share capital of Mostostal Warszawa**

  - ACCIONA informs that its subsidiary, ACCIONA Construcción S.A. has launched a Public Tender Offer for the acquisition of shares representing 49.91% of the share capital of Mostostal Warszawa S.A. Currently, ACCIONA Construcción, S.A. holds shares representing 50.09% of the share capital of Mostostal. The shares of Mostostal are traded in the Warsaw Stock Exchange.
  - The Public Tender Offer has been launched for a total of 9,981,267 shares of Mostostal for a total price of PLN 34,435,371 (€8,120,401).
  - The purpose of the Public Tender Offer, if successful, is to achieve 100% of the total number of the shares of Mostostal and carry out a delisting of Mostostal shares on the Warsaw Stock Exchange.
  
- **11 July 2019: ACCIONA reports on the transactions of the Liquidity Contract for periods ranging from 11/04/2019 and 10/07/2019, inclusive**

  - Detailed information about the operations relevant to the eighth quarter of the mentioned contract (from 11 April 2019 to 10 July 2019, both included).
  
- **22 July 2019: BESTINVER buys Fidentiis and strengthens its position as the Spanish market leading independent financial group**

  - Bestinver, the ACCIONA group's asset management firm, has closed the acquisition of Fidentiis, a leading financial firm in Spain, specialised in South European capital markets. Bestinver will stay focused on asset management expanding its services with analysis and equity brokerage, capital markets and mergers and acquisitions. Sonia Dulá will assume Bestinver's non-executive presidency, Enrique Pérez-Pla will be its CEO and Beltrán de la Lastra will continue as investments director. This operation is subject to the approval of CNMV, which is expected to be completed by 2019.
  
- **26 August 2019: ACCIONA, through its subsidiary Acciona Construcción, S.A., and after the completion of the subscription period for the Public Tender Offer launched for Mostostal Warszawa, S.A., has acquired 2,407,655 shares, and now holds a 62.13% of the share capital**

- ACCIONA informs on the completion of the subscription period for the Public Tender Offer launched by Acciona Construcción, S.A. for the acquisition of shares traded with the Warsaw Stock Exchange and representing 49.91% of the share capital of Mostostal Warszawa, S.A. Acciona Construcción, S.A., has acquired 2,407,655 shares, for a price of PLN 4.5 (€1.03) per share, and now holds a total of 62.13% of the share capital in Mostostal. The total amount disbursed for the shares after the Public Tender Offer is PLN 10,834,448 (€2,478,201).
  
- **8 October 2019: ACCIONA fully subscribes Nordex 10% capital increase and, upon exceeding the legal threshold of 30%, submits a public tender offer to all outstanding shareholders at €10.32 per share**
  - ACCIONA, SA has accepted Nordex SE's proposal to subscribe 9,698,244 new shares issued as a consequence of the corporate capital increase agreed, at €10.21 per share, i.e., a total of €99,019,071.20.
  - With this capital increase, ACCIONA shall hold 38,695,996 shares of Nordex representing 36.27% of its corporate capital.
  - Upon exceeding the legal threshold of 30%, ACCIONA is legally bound to submit a public tender offer at the volume weighted average price (vwap) of the last three months.
  - ACCIONA has announced on the German market the submission of a public tender offer to all outstanding shareholders of Nordex against a cash consideration of €10.32 per share.
  
- **11 October 2019: ACCIONA reports on the transactions of the Liquidity Contract for periods ranging from 11/07/2019 and 10/10/2019, inclusive**
  - Detailed information about the operations relevant to the ninth quarter of the mentioned contract (from 11th July 2019 to 10th October 2019, both included).
  
- **18 November 2019: German Federal Financial Supervisory Authority Bundesanstalt für Finanzdienstleistungsaufsicht ("BaFin") has approved the Offer Document submitted by the Company, in relation to the Public Takeover Offer (the "Offer") launched for the entirety of the shares of NORDEX, SE, for a price of EUR 10.341 cash per share**
  - Following the approval of the Offer Document, the Acceptance Period is initiated for a term of thirty (30) days, running from 18th November 2019 to 18th December 2019.
  - Once the Acceptance Period is finalised, and after completion of the formalities required under German law, an additional two-week acceptance period will commence, running from the 24th of December 2019 to the 6th of January 2020.
  
- **19 December 2019: Acciona increases its Australian presence through the acquisition of the ongoing Lendlease Engineering business**
  - ACCIONA has entered into an agreement with Lendlease, the Australian property and infrastructure group, to acquire part of the portfolio of its subsidiary of Lendlease Engineering.

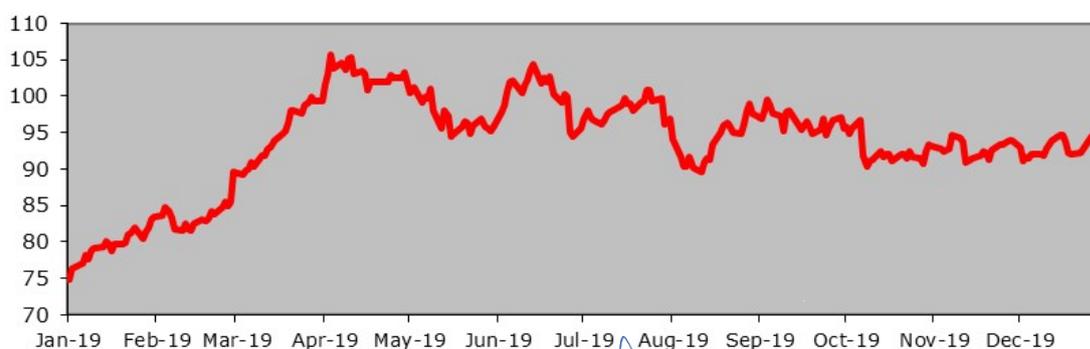
- The transaction, valued at AU\$180 million (€110 million), includes a substantial fleet of plant and equipment as well as the project-related workforce and Lendlease Engineering's business development teams. The deferred consideration is payable as follows: one-third upon completion, a further third at the end of 2020, and the rest in June 2021.
- **9 January 2020: ACCIONA, S.A. informs of the completion of the acceptance and additional acceptance periods for the Public Tender Offer (“PTO”) launched for the entirety of the shareholders of NORDEX SE, traded on the regulated market (Regulierter Markt) of the Frankfurt Stock Exchange**
    - The PTO has been accepted by a total of 149,399 shares (“Shares”), representing 0.14% of share capital, for a price of EUR 10.34 per share which added to the current shareholding held by ACCIONA, S.A. represents a total of 38,845,395 shares i.e.; 36.41% of the share capital in NORDEX, SE.
    - It is expected that the settlement will take place on 13 January 2020, and the total amount to be disbursed for the shares, once the PTO is settled, shall be 1.544.786 euros.
- **13 January 2020: ACCIONA reports on the transactions of the Liquidity Contract for periods ranging from 11/10/2019 and 10/01/2020, inclusive**
    - Detailed information about the operations relevant to the tenth quarter of the mentioned contract (from 11th October 2019 to 10th January 2020, both included).

## Dividend

On 28 February 2019, the ACCIONA’s Board of Directors proposed the distribution of a dividend of €192.0m (€3.50 per share) charged to the results of the 2018 fiscal year, approved on the 30 May 2019 in the General Shareholders Meeting.

## Share data and share price performance

### ACCIONA Share Price Evolution (€/share)




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## Key Share Data

	31-Dec-19
Price at 31 December 2019 (€/share)	93.80
Price at 29 December 2018 (€/share)	73.90
Low in FY 2019 (02/01/2019)	74.80
High in FY 2019 (04/04/2019)	105.70
Average daily trading (shares)	98,735
Average daily trading (€)	9,261,880
Number of shares	54,856,653
Market capitalisation at 29 December 2019 (€ millions)	5,178

## Share Capital Information

As of 31 December 2019, ACCIONA's share capital amounted to €54,856,653 divided into 54,856,653 shares of €1 of nominal value each.

The group's treasury shares as of 31st December 2019, amounted to 398,641 shares, which represent 0.73% of the share capital.

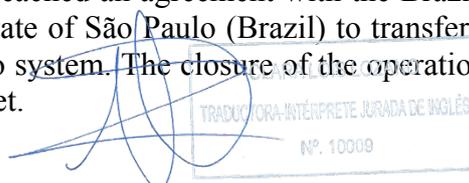
The changes in treasury shares in financial year 2019 were as follows:

	2019		2018	
	Number of shares	Cost	Number of shares	Cost
<b>Opening balance</b>	<b>2,902,115</b>	<b>199,616</b>	<b>45,702</b>	<b>3,146</b>
Additions	1,536,056	144,099	971,942	70,675
Retirements	(1,545,975)	(144,035)	(954,831)	(68,967)
<b>Liquidity contract movements</b>	<b>(9,919)</b>	<b>64</b>	<b>17,111</b>	<b>1,708</b>
Other additions	--	--	2,967,395	203,073
Remaining retirements	(2,493,555)	(171,047)	(128,093)	(8,311)
<b>Other movements</b>	<b>(2,493,555)</b>	<b>(171,047)</b>	<b>2,839,302</b>	<b>194,762</b>
<b>Closing balance</b>	<b>398,641</b>	<b>28,633</b>	<b>2,902,115</b>	<b>199,616</b>

## Events after the reporting period

As mentioned in note 33 of these consolidated financial statements, the acceptance period and the additional acceptance period of the Public Tender Offer for NORDEX SE ended on 9 January 2020. The Public Tender Offer was accepted for a total of 149,399 shares representing 0.14% of share capital at a price of 10.34 euros per share which was settled on 13 January 2020 for a total of 1,544 thousand euros.

On 7 February, Acciona confirmed that it had reached an agreement with the Brazilian consortium Move and the government of the State of São Paulo (Brazil) to transfer the concession contract for line 6 of the city's metro system. The closure of the operation is subject to various conditions precedent being met.



## **Main Risks associated with the ACCIONA Group's business activities**

The risk scenarios considered in the Acciona Risk Management System have been classified into seven groups: **financial, strategic, operational, unforeseeable, environmental, social and compliance**, with the first two groups identified by the Group's executives as those presenting a higher risk profile.

### **1. Financial and Economic Risks:**

Mainly fluctuations in exchange rates, interest rates and financial markets, liquidity, cash flow, late payment or loss of clients.

In order to mitigate the exchange rate risk, Acciona engages currency derivatives (mainly exchange-rate hedging instruments) to cover significant future transactions and cash flows in line with the tolerated risk thresholds. Note 20 to the financial statements for 2019 includes detail of current and non-current assets and liabilities and of net equity at 31 December 2019 in the main currencies in which the Group operates.

Interest rate risk is particularly material with regard to the funding of infrastructure projects, in concession contracts, in the construction of wind farms or solar plants and other projects where the variation in interest rates may have a strong impact on their profitability. It is mitigated by hedging transactions through the engagement of derivatives. (Mainly interest rate swaps, IRS) and by the increase in project financing with fixed-rate corporate financing.

As regards credit and liquidity risks, the Group negotiates operations exclusively with solvent third parties and requires sufficient assurances to mitigate the risk of financial losses in the event of any default.

Together with a suitable level of reserves, it also constantly monitors the forecasts and the current levels of cash flows to match these against the maturity profiles for financial assets and liabilities.

### **2. Strategic Risks:**

They are risks that have the consequences of reducing the growth of the company and failing to meet the objectives due to inability to respond to a dynamic and competitive environment. These risks include organisational changes, investments and divestments, threats from competitors, economic, political and legal changes, and the impact of new technologies or research and development.

Acciona minimises this type of risk through its own strategy and business model by applying adequate sectoral and geographic diversification of its businesses; the performance of exhaustive market research, surveys of competitors and the countries in which its activities are carried out; as well as through the encouragement of Research and Development.



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Risks derived from conduct that is contrary to ethics and integrity. The markets in which Acciona operates could be exposed to risks of an ethical nature that go against the principles of integrity and respect in existing legislation. Acciona has put in place a Code of Conduct which establishes the basic principles and commitments that all directors and employees of the divisions as well as suppliers and third parties in contact with these companies must fulfil and respect when carrying out their activities. There is a whistle blowing channel, communicated at all levels of the Organisation, to enable information to be passed on, with guarantees of confidentiality, regarding any irregular conduct relating to accounting, supervision and auditing as well as any other non-compliance or breach of the behaviour promulgated in the Code.

### **3. Operational Risks:**

They are risks concerning processes, people and products. They are related to regulatory, legal and contractual compliance, control systems and procedures, the supply chain, auxiliary services, information systems, employee productivity and the loss of key personnel.

In each business area, specific systems are established to cover all the business requirements, to systematise and document processes, and to manage quality, operations, planning and financial control.

In order to mitigate the risks in the procurement process, controls have been established to favour free competition and transparency in the processes and to avoid violating Acciona's commitment to ethical behaviour in these processes. Acciona mitigates the main risks in its supply chain related to economic, environmental and labour matters by carrying out a thorough analysis of its critical suppliers.

### **4. Unforeseeable Risks:**

They are risks related to damage caused to company assets and civil liability risks that could negatively impact the company's performance, including criminal acts of a cyber nature.

The company has various insurance programmes to mitigate the impact on the balance sheet of the materialisation of a large number of risks. In particular, there is coverage for "cyber risks" that cause a loss of income, extra costs or expenses for the recovery of digital assets, coverage for claims for damages caused to clients and third parties for privacy and data protection or for a security breach, among others.

### **5. Environmental Risks:**

These are the risks associated with the company's contribution to climate change through greenhouse gas emissions, waste management, natural resource use and energy efficiency.



## 6. Social Risks:

These are the risks associated with human rights, labour standards in the supply chain, health and safety in the workplace, and the relationship with communities to obtain a social license to operate.

## 7. Compliance Risks:

These refers to a set of rules or principles that define ethical behaviour, rights, responsibilities and expectations among different stakeholders in corporate governance.

Acciona established a Crime Prevention and Anti-Corruption Model following the reform of the Spanish Penal Code. A Criminal Risk Map has been developed since then with the aim of fully integrating the regulatory control system and so that the controls introduced are perfectly aligned and audited.

Social, environmental and governance risks are identified and assessed so that Acciona can improve its sustainability performance, improve its response to multiple scenarios and changing environments, and improve confidence among its stakeholders.

In addition, Acciona has a Corporate Management System for Environmental Crises. This system includes measures to be followed and the allocation of responsibilities and resources necessary for the adequate management of a crisis situation following any incident occurring at facilities owned or operated by the Company and leading to consequences for the environment.

As regards the **tax risks** faced by the Group, these are basically procedures, communication with business areas that may lead to an inadequate technical analysis, changes in tax regulations or administrative and jurisprudential criteria, as well as the reputational risk arising from tax decisions that may damage the Group's image and reputation. Acciona has defined a tax risk management policy for such issues which is based on a suitable control environment, a risk identification system, and a continuous monitoring and improvement process on the effectiveness of the established controls. A Pilot Project on the Tax Risk Map was developed during 2019 and will be integrated into the Group's Risk Map.

## Foreseeable Evolution



**Worldwide economic growth rates for 2020 and 2021 are estimated to be 3.3% and 3.4% respectively, which is lower than the initial estimates provided by the last WEO report<sup>[1]</sup>, which had originally predicted 3.4% and 3.6% growth respectively.**

This is mainly due to the negative performance of the economy in certain emerging markets, in particular India, leading to a revision of the expected growth for the next two years and including, where appropriate, the impact of greater social unrest. The current impact of the Chinese economy on the rest of the world as a result of the rapid spread of

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[1] International Monetary Fund *Global Perspectives on World Economy, update on the last WEO report* (Davos: 2019), available at: <https://www.imf.org/es/Publications/WEO/Issues/2019/01/11/weo-update-january-2019>

the coronavirus must also be discerned. China accounts for 17% of world GDP, and contributes a third of the world's growth, hence a slowdown in Chinese growth could affect the global growth expected for 2020. In contrast, a turning point in global macroeconomic data is somewhat approaching, driven by a shift in manufacturing activity and international trade, by a general reorientation towards accommodative monetary policy, intermittently optimistic news about US-China trade negotiations and greater certainty of Brexit happening with an agreement.

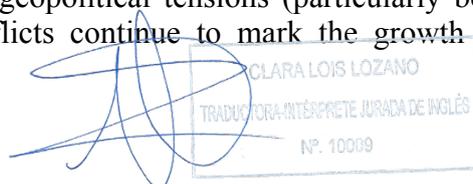
Emerging signs of stabilisation reinforced attitudes in financial markets, and stocks in the largest advanced economies remained high during the last quarter of the year. Currency fluctuations between September and early January reflected a general improvement in risk attitudes and the easing of trade tensions. The most notable movement was the appreciation of the British pound (4% since September) in the face of perceived reduced risks of an exit from the European Union without an agreement.

With regards to advanced economies, growth is expected to stabilise at 1.6% in 2020-21. In the United States and Japan, moderate growth is projected, from 2.3% in 2019 to 2% in 2020 (1.7% in 2021) in the former case, marked by a return to a neutral fiscal stance and the entrenched attitude of the financial markets. In Japan, a shift is expected from an estimated 1% in 2019 to 0.7% in 2020, due to the fiscal stimulus measures adopted in December 2019. In the euro area, growth is expected to rebound by one percentage point in 2020, to 1.3% (1.2% in 2019). The projections for Germany and Spain have been revised downwards due to the impact of a sharper than expected slowdown in domestic demand and exports in 2019. In the United Kingdom, a smooth exit from the European Union is forecast for 31 January, followed by a gradual transition to a new economic relationship (1.4% in 2020 with a potential rise to 1.5% in 2021).

Within the group of emerging market economies, growth is forecast to rise to 4.4% in 2020 (3.7% in 2019). In the case of Asia, a slight increase is expected, to 5.8% in 2020 and 5.9% in 2021 (5.6% in 2019). This cut is marked by the downward revision of the projection for India, although growth in the Asian country is expected to improve in 2020 and 2021, thanks to fiscal and monetary stimulus and the moderate level of oil prices. On the other hand, unresolved disputes over economic relations between the United States and China can be expected to decrease China's growth more broadly from the estimated 6.1% in 2019 to a projected 6% in 2020 (5.8% in 2021).

Within the European framework, growth in the emerging economies is expected to strengthen to around 2.5% in 2020-21 (1.8% in 2019) thanks to continued strong growth in Central and Eastern Europe, a rebound in activity in Russia, and the economic recovery underway in Turkey.

In Latin America, growth is expected to recover in the next two years, from 0.1% in 2019 to 1.6% in 2020 (2.3% in 2021) with decreases in Mexico due to continued weak investment, and in Chile, affected by social tension. On the positive side, Brazil's growth improved after the pension reform was approved and supply disruptions in the mining sector disappeared. Despite the above, geopolitical tensions (particularly between the United States and Iran) and civil conflicts continue to mark the growth of several economies in the region.



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Growth estimates in the Middle East and Central Asia regions are set at 2.8% in 2020 (3.2% in 2021) following the OPEC+ decision in December to extend oil supply restrictions. In Sub-Saharan Africa, growth is expected to rise to 3.5% over the next two years (3.3% in 2019), marked by downward projections for South Africa, which is suffering from a significant deterioration in public finances, and for Ethiopia, where public sector consolidation is expected to affect growth.



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## Sustainability events



### **Non-financial information**

- ACCIONA has published information about its sustainability performance for FY 2018 in its **Non-Financial Information Statement of the 2018 Consolidated Directors' Report and the 2018 Sustainability Report**, both have been approved with the favourable vote of 99.94% of the capital with voting rights in attendance at the Shareholders Meeting.
- For the seventh year running, ACCIONA published its **Integrated Report**, in which it explains the keys for the company's value generation in the short, medium and long term.
- ACCIONA has published a new **section on 'Sustainable Finance'**. This section contains the financial operations that directly contribute to the achieving of goals on the sustainable agenda and to the objectives of improving the sustainability of the company. It also contains the new Green Funding Framework-reviewed by Sustainalytics with an independent second opinion (SPO).
- ACCIONA is the first company that publishes the degree of alignment to the demanding parameters set by the **European Commission on Taxonomy of low carbon activities**, related to the activity of its different businesses - CAPEX, Sales and EBITDA -.

### **Sustainable finance**

- ACCIONA closes its **first syndicated loan linked to sustainability goals (ESG syndicated Loan)** for €675 million. The interest rate will be adjusted according to the company's environmental, social and governance (ESG) performance.
- The company closes its **first loan linked to sustainability goals in Chile** with Santander bank. This USD30 million loan has a final interest rate that will be adjusted according to the company's environmental, social and governance (ESG) performance.
- ACCIONA and CaixaBank sign the **first Green Letter of Credit in the European market** for USD129 million. This financial instrument directs investment to sustainable projects such as the supply of photovoltaic panels to Puerto Libertad plant in Mexico.

### **Outstanding initiatives within the Sustainability Master Plan 2020**

- For the third consecutive year, **ACCIONA has achieved carbon neutrality**, by offsetting the 100% of the CO2 emissions that could not be reduced, by the acquisition of emission reduction certificates.
- **The Social Impact Methodology has been implemented** with transversal responsibility within the different businesses of the company in **124 projects** involving energy, construction, water, industrial and services, in **27 countries**.

- Over **1,000 employees participated in the Volunteer Day in June**. They taught sustainability workshops to over 16,000 students aged 6 to 10 in 18 countries.
- At the **United Nations Climate Action Summit in New York in September**, ACCIONA adhered to various initiatives to accelerate the fight against the climate emergency led by the United Nations Global Compact (Business Ambition for 1.5°), Carbon Pricing Leadership Coalition (CPLC) of the World Bank Group (Carbon Pricing and Competitiveness) among others.
- ACCIONA's corporate foundation (acciona.org) expands its **‘Luz en Casa Amazonia’** project to bring electricity to more than 5,000 people from some 30 rural indigenous communities in the Peruvian Amazon.
- For the fifth consecutive year, ACCIONA revalidated its position as the most “green” power generation company in the world according to the **“New Energy Top 100 Green Utilities”** ranking prepared annually by Energy Intelligence, an independent consultant specialising in energy markets.
- Within the framework of COP25, held in Madrid in December 2019, ACCIONA announced its commitment to reduce, before 2030, 60% of both direct and consumed energy emissions, as well as 47% of its value chain emissions. A goal validated by the **Science Based Target (SBTi)** initiative which has rated it as the most advanced of those approved so far.

#### Average period of payment to suppliers and Corporate Social Responsibility

To the effects of the provisions in article 262.1 of Royal Legislative Decree 1/2010, of 2 July, whereby the consolidated text of the Capital Companies Act is approved, the information on the average period for payment to suppliers is contained in Note 23 to the financial statements. In addition, and in conformity with recommendation 55 of the Code of Good Governance of Listed Companies, it is hereby indicated that the aspects related to Corporate Social Responsibility are discussed in the Sustainability Report.

#### Annual Corporate Governance Report

The Annual Corporate Governance Report is available in its entirety on the National Securities Market Commission website ([www.cnmv.es](http://www.cnmv.es)) and on the Company’s website ([www.acciona.es](http://www.acciona.es)).

In addition, the Annual Corporate Governance Report will be notified to the National Securities Market Commission as a Material Event.



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## Non-Financial Information Statement

The Non-Financial Information Statement, prepared as required by Law 11/2018 of 28 December, which transposes Directive 2014/95/EU of the European Parliament into the Spanish legal system, is presented in Acciona Group's Sustainability Report 2019, which is available on the Company's website([www.acciona.com](http://www.acciona.com)).



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# 2019 Sustainability Report

Non-Financial Information Statement for 2019





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The enclosed Non-Financial Information Statement, prepared in compliance with Law 11/2018 of 28 December which incorporated the European Parliament's Directive 2014/95/UE in the Spanish law, is an inseparable part of ACCIONA's Consolidated Directors' Report for the 2019 fiscal year.

# S U S T A I N A B I L I T Y R E P O R T T A B L E O F C O N T E N T S

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# LETTER FROM THE CHAIRMAN

José Manuel Entrecanales. Chairman of ACCIONA

My dear friends:

I am pleased to present ACCIONA's Sustainability Report for 2019, a year in which we've seen an encouraging progress in raising awareness on many of the global challenges of our era, all while the urgent need to address some of them has become a real emergency.

An emergency certified by science in its constant calls to pay attention to the increase in the planet's global temperature, the concentration levels of CO<sub>2</sub> or extreme atmospheric phenomena, for example. Effects that are clearly being caused by the ever-increasing emissions of greenhouse gases, which have risen by more than 20% in the last five years alone.

I agree with the slogan embraced by the COP25 held in Madrid this year: the time for action is now.

We are living at a time when it is urgent to review the growth models of the past in order to embark on a new phase of more sustainable and inclusive prosperity, which will allow us to act in a more coordinated and effective fashion in the face of these global challenges.

In this regard, the Sustainable Development Goals (SDGs) continue to be the best approach for jointly addressing the challenges and issues of this global agenda, an agenda whose success depends largely on the ability to develop the infrastructure needed to achieve it.

This year, we've made our own calculations in order to extensively and precisely estimate the investment effort required to achieve this objective. We've reached to the conclusion that, in most regions, public investment and development assistance alone will not be enough to come even remotely close to the volumes of investment required.

The only possible alternative is the collaboration of the private investment sector. But even so, the investment required is of such magnitude that it is essential to create a genuinely favourable environment to promote and stimulate the private investment towards the right direction.

A significant step forward was taken in 2019 with the promotion of sustainable financing; especially as a result of the efforts made to promote the transition to a low-carbon economy, particularly in Europe.

Initiatives by regulators and supervisors, which include the climate factor in the prudential calculations of financial and insurance companies, or the growing interest in labelling activities as low-carbon, are powerful instruments for channelling investment and making it visible. For this reason, it is with a great deal of interest that we've been following the work being done by the European Union institutions on the development of a taxonomy on low-carbon activities.

The taxonomy and other incentives for sustainable finance can become a good example of how to design appropriate risk-benefit environments which are attractive to the private sector, and this in turn can accelerate results related to climate neutrality and other future environmental goals. It is a clear signal for markets to align financing with the climate agenda and avoid the temptation to resort to cosmetic practices which, sadly, are so common when we rigorously assess improvements in this field.

This year, ahead of the regulations planned for 2022, we've projected the principles and metrics of the European taxonomy onto ACCIONA's businesses. For the first time at the end of the 2018 fiscal year and now in this report for 2019, the conclusions presented on these pages confirm that our commitment and investment strategy are consistent with the development of activities focused on fostering the transition.

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Our advanced Sustainability Master Plan, in place since 2010, calls for continuous improvement on our social and environmental performance and has been linked to our professionals' incentives since 2015, an effort that has allowed us to comply with demanding international standards and objective-based work. Following this line, I would like to highlight some of our main accomplishments this year.

Firstly, ACCIONA's continued leadership in the climate change field, having avoided the emission of 13.1 million tonnes of CO<sub>2</sub> thanks to renewable production, 77 times more CO<sub>2</sub> than we produce.

In addition, over the last two years we've reduced emissions by 22%, and we hope to accomplish the assumed target of a 60% reduction by 2030, even before the deadline. Together with 100 other companies, we've made a commitment to further reduce the remaining emissions by meeting the most stringent targets set by science and by our commitment to decarbonisation and offsetting to neutrality, which we have maintained since 2016.

ACCIONA continues working on offering solutions to confront global environmental challenges such as water stress, climate adaptation, promotion of the circular economy and biodiversity conservation. We've treated 519 hm<sup>3</sup> in water-stressed areas and reduced water consumption by 61% compared to 2017. And we've reduced the generation of non-hazardous waste by 61% compared to 2015, 75% of which is recovered.

In regards to our people, the company endeavours to achieve real and effective equality of opportunity for all employees and to integrate diversity as a strategic element of our people management. Diversity Committees have been set up in all strategic businesses and countries. Through them, a working group has been set up to design a Global Diversity and Inclusion Plan. In addition, we've managed to reduce the number of fatal accidents at our facilities to zero.

For ACCIONA, managing the social impact of our projects and services is one of the key strategic aspects of our sustainable business model. This year we evaluated 124 projects in 27 countries using our Social Impact Management (SIM) methodology. We also reformulated the volunteer model, with a greater emphasis on this initiative in strategic markets.

Progress continues to be made in the deployment of the company's compliance model to guarantee its full effectiveness. This year we've expanded training programmes and intensified awareness campaigns, appointing specialized managers. This effort will be reinforced in the coming months with the certification of ACCIONA's core businesses according to the UNE 19601 and ISO 37001 standards.

In the field of innovation, we reported an innovation figure of €230.4 million, which represents an innovation intensity ratio of 3.2%, more than double the European average (1.5%) and have made progress in integrating advanced technologies such as 3D printing, mixed reality, blockchain or data science into our projects.

We could cite many other targets in the Sustainability Master Plan, which is entering its final phase this year; or some of the recognitions received, such as the highest sustainability rating in the S&P RobecoSAM assessment, the selection of our company as the world's greenest utility by Energy Intelligence, or our inclusion on the list of the 100 most sustainable companies in the opinion of Corporate Knights, among others. These achievements are a reflection of the clear commitment of ACCIONA and its team to improve every day, in every business and on every project.

We carry out this report with the essential purpose of sharing information with you about that commitment. I hope you'll find in its pages that the information is sufficient and rigorous enough to form a solid and reliable opinion on the evolution of our performance, our objectives and our efforts to remain at the forefront of sustainable transformation.



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We believe that ACCIONA is ideally positioned to play a leading role in promoting a new generation of transformational infrastructure assets, capable of accelerating the achievement of the objectives of the global agenda defined by the SDGs and multiplying the real positive impact of our activity. It's an approach that is certainly unusual from the perspective of traditional economic sectors, but nonetheless an ACCIONA hallmark: a dynamic company that evolves and adapts to changing times, which has managed to maintain its focus on the development of basic infrastructure over the last 100 years, aimed at improving the quality of life of the people and communities in which they live.



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## THE FIRST COMPANY OF A NEW SECTOR

### BUSINESS MODEL

ACCIONA is a company focused on the development and operation of basic infrastructure assets that enable the achievement of the Sustainable Development Goals.

### BUSINESS AS UNUSUAL: A DIFFERENT WAY OF DOING BUSINESS

The global agenda is guided by the United Nations' Sustainable Development Goals (SDGs) which were approved by the UN General Assembly in September 2015. There are 17 overall targets and 169 goals to be achieved by 2030, with the aim of eradicating poverty, protecting the planet and ensuring prosperity for all as part of a new sustainable development agenda.

#### **The need to invest and the availability of capital**

Investments in infrastructure have a direct or indirect influence on the achievement of all SDGs. According to recent studies, infrastructure development is tied to the achievement of at least 72% of SDG targets, beyond its effects on productivity and job growth.

More than 7.6% of global GDP must be invested per year from 2015 to 2030 in order to achieve SDG targets and fulfill the Paris Agreement. With annual investment in infrastructure currently at 5.5% of global GDP, that means an annual gap of 2.1% of global GDP. This investment effort is only possible with the participation of private capital.

#### **Connecting supply and demand**

The disconnection between the availability of capital (supply) and the need for investment (demand) is a symptom of the existence of barriers to the flow of funds to sustainable infrastructure. These barriers affect different risk profiles differently and vary depending on the infrastructure's stakeholders (users, governments, operators or investors, among others).

There are few operators with the technical capacity, international presence and balance structure able to connect supply and demand, to address the challenges of the SDGs and to make the opportunities for integrated solutions a reality.

### INVEST IN THE PLANET

Because of the complexity and the interconnection between the Agenda 2030 overall targets, these challenges cannot be tackled efficiently from traditional sectors (*business as unusual*). The problems posed by water, climate change or mega-cities, for example, require new approaches capable of looking beyond one-off projects and solutions that integrate capital, talent, technique and technology in a different way than has been done in the past.

This is why ACCIONA does not see itself as a construction company that has diversified into the energy business, or an energy company with a construction legacy. Rather, it is a company operating in a new sector that focuses its strategy and solutions on the needs and opportunities for the development of the sustainable agenda defined by the SDGs and the conversion to a low-carbon economy.

#### **A new sector in which ACCIONA can be considered the first company and the reference.**

One example of this is the group's activities contributing to a low-carbon economy that have been identified and catalogued by the European Union through a specific "taxonomy". ACCIONA's business approach explains and aligns the portfolio of solutions better than any other traditional sector.



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Thus, 93 % of the company's investments, 83 % of its EBITDA<sup>1</sup> and 58 % of its revenue in 2019 are eligible for inclusion in the European taxonomy, which in itself defines a new economic sector that transcends traditional sectors: one that develops infrastructure to drive a low-carbon economy and meet the objectives of the 2030 Agenda.

### ACCIONA PROFILE

ACCIONA is one of the leading Spanish companies in the IBEX 35, present in more than 40 countries. The company is an expert in the design of a better planet, providing a response to infrastructure, water and energy needs through innovative, responsible solutions that generate real progress based on an unusual, alternative way of doing business.

The company develops its activity with nearly forty thousand professionals and sales that reach 7,191 (million €) and 1,356 (million €) of gross operating result or EBITDA in 2019.

### EXPERTS IN DESIGNING A BETTER WORLD

**ACCIONA is a developer and operator with a proven ability to successfully manage essential infrastructure projects and assets**

ACCIONA's ability to develop infrastructure assets is a highly-coveted skill which very few companies can claim. It is one of the few global operators, prepared to understand and address the needs and opportunities of the sustainable agenda and to transform its challenges into attractive infrastructure assets that contribute to sustainable and inclusive growth.

Thanks to its unique and innovative approach to market response and its ability to offer SMART SOLUTIONS, the company is a global reference in the development and operation of basic infrastructure solutions for a sustainable future.

#### Proven experience and international presence

With almost one hundred years of history behind it, one of ACCIONA's major strengths is its proven ability to turn ideas into attractive infrastructure assets anywhere in the world.

ACCIONA has demonstrated incomparable skills in developing profitable opportunities linked to real needs by multiplying the positive impact that infrastructure has on sustainable development models. With offshored opportunities that are increasingly significant, the right dose of technical and management expertise is required to match their complexity.

To that end, the company is organized as a vertically integrated infrastructure developer and operator, carrying out truly transformational projects all over the world, from Dubai to Quito, from Vancouver to Torre Vieja and from Santiago de Chile to the Norwegian fjords.

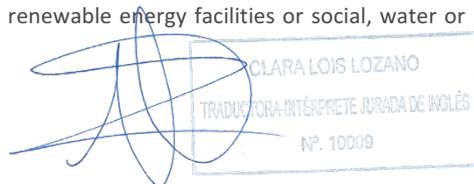
#### A balanced project portfolio designed to develop investor potential

ACCIONA has a resilient portfolio that allows it to create the right conditions for project initiation and development.

The project portfolio has a balanced risk profile and attractive returns. The company is capable of maintaining a strong competitive position and a solid capital structure, which allows it to be on the lookout for added value opportunities at all times.

The configuration of ACCIONA's business activities can be explained by the three risk profiles from which its operating results are derived; from lowest to highest risk.

- The long-term assets business such as renewable energy facilities or social, water or transport concessions.



<sup>1</sup>This figure has not been verified since the EU's Technical Expert Group (TEG) on Sustainable Finance does not include this variable among the ones that can be used to calculate the percentage of business that meets the taxonomy's requirements.

- Efficient services activity which is associated with intermediate and recurring risk.
- Greenfield development or EPC business: civil engineering projects which require less capital but by nature pose a higher risk.

### Capacity to amplify innovation

At ACCIONA, innovation is the driving force behind evolution, adding value to processes and products in all its areas, businesses, employees and countries. The new open innovation platform, l'MNOVATION #Startups, is the first corporate accelerator for energy and infrastructure start-ups in Spain and one of the first in Europe. This program places the company at the centre of the innovation ecosystem in its business sectors, which converts it into a leading agent for the future.

### International benchmark of talent for its technical competence

ACCIONA's team are an international technical reference when it comes to the execution of highly complex technical and financial infrastructure projects.

ACCIONA's solutions are based on the idea of transformation and having an additional positive impact on the community. A transformation that is only possible by combining the type of talent that bring a diverse and multidisciplinary approach.

The capacity to manage and articulate large civil engineering, energy, social or service projects is attested to by the experience and results accumulated over the last hundred years.

### Vocation and consistency in leading the change to an inclusive and decarbonized economy

ACCIONA's infrastructure acts on the basic aspects of social prosperity through decarbonized technology and responsible practices. The high-impact solutions are capable of turning traditional projects into assets that are well-suited to the challenges of transformation to a sustainable economy.

ACCIONA develops opportunities linked to real needs by multiplying the infrastructure's prosperity. To attract market interest, the company acts on basic needs through low-carbon solutions such as new desalination technologies, the circular economy or electrical mobility, even though these activities may traditionally belong to unconnected economic sectors (see European Commission taxonomy).

ACCIONA's solution design approach contributes to improving the productivity of resources, protecting the climate, creating more resilient economies and facilitating greater social inclusion, in order to better serve its customers and the community.

## BUSINESS STRATEGY

In response to the challenges of developing basic infrastructure such as access to clean energy, urban development and mobility, ACCIONA offers solutions.

Solutions capable of turning traditional projects into assets that multiply its value for the community in fundamental areas such as energy, transport, water, waste management or social infrastructure.

### ACCIONA solutions

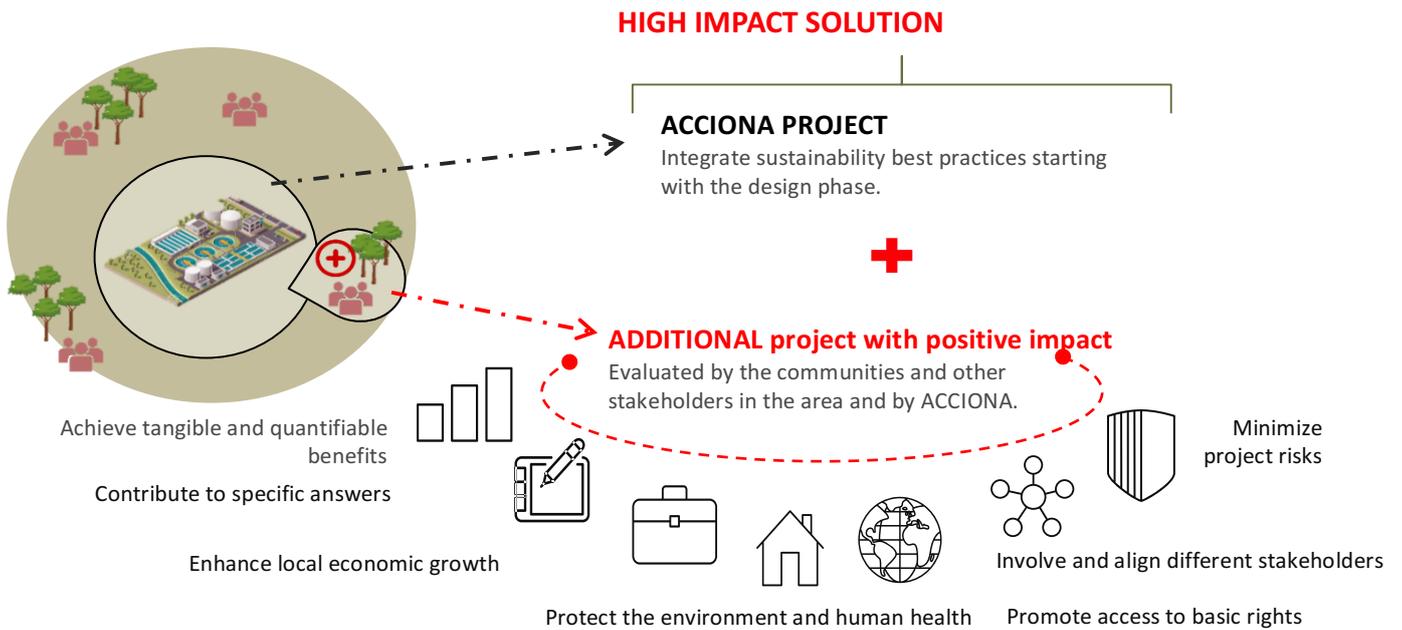
- **Clean energy:** ACCIONA is the world's largest energy operator working exclusively with renewable energy. With more than 30 years of experience in the sector, the company owns and operates more than 10 GW of onshore wind, photovoltaic, biomass, hydroelectric and solar thermal power facilities in 16 countries on 5 continents.
- **Transport:** having built more than 10,000 km of roads, ACCIONA is a benchmark in the infrastructures construction and operation sector, including passenger and cargo transport (roads, bridges, railways, tunnels) as well as data.
- **Water:** ACCIONA is a leader in the water treatment sector, with the capacity to design, build and operate drinking water treatment plants, wastewater treatment plants, tertiary treatments for reuse and reverse osmosis desalination plants.



- **Social:** ACCIONA develops infrastructure solutions for health, education and cultural engineering, as well as for the preservation and cleanliness of the natural environment with a focus on people and the environment.
- **Urban:** for ACCIONA, cities are the places where the greatest transformations of our time are taking place. The company has a specially-defined and an integrated approach for taking on the challenges of construction, transport, water management or the circular economy.
- **Real estate:** the company is committed to real estate development and offers supplemental services aimed at supporting sustainable population growth, in line with global trends. ACCIONA's real estate activity focuses on the development and management of real estate complexes - backed by solid technical and professional experience - in Spain, Poland, Mexico and Portugal.
- **Financial:** the magnitude of the challenges posed by the global agenda for sustainable development and decarbonisation requires the mobilization of an unprecedented volume of investment.

**High Impact Solutions**

ACCIONA seeks to maximize the sustainable impact of its projects. In line with this vision, the company has designed its High Impact Solutions: business solutions that include additional projects implemented by ACCIONA during the execution of the main project to generate an additional positive social and environmental impact. This solution improves the living conditions of the population and/or the environment, considering not only the direct impact of the infrastructure itself but above all the additional indirect impact on the environment closest to the infrastructure or service provided.



Through these projects, ACCIONA aims to reduce the existing gaps and generate an additional positive impact locally, using the targets of the 17 Sustainable Development Goals (SDGs) as a reference. To that end, effectively using the best practices in sustainability already demonstrated on traditional projects, the company also draws on the knowledge, expertise and resources available at corporate level, such as ACCIONA University or ACCIONA's R&D centres.

  
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These actions, in addition to those identified in the original project, are designed to provide a service that is sustainable over time, either through development as a new business model or through partnerships with third parties to ensure the operation and maintenance of the infrastructures and the additional services.

## ADDITIONAL PROJECTS WITH A POSITIVE IMPACT THAT RESPOND TO LOCAL NEEDS TO ADVANCE THE SUSTAINABLE DEVELOPMENT GOALS

### Contribution to SDGs

Infrastructure development is directly or indirectly linked to the achievement of the Sustainable Development Goals. The High Impact Solutions approach helps to channel the investment needed to achieve the SDGs into corporate projects that contribute to the global sustainable agenda. In addition, with this approach the company places even greater emphasis on reducing potential risks. It acts directly on social gaps such as gender equality or the inclusion of disadvantaged groups, entrepreneurship, lack of access to basic services such as water, energy or telecommunications, or other measurable and quantifiable benefits for the population and seeks the community's involvement to drive inclusive economic growth.

### Pilot projects and workshops

For the implementation of the first High Impact Solutions, the corporation worked with the business lines of the Infrastructure division (Construction, Concessions, Water and Services).

As of the end of 2019, the first pilot project proposals have been identified and they are being characterized. The purpose of this is to validate the planned work model. This approach, is based on the knowledge and experience of each line of business addressing pilot projects and their potential benefits in terms of resource productivity and market demand.

Each pilot project begins with a detailed analysis of the need to contribute to the SDGs in the project's area of influence, including the characteristics of the community. The study results are then aligned with existing or anticipated development plans, capacity analysis, internal resources and possible financing models.

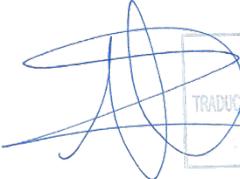
### Working tools

To carry out the High Impact Solutions, the company puts in place a series of tools and equipment:

To standardize and facilitate the development of these High Impact Solutions, ACCIONA began to work on a Solutions Catalogue in 2019 which will detail previously characterized standard projects. The information included for each project consists of the definition of the objective, model and context, beneficiaries, milestones, internal capacities, partners, investment and financing model.

As for the teams involved, the projects are coordinated by the corporate sustainability area, the local project teams, the business' sustainability departments and the innovation centres.

Likewise, the acciona.org Foundation works in coordination with these groups to contribute with its experience in sustainable projects for the provision of basic services and infrastructure (energy, water and sanitation) to people and communities in situations of social exclusion. The foundation may even participate in the execution of projects that fit in with its corporate purpose.



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A digital information tool was introduced in 2019 with cartographic representations and data analysis that will allow to obtain a detailed analysis of the particular and local needs of each additional project, on the one hand; and the other hand, to keep track of all relevant sustainability information of all the company's projects and production centres.

As these High Impact Solutions are carried out, ACCIONA will build a network of partners with whom it will actively collaborate for the execution and operation of these additional projects. Such partners may include multilateral development banks, impact and innovation funds, NGOs, cooperation agencies, public administrations and other foundations and companies.

Finally, to ensure the credibility and transparency that characterizes ACCIONA, the group is developing an internal methodology for measuring impact in line with the SDGs in order to objectively and rigorously identify the positive impacts generated, and to manage and mitigate any potentially negative impacts throughout the project. This system is based on internationally recognized standards and metrics such as: IFC's Impact Principles, GIIN (Global Impact Investing Network), Lean Data tools, Impact Management Project, etc. The tool will allow ACCIONA's contribution to local economic, social and environmental growth through high-impact solutions to be quantified quickly and rigorously.

## 2019 RESULTS

### ENERGY

The Energy division is a unique global operator in the renewable energy sector, with a significant presence in more than 15 countries on five continents. Special focus on emerging countries with needs for sustainable solutions to boost their development.

The company works exclusively with renewable technologies, with heavy emphasis on five types: wind, photovoltaic, solar thermal, hydraulic and biomass. It produces clean and emission-free energy for the equivalent of 6.6 million homes.

	2018 data	2019 data
Turnover (million €)	2,206	1,976
EBITDA (million €)	743	845
Installed Capacity (MW)	9,627	10,117
Total production (GWh)	22,087	22,994

### INFRASTRUCTURE

#### Construction

The Construction division is at the forefront of R&D and is among the leading companies in the sector, using some of the most highly advanced techniques available on its projects. This line of business covers all aspects of construction through specialised business units (bridges, roads and special structures; railways and tunnels; and finally, ports and hydraulic works), as well as engineering and other businesses areas.

	2018 data	2019 data
Turnover (million €)	3,548	3,315
EBITDA (million €)	228	289
No. of employees	11,053	11,330

*Industrial strengthens position within the Construction sector.*

#### Concessions

The Concessions division is one of the world's leading companies in private infrastructure development, in terms of both projects and turnover. This company has accumulated experience in more than 40 concessions throughout its history, with a team that takes a global approach which is fully adapted to local needs and peculiarities.

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	2018 data	2019 data
Turnover (million €)	108	78
EBITDA (million €)	49	33
No. of concessions	24	22

### Agua

The water division leads the field in water treatment. Its activity focuses on serving communities, ranging from water collection to drinking water purification, including desalination, wastewater 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 wastewater, directly billing the end users.

	2018 data	2019 data
Turnover (million €)	639	758
EBITDA (million €)	113	66
Treated water (hm <sup>3</sup> )	790	1,030

### Service

The Service division provides a broad range of integral service solutions to its customers. Thanks to the knowhow acquired over 50 years' experience in performing and managing services, it has positioned itself as a preferred service partner of major domestic and international companies. Service' flexibility enables 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.

	2018 data	2019 data
Turnover (million €)	800	719
EBITDA (million €)	30	43
No. of employees	20,106	21,997

### ... OTHER BUSINESSES

These include the business of Bestinver, a financial services firm, including fund management and stock brokerage; Inmobiliaria, with more than 20 years of experience and one of the leading housing development companies; and Grupo Bodegas Palacio 1894, a hundred-year-old winery with processing and growing centres in five of the most prestigious wine regions of Spain.

	2018 data	2019 data
Turnover (million €)	392	345
- Bestinver	102	98
- Real estate	84	137
- Corporate and other	45	49
- ACCIONA Producciones y Diseño, S.A.	N/A*	61
EBITDA (million €)	86	84

*The shipping company Trasmediterranea only contributed to consolidated figures until 31 May 2018, when it was sold. \*ACCIONA Producciones y Diseño was included in Services in 2018.*



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## ACCIONA IN THE WORLD

Present in over 40 countries on 5 continents.



  
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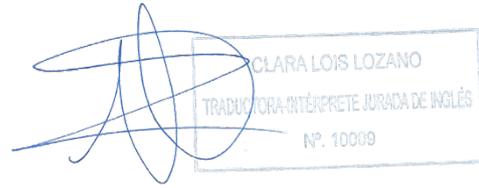


	NORTH AMERICA	CENTRAL & SOUTH AMERICA	SPAIN	REST OF EUROPE	ASIA AND OCEANIA	AFRICA
REVENUES (million €)	747	525	2,969	1,038	1,826	85
ENERGY PRODUCED Total GWh	5,627	1,002	12,791	1,079	1,630	886
WATER TREATED FOR CUSTOMERS hm <sup>3</sup>	4	26	321	132	318	230
R+D+i (million €)	92.9	26.6	95.7	7.1	8.2	0
ISO 9001 CERTIFIED REVENUE %	92	74	97	75	73	80
EMISSIONS AVOIDED thousands of tonnes of CO <sub>2</sub>	3,473	771	6,044	680	1,437	696
EMISSIONS GENERATED thousands of tonnes of CO <sub>2</sub>	39	13	51	10	49	3
EQUIVALENT HEADCOUNT No. of employees	1,382	8,412	20,870	5,054	3,832	117

## CONTRIBUTION TO THE ACHIEVEMENT OF DEVELOPMENT GOALS IN 2019

ACCIONA belongs to the sector of sustainable infrastructure developers who promote the achievement of the Sustainable Development Goals (SDGs). 72% of the SDGs targets are considered to be linked to the development of enabling infrastructure.

- Developing inclusive growth.
- Strengthening access to basic services.
- Promoting environmental protection.



### Relationship of infrastructure to the SDGs



Source: [Delivering on Sustainable Infrastructure for Better Development and Better Climate](#), Global Economy and Development program at the Brookings Institution.

With this approach, there are five objectives on which ACCIONA has developed solutions in 2019 prominently:

- ACCIONA SDG 6 solutions: availability and sustainable management of water and sanitation through advanced technologies.
- ACCIONA SDG 7 solutions: access to affordable, reliable, sustainable and efficient energy.
- ACCIONA SDG 9 solutions: development of resilient infrastructure, promotion of inclusive and sustainable industrialization and fostering innovation.
- ACCIONA SDG 11 solutions: services that contributed to the inclusive, safe, resilient and sustainable development of cities.
- ACCIONA SDG 13 solutions: development of integrated solutions to combat climate change and its effects.

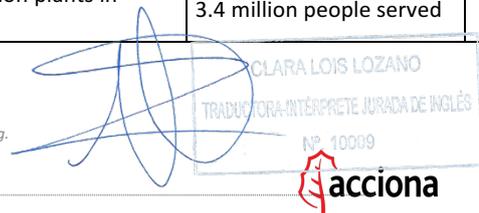
**MEASURING THE CONTRIBUTION TO THE LOCAL AGENDA FOR ACHIEVING THE SUSTAINABLE DEVELOPMENT GOALS.**

ACCIONA conducted an analysis of the most relevant indicators with the greatest impact on the goals included in each SDG. In addition, each country's needs in respect of the SDGs, was analysed using the information contained in the SDG Index and Dashboards Report 2019<sup>2</sup>. ACCIONA's contribution in the key countries where it operates is shown below. Only the most notable impacts on SDGs are shown, i.e., those, where significant or considerable challenges still exist in the country. The last column shows whether ACCIONA has had an increased, decreased or similar impact as the year before.

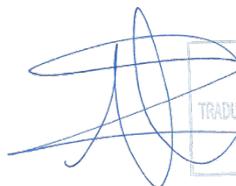
**Local impact on SDGs**

Country or region	SDG	Context	ACCIONA's activity	ACCIONA's impact	Annual evolution of impact
Mexico	6	Access to safe drinking water: 43% Access to safe sanitation: 45% Ratio of collected water: 26%	Boca de Río water treatment Atotonilco WWTP	+10.5 million people served	↑
	7	Renewable energy: 9%	Five wind farms	2,864 GWh of renewable power	→
	9	Expending R&D as % of GDP: 0.5% Transport infrastructure quality: 2.8/5	Innovation projects Two highways	€66.8 million in innovation 60 Km of roadways	↑
	11	Concentration of PM 2.5: 21 µg/m <sup>3</sup>	Five wind farms	1,039 tNOx, 1,453 tSOx and 20.1 tPM10 avoided	↑
	13	CO <sub>2</sub> emissions: 3.9 tCO <sub>2</sub> e per capita	Five wind farms	1.66 million tCO <sub>2</sub> avoided	↑
Australia	7	Renewable energy: 9%	3 wind farms <i>Waste to energy in Kwinana</i>	1.234 GWh of renewable power	↑
	9	Expending R&D as % of GDP: 1.9% Transport infrastructure quality: 4,0/5	Innovation projects Two highways Sidney light rail	€0.6 million in innovation 60.5 km of roadways 12 km light rail	↓
	13	CO <sub>2</sub> emissions: 15 tCO <sub>2</sub> e per capita	3 wind farms	1.1 million tCO <sub>2</sub> avoided	↑
Chile	11	Hospital beds: 2.2 per 1,000 inhabitants	Two hospitals	More than 300 beds	↑
	13	CO <sub>2</sub> emissions: 4.8 tCO <sub>2</sub> e per capita	2 wind farms El Romero solar plant	0.57 million tCO <sub>2</sub> avoided	↑
USA	7	Renewable energy: 9%	7 wind farms Nevada Solar One, solar thermal plant	2.284 GWh of renewable power	→
	13	CO <sub>2</sub> emissions: 16 tCO <sub>2</sub> e/capita	7 wind farms Nevada Solar One, solar thermal plant	1.46 million tCO <sub>2</sub> avoided	↓
Canada	6	Access to safe sanitation 77%	North Shore treatment plant Saint John DWTP	270,000 people served	→
	13	CO <sub>2</sub> emissions: 15 tCO <sub>2</sub> e per capita	4 wind farms	0.35 million tCO <sub>2</sub> avoided	↓
Spain	9	Expending R&D as % of GDP: 1.2% Transport infrastructure quality: 3,8/5	Innovation projects 9 highways	€95.7 million in innovation 65 Km of roadways	↑
	11	Concentration of PM 2.5: 21 µg/m <sup>3</sup> Hospital beds: 3 per 1,000 inhabitants Satisfaction with public transport: 65%	213 renewable facilities 6 hospitals (approximately 3,000 beds) 5 cities with Motosharing	5,031 tNOx, 9,621 tSOx and 92 tPM10 avoided	↓
	13	CO <sub>2</sub> emissions: 3.9 tCO <sub>2</sub> e per capita	131 wind farms	6 million tCO <sub>2</sub> avoided	↓
Cooperation Council for	6	Ratio of collected water 472-2.347 %	3 desalination plants in operation	3.4 million people served	→

<sup>2</sup>Prepared by the Sustainable Development Solutions Network (SDSN) and Bertelsmann Stiftung.



Country or region	SDG	Context	ACCIONA's activity	ACCIONA's impact	Annual evolution of impact
the Arab States of the Gulf	9 	Expending R&D as % of GDP: 0.5 to 1.0 Transport infrastructure quality: 3 to 4/5	Innovation projects Dubai Metro, UAE	€7.6 million in innovation 15 km of metro	↓
Other countries	6 	Egypt Ratio of collected water 160% Treated wastewater: 28%	Egypt Gabal Al Asfar treatment plant New Cairos DWTP	Egypt 8 million people served	→
	7 	South Africa: Renewable energy: 6%	South Africa: Gouda wind farm Sishen photovoltaic plant	South Africa: 538 GWh of renewable power	↓
	9 	Norway: Transport infrastructure quality: 3,7/5	Norway: Follo line tunnels	Norway: 20 km of railway tunnel	→
	11 	Ecuador: Concentration of PM 2.5: 15 µg/m <sup>3</sup> Satisfaction with public transport: 74%	Ecuador: Quito metro	Ecuador: 400,000 people/day	→
	13 	Poland CO <sub>2</sub> emissions: 7.7 tCO <sub>2</sub> e per capita	Poland: 3 wind farms	Poland: 200,238 tCO <sub>2</sub> avoided	↑




# DEGREE OF FULFILMENT OF COMMITMENTS

## SUSTAINABILITY GOVERNANCE

ACCIONA has a model for monitoring and managing its sustainability commitments, the main objectives of which are transparency and continuous improvement.

Since 2009, the Board of Directors of ACCIONA has had a Sustainability Committee as the body responsible for leading the charge in this area.

### FUNCTIONS OF THE SUSTAINABILITY COMMITTEE

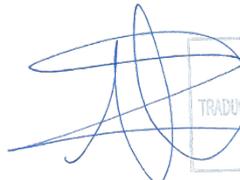
- Identify and guide the group's policies, objectives, good practices, and sustainability and corporate social responsibility programmes.
- Evaluate, monitor and review the plans for executing these policies formulated by the group's executives.
- Periodically review the internal control and management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

The topics discussed at the meetings held in 2019 were as follows:

- Monitoring, approval and analysis of the progress made on the Sustainability Master Plan (SMP) during 2019.
- Approval of the *2018 Sustainability Report* and the *2018 Statement of Non-Financial Information Report*.
- Approval of the annual targets for 2019.
- Presentation and analysis of the results of the consultations carried out with third parties and in particular with investment communities and analysts.

Since 2012, the contents of the *Sustainability Report* have been subject to review and approval by the General Shareholders' Meeting. The *2018 Statement of Non-Financial Information* was also submitted to a vote in 2018, as required by Law 11/2018. This way, issues relating to sustainability are brought to the attention of the General Shareholders' Meeting. Shareholders have the opportunity to express their opinion on the initiatives and performance described above, thus providing the Board of Directors with their views on this matter. In May 2019, the General Shareholders' Meeting approved the two reports with 99.94% of the capital in attendance at the meeting in both cases.

The Corporate Sustainability Area coordinates and promotes the initiatives and commitments contained in the SMP 2020, defined as specific targets for each one of ACCIONA's business lines. This area reports directly to the Sustainability Committee and one of the members of the Management Committee, who is the corporate representative responsible for sustainability.

  
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The corporate sustainability function has evolved from an ESG reporting approach to one that is geared towards maximizing the impact of the company's solutions. This approach is aided by higher performance efficiency thanks to digitization and an effort to highlight ACCIONA's leadership on non-financial questions.

In addition, every division has appointed individuals who are responsible for driving and monitoring the specific initiatives they each have within the framework of the SMP 2020. Those responsible for business sustainability, together with the Corporate Sustainability Department, meet monthly at the Global Sustainability Leaders Meeting. Corporate strategy is coordinated and the group's most important projects are discussed at these meetings.

There are also sustainability representatives in strategic markets for the company, such as Australia, Chile, and Mexico. This affords direct insight into the social and environmental context in different international markets.

## COMPLIANCE WITH OBJECTIVES OF THE 2020 SUSTAINABILITY MASTER PLAN

ACCIONA's sustainability strategy is outlined in the Sustainability Master Plan (SMP).

The current plan, SMP 2020 (<https://smp2020.acciona.com/>), is structured around strategic and operational objectives in the following areas that apply to the entire organization:

- In **Society**, the objective is to collaborate in improving people's quality of life. To that end, work is being carried out in the areas of social impact management, dialogue and leadership, social action and volunteering.
- In terms of **Climate Change**, ACCIONA, a carbon neutral company since 2016, takes on the mitigation of climate change as one of its key strategic objectives.
- As regards the **Environment**, the company's aim is to offer environmental solutions to challenges like water stress, as well as promoting the efficient use of natural resources in its operations.
- In **Corporate Governance**, objectives are established in the field of human rights, ethics, corporate governance, risk management and transparency.
- In terms of **People**, targets have been set related to occupational health and safety, development and incentives, diversity and inclusion, and training.
- In **Value Chain**, the company seeks to reinforce mitigation of environmental risks, social values and corporate governance in its supply chain, and among shareholders and customers.
- In the area of **Innovation**, besides maintaining an innovation figure as a percentage of sales that is higher than the European average, ACCIONA aims to progress in the fields of collaborative and operational innovation.



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Since 2009, actions and commitments, as well as sustainability targets, have been promoted, approved and monitored by the Board of Directors' Sustainability Committee<sup>3</sup>.

The Management Committee coordinates and promotes the initiatives and commitments of SMP 2020, which are translated into specific targets to be achieved by the different corporate areas and business lines of ACCIONA. Each division has designated people responsible for promoting and monitoring the initiatives established within the framework of the SMP.

The implementation of the company's sustainability strategy and the fulfilment of commitments are linked to a percentage of the bonuses received by directors, managers and some technical and support staff. In this annual evaluation, the achievement of sustainability targets such as the reduction of greenhouse gas emissions, the reduction of on-the-job accident rates or objectives linked to gender equality are considered.

SMP 2020 contains objectives and commitments that will be achieved on a rolling basis over the period 2016-2020. The following shows this evolution through 2019, indicating the targets set for 2020, the degree of fulfilment, as well as the progress made to achieve them in 2019. The degree of compliance is shown for each category as *achieved*, *on track* or *pending*.

- Achieved: the degree of progress is already in line with the target.
- On track: progress is being made as planned to meet the 2020 target. If there are quantitative targets for 2020 objectives that have already been achieved, "on track" is indicated because efforts must be ongoing to remain compliant in 2020.
- Pending: progress is moving slower than planned.

SMP Area	2020 targets and commitments	Degree of achievement 2020	Progress in 2019
 <b>SOCIETY</b>	Reinforce the management of the social impact of the company's activities	On track	<ul style="list-style-type: none"> <li>▪ Implement Social Impact Management (SIM) across 124 projects in 27 countries.</li> <li>▪ Conduct Social Impact Management audits of 8 projects.</li> <li>▪ Measure the socio-economic impact of the entire portfolio of renewable assets in 2018, as well as 14 Energy projects and 1 Infrastructure project.</li> </ul>
	Reinforce the company's Social Action Plan	On track	Social contribution: more than €12.5 million and almost 3 million beneficiaries
	Maintain leadership position in international initiatives and continue working on the company's relations with stakeholders	On track	Participate in international forums and initiatives: COP25, United Nations Global Compact, World Economic Forum, World Bank, Corporate Leaders Group, World Business Council for Sustainable Development, among others. Pending development in certain platform countries.
	Volunteering: promote employee commitment to sustainable development	On track	Participation of 1,245 ACCIONA volunteers in different initiatives across 18 countries (Volunteer Day, Integra Foundation, Princess of Girona Foundation, Inspiring Girls and acciona.org Foundation, among others).
 <b>CLIMATE CHANGE</b>	Carbon neutrality: reduce and offset emissions	Achieved: carbon neutrality. On track: emission reduction	<ul style="list-style-type: none"> <li>▪ Achieve carbon neutrality by compensating for emissions that have not been reduced.</li> <li>▪ Reduce GHGs from base year 2017 by 22% (scopes 1 and 2) and 27% (scope 3 categories on track), in line with the science-based target and the carbon neutral target.</li> <li>▪ Use the internal carbon price for the analysis of potential new investments or projects</li> </ul>

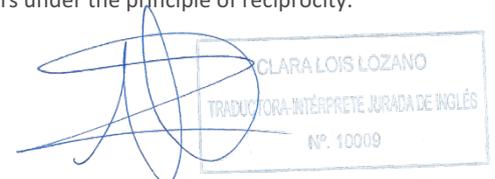
<sup>3</sup>Functions, competencies and members of the Sustainability Committee available on the web: <https://www.acciona.com/shareholders-investors/corporate-governance/governance-and-executive-boards/committees/>



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SMP Area	2020 targets and commitments	Degree of achievement 2020	Progress in 2019
	Design and develop climate change risk maps	On track	<ul style="list-style-type: none"> <li>Analyse scenarios, risks and opportunities associated with climate change</li> <li>Climate change risk maps created</li> </ul>
	Devise and incorporate climate change risk management and adaptation plans into the business strategy	Achieved	Climate risk adaptation plans developed and incorporated into the business strategy
	Training the company in climate change risks and their management	Achieved	Advanced climate change course launched for company employees and suppliers.
 <b>ENVIRONMENT</b>	Eco-efficiency in operations: advancing a circular economy programme	On track	<ul style="list-style-type: none"> <li>75% of non-hazardous waste is recovered and the generation of waste has been reduced by 61% compared to 2015, the base year for the waste management plan to promote the circular economy.</li> <li>9 new LCAs added to the company's portfolio.</li> </ul>
	Improve the efficiency of water consumption	On track	519 hm <sup>3</sup> treated in water-stressed areas, 32% of water consumed is recycled, tertiary or rainwater and water consumption reduced by 61% compared to 2017
	Neutral biodiversity footprint	On track	<ul style="list-style-type: none"> <li>Biodiversity scorecard elaborated.</li> <li>Mapping and evaluation of operating facilities completed.</li> <li>9 biodiversity action and compensation plans developed.</li> </ul>
 <b>CORPORATE GOVERNANCE</b>	Ethics: <ul style="list-style-type: none"> <li>Adapt the Code of Conduct to the most highly advanced practices</li> <li>Have an International Crime Prevention and Anti-Corruption Model for 100% of businesses.</li> </ul>	On track	<ul style="list-style-type: none"> <li>Code of Conduct: increase in acceptance to 20,853 employees.</li> <li>Anti-Corruption Rules: already accepted by 17,150 employees.</li> <li>Updated criminal risk assessment.</li> <li>Work has begun on the certification of the group's most important activities, after ACCIONA S.A. obtained the double certification of its Criminal Compliance Management System and Anti-Bribery Management System.</li> </ul>
	Implementation of a Human Rights Respect, Protection and Remediation programme for all activities and markets	On track	<ul style="list-style-type: none"> <li>Updated human rights risk assessment.</li> <li>Three human rights training sessions carried out.</li> <li>Two pilot due diligence projects carried out in the Infrastructure and Energy businesses.</li> <li>ACCIONA <i>Human Rights Guide</i> being prepared.</li> </ul>
	Most highly advanced good corporate governance practices adopted.	On track	Adoption of selection policy for directors which incorporates diversity, origin and nationality as new criteria.
	Include management of non-financial risks (human rights, climate change, anti-corruption and environmental risks, among others) in business management	On track	ESG (environmental, social and good governance) risk maps drawn. Risk treatment records created. 
	Transparency: <ul style="list-style-type: none"> <li>Advance the company's non-financial information reporting on global and local level</li> </ul>	On track	<ul style="list-style-type: none"> <li>Reinforce collection of non-financial information through gradual implementation of reporting tools Develop an environmental data digitalisation project, with 4 operational dashboards.</li> <li>Include tax risks on ACCIONA's Risk Map.</li> </ul>

SMP Area	2020 targets and commitments	Degree of achievement 2020	Progress in 2019
	<ul style="list-style-type: none"> <li>Adopt policies for greater fiscal transparency</li> </ul>		
 <p><b>PEOPLE</b></p>	<p>Safety: reduce the accident rate by 15% compared to 2015 figure</p>	Pending	<ul style="list-style-type: none"> <li>Increased frequency rate as a result of increase in total number of accidents.</li> <li>Expanded implementation of prevention programmes aimed at supplier companies in all platform countries.</li> </ul>
	<p><i>Healthy ACCIONA</i>: providing all employees with access to health and healthy lifestyle programmes</p>	On track	<ul style="list-style-type: none"> <li>Video medical appointment implemented in Spain. Published on the intranet.</li> <li>Healthy Cities project launched: Analysis of actions aimed at increasing employees' physical activity.</li> </ul>
	<p>Development and incentives: devise specific programmes for attracting, recognising and retaining talent in countries with more than 300 employees</p>	On track	<ul style="list-style-type: none"> <li>ACCIONA's Academy implemented at the international level.</li> <li>Communication plan developed for all executives and managers at a global level to act as ambassadors for internal mobility.</li> <li>The ACCIONA's Ambassadors Program has been implemented as part of the University Plan.</li> <li>The <i>Accionate</i> programme has been implemented throughout the organization to promote a culture of inclusion.</li> </ul>
	<p>Diversity and inclusion: Establish diversity plans in all countries with more than 300 own employees, with specific objectives depending on the country's circumstances</p>	On track	<ul style="list-style-type: none"> <li>Specific corporate structure created for diversity and inclusion issues.</li> <li>Approval of Global Diversity and Inclusion Plan.</li> <li>Control mechanism implemented to detect needs to reduce the gap. Analysis and action plan by business and country.</li> </ul>
	<p>Training: provide employees with sustainability knowledge and skills so they do their work in a way that is consistent with the company's strategy</p>	On track	<ul style="list-style-type: none"> <li>Sustainability courses launched (for different profiles): advanced climate change course, human rights course, social impact management course</li> <li>Specific sustainability workshop into M3+ programme: "Keys to a positive environmental impact" for all countries.</li> <li>Zero Emissions Corporate University.</li> </ul>
 <p><b>VALUE CHAIN</b></p>	<p>Mitigate environmental, social and governance risks in the supply chain and create new sustainable solutions</p>	On track	<ul style="list-style-type: none"> <li>Increase the percentage of suppliers on the PROCUR-e platform (99.5% domestic, 76% international). 100% of the suppliers awarded on PROCUR-e have a Risk Map.</li> <li>Increase the number of supplier audits, focusing efforts on high-risk countries.</li> <li>23.4% increase in supplier training on sustainability issues compared to 2018.</li> </ul>
	<p>Mitigate environmental, social and corporate governance risks in relations with partners: consortia and joint ventures</p>	On track	<p>ESG assessment process for partners implemented: 38 partners evaluated through PROCUR-e 3P.</p>
	<p>Customers:</p> <ul style="list-style-type: none"> <li>Build long-term customer loyalty and trust based on ACCIONA's commitment to sustainability</li> <li>Define No Go policies with sustainability criteria (third party due diligence)</li> </ul>	On track	<ul style="list-style-type: none"> <li>Dialogue sessions and consultations held with customers on ACCIONA's sustainability performance</li> <li>Pending implementation of ESG assessment for ACCIONA customers under the principle of reciprocity.</li> </ul> 

SMP Area	2020 targets and commitments	Degree of achievement 2020	Progress in 2019
 <b>INNOVATION</b>	Maintain a sales innovation figure above the European average to retain ACCIONA's innovative leadership	On track	Certified innovation figure of €230.4 million in 2019. The ratio of innovation to sales is 3.2%, which is above the European average (1.5%).
	Collaborative innovation: collaborate with third parties to develop innovative technologies that guarantee the sustainability of the company's business	On track	<ul style="list-style-type: none"> <li>▪ Intrapreneurship program: exploration of 2 identified challenges.</li> <li>▪ New web platform to attract start-ups before the next edition of the I'MNOVATION #Startups acceleration programme.</li> <li>▪ Advance in the implementation of innovative digital technologies that improve processes in ACCIONA's businesses in collaboration with the Corporate Digital Innovation HUB.</li> </ul>
	Operational innovation: creating and improving efficient processes that generate savings of at least 75 million € (15 million € each year)	Achieved	111.3 million (2016-2019) were obtained by improving operational innovation processes.

SMP 2020 is close to completion. The Exponential Sustainability Leaders program has been launched to prepare SMP 2025. A group of 26 international professionals from the different business units will work to define the strategic lines of the new Sustainability Master Plan through a process of co-creation. The members have been selected following strict parameters of diversity and professional excellence by the CEOs of each business. The programme was designed jointly by the Corporate Human Resources Department and the Global Sustainability Department. This process ends in April 2020 with the presentation of the conclusions to the company's Management Committee.

### MAP OF NON-FINANCIAL RISKS AND MATERIALITY

Risk management is a process driven by ACCIONA's Board of Directors that consists of identifying, assessing and managing potential events that can affect the company and the achievement of its objectives. In addition to the Board, the bodies responsible for the Risk Management System are the Audit Committee, the Finance and Risk Department, the Risk Management and Control Units, and the Divisional Management Committees<sup>4</sup>.

Each risk event (economic, financial, strategic, operational and fortuitous) is assessed by ACCIONA's directors using criteria such as probability, economic-financial impact, impact on image, impact on sustainability and development, the company's ability to manage risk and the company's established risk management policy. The time horizon is one year.

The analysis is conducted from four perspectives: market, financial, emerging trends (including cyber security) and ESG - also known as non-financial or sustainability.



<sup>4</sup> More information on the Risk Management System can be found in the Corporate Governance Report: <https://www.acciona.com/shareholders-investors/corporate-governance/corporate-governance-report/>

Since 2017, the sustainability risk management methodology has enabled ACCIONA to gain a better understanding of the environments in which it operates, to improve its response to complex and changing scenarios and to reduce costs. Using this methodology, specific issues referring to climate change, environmental, social, labour, and governance and corruption risks are analysed for different countries where the company does business. A total of 26 countries are analysed.

Sustainability-related risks are exhaustively identified with the involvement of the directors of Human Resources, Sustainability, Business Development, Corporate Resources, Environment and other areas which are directly or indirectly related.

The outcome of the assessments for each of the risks is compared to the exposure that each of the businesses has in the countries where they do business. This exposure is based on external indexes that allow the company to make this contrast to detect potential points to be reinforced

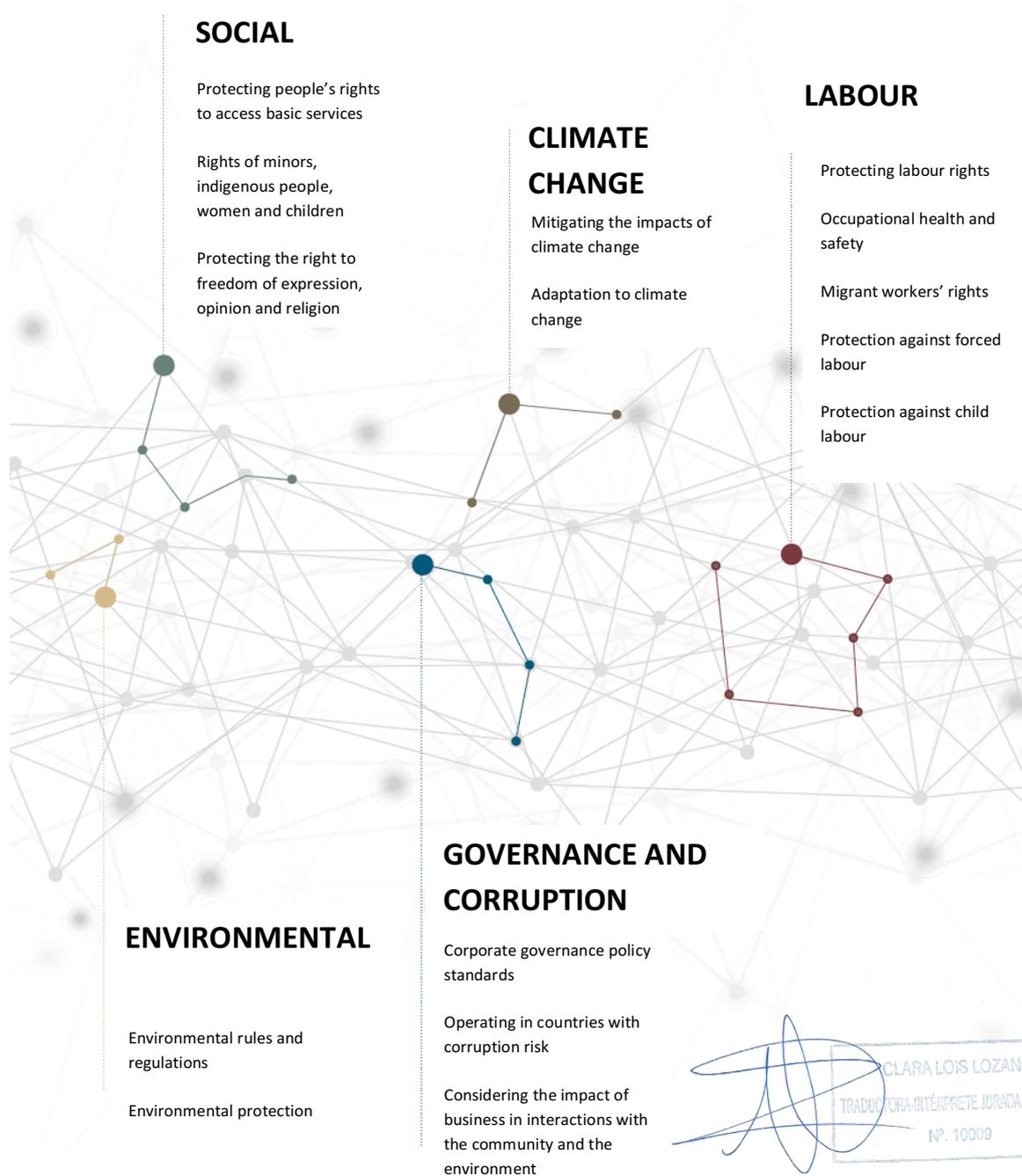
Specific plans are devised to deal with the most significant risks in order to minimize the consequences and/or associated probability. These risk management measures are implemented through the 2020 objectives of the Sustainability Master Plan and by continuously improving of the business management systems.

**Priority areas for sustainability actions, by line of business, in 2019**

Position	ENERGY	CONSTRUCTION	WATER	SERVICES	REAL ESTATE	WINERIES
1 <sup>st</sup>	● Environmental protection	● Occupational health and safety	● Protecting labour rights	● Adaptation to climate change	● Adaptation to climate change	● Adaptation to climate change
2 <sup>nd</sup>	● Migrant workers' rights	● Rights of minors, indigenous people, women and children	● Environmental requirements and regulation	● Environmental protection	● Mitigating the impacts of climate change	● Environmental protection
3 <sup>rd</sup>	● Environmental rules and regulations	● Improving access to basic services	● Improving access to basic services	● Protecting labour rights	● Environmental protection	● Occupational health and safety
4 <sup>th</sup>	● Adaptation to climate change	● Environmental rules and regulations	● Environmental protection	● Environmental rules and regulations	● Operating in countries with corruption risk	● Environmental rules and regulations
5 <sup>th</sup>	● Operating in countries with corruption risk	● Protecting labour rights	● Occupational health and safety	● Occupational health and safety	● Environmental rules and regulations	● Mitigating the impacts of climate change

*More information on the areas related to climate change in the section titled "Risks and opportunities of the Climate Emergency".*





**LONG-TERM RISKS: CONSOLIDATED MATERIALITY ANALYSIS**

While the risk analysis is carried out with a one-year horizon, the materiality analyses look at a five-year horizon. These annual analyses are intended to guide the development of capacities and resources. They identify trends, behaviours, regulations, technologies or competitive positions of other companies that could influence the company's strategy.

The result is a set of materiality matrices, one per business line, which serves to prioritize relevant issues. The group's consolidated materiality matrix is prepared by aggregating the business matrices.

The sections from "People" to "Ethics and anti-corruption" are composed of the issues identified as relevant in the consolidated materiality matrix. The order of these sections reflects the priority of the issues they address.

Similarly, the contents of the sections dedicated to each ACCIONA division are determined by the specific matrix for each business.

Consolidated materiality matrix



**i** MORE INFORMATION in the section titled "Materiality Analysis"

POLICY COMPLIANCE MONITORING

The ACCIONA Policy Book reflects the commitments and principles of action applicable to the company's firms regarding economic, social and environmental issues and good governance. In 2018, the Sustainability Committee of the Board of Directors approved the new Policy Book, which includes revised versions of existing policies and new policies, integrating them into a single document comprising the following sections:

- Sustainability policies:
  - Sustainability and Innovation
  - Economic Sphere and Good Governance Area
  - Social Sphere
  - Environmental Sphere
- Other policies: the Policy on Communication and Contact with Shareholders and Investors, the Director Selection Policy, the Remuneration Policy for Directors of ACCIONA S.A., and the Personal Data Protection Policy.

In 2019, it was verified that the existing policies provide coverage for the non-financial risks and material topics identified in the established annual processes in order to strengthen the connection between Risks/Material topics - Policies - Procedures - Performance Indicators.

RESULTS OF THIRD PARTY ASSESSMENTS OF SUSTAINABLE PERFORMANCE

The different stakeholders assess the sustainability performance and require, on a regular basis, non-financial information on the company's different activities. Each year, ACCIONA provides an exhaustive account of its sustainability commitments, practices and performance in both the *Sustainability Report* and the *Integrated Report*, which are made public at the Annual Shareholders' Meeting on the corporate website (<http://www.accionacom>).

*(Signature)*  
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ACCIONA also provides sustainability data on a recurring basis to various analysts and investors, and also through surveys. As a result of its sustainability performance and reporting, the company is present in different indices.

### Presence in indexes, rankings and ratings as of the date of this report

	<p>ACCIONA is included in the "Sustainability Yearbook 2020 Gold Class 2020" prepared by S&amp;P Global and RobecoSAM. ACCIONA, with a score of 90 points out of 100, was the company with the highest increase in its rating, thanks to an eleven-point improvement in the Utility Sector (Industry Mover 2020).</p>	<p><b>2020 Global 100 Most Sustainable Corporations</b></p> <p><b>Corporate Knights</b></p>	<p>For third year in a row, ACCIONA has been selected as one of the 100 most sustainable companies in the world.</p>
	<p>Following the evaluation by FTSE4Good, ACCIONA has revalidated its presence in this sustainability index, which recognizes companies with good social and environmental practices. Within this series of indices, the company belongs to FTSE4Good Europe and FTSE4Good Developed.</p>		<p>ACCIONA S.A. has once again been selected as a component of the Ethibel Sustainability Index (ESI) Excellence Europe as of 16/09/2019. This index assesses environmental, social and good governance aspects of business performance.</p>
	<p>ACCIONA is in category A (Climate Change A List), which is made up of the corporations with the best practices and results in reducing emissions, tackling climate change and aligning their activities with a low-carbon economy.</p>		<p>ACCIONA received an AA rating (on a scale of AAA-CCC) in the MSCI ESG Ratings. This index measures the performance of companies based on environmental, social and good governance factors</p> <p><i>DISCLAIMER STATEMENT: The use by ACCIONA of any MSCI ESG research LLC or its affiliates ("MSCI") data, and the use of MSCI logos, trademarks, service marks or index names herein, do not constitute a sponsorship, endorsement, recommendation, or promotion of ACCIONA by MSCI. MSCI services and data are the property of MSCI or its information providers, and are provided 'as-is' and without warranty. MSCI names and logos are trademarks or service marks of MSCI.</i></p>
	<p>ACCIONA has been recognized as a Supplier Engagement Leader in 2019 for its actions to cut emissions and reduce risks related to climate change in its supply chain.</p>	<p><b>The 2018 EU Industrial R&amp;D Investment Scoreboard European Commission</b></p>	<p>The company is ranked sixth leading Spanish company and 141st in Europe in R&amp;D&amp;I investment efforts.</p>
	<p>ACCIONA has qualified for the ISS ESG Corporate rating for its social and environmental performance, which exceeds the sector-specific criteria.</p>		<p>ACCIONA is one of the world's top 25 companies in terms of diversity and social inclusion in the workplace according to the 2019 Refinitiv Index of Diversity and Inclusion.</p>
<p><b>New Energy Top 100 Green Utilities</b></p> <p><b>Energy Intelligence</b></p>	<p>ACCIONA has once again validated its position as the world's "greenest" electricity generation company, a spot which it has held since 2015 in the "New Energy Top 100 Green Utilities" ranking drawn up annually by Energy Intelligence, an independent consultancy firm specializing in energy markets.</p>	<p>Study on the State of Sustainability Reporting</p> <p><b>EcoACT</b></p>	<p>ACCIONA maintains its position as a world leader in sustainability reporting according to EcoAct's "State of Sustainability Reporting", which compares the performance of large global companies in the fight against climate change. The company ranks sixth worldwide and second in the Ibex-35.</p>

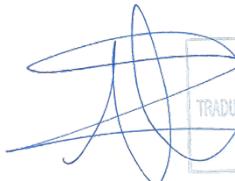
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## ECONOMIC, ENVIRONMENTAL AND SOCIAL TRIPLE BOTTOM LINE

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

	2017	2018	2019
<b>ECONOMIC PERFORMANCE</b>			
Sales (million €)	7,254	7,510	7,191
EBITDA (million €)	1,275	1,245	1,356
CAPEX (million €)	920	643	1,270
Total innovation (million €)	209.4	225.4	230.4
Innovative intensity (% of total R+D+i / sales)	2.89	3.0	3.2
% local suppliers	94	87	91
Revenue certified with ISO 9001	91	91	87
Global customer satisfaction index (%).	99.8	97	97
<b>ENVIRONMENTAL PERFORMANCE</b>			
Renewable installed capacity (MW)	9,022	9,627	10,117
Emissions generated (millions of tonnes of CO <sub>2</sub> )*	0.21	0.18	0.17
Emissions avoided (millions of tonnes of CO <sub>2</sub> )	14.4	14.7	13.1
Emissions ratio (tonnes of CO <sub>2</sub> /sales in € millions)*	29	24	23
Water consumed by ACCIONA (hm <sup>3</sup> )	7.05	4.29	3.66
Treated water (hm <sup>3</sup> )	772	790	1,030
Recycled/reused water compared to water consumed (%)	11	17	32
Revenue certified with ISO 14001 (%)	88	90	87
<b>SOCIAL PERFORMANCE</b>			
Headcount at year end	37,403	38,544	39,699
Female managers (% of total)	12.80	13.99	15.25
Average training hours per year per employee.	15.96	18.47	14.52
People with disabilities in Spanish headcount (%)	3.60	3.86	3.96
Number of fatal accidents (staff and contractors)	5	3	0
Accidents: global frequency rate (own employees and subcontractors)	2.5	2.4	2.5
Projects with social impact management (No.)	100	98	124
Social contribution (million €)	12.3	13.7	12.5

\* Historic CO<sub>2</sub>e data recalculated (as stipulated by the GHG Protocol), due to the fact that Trasmediterranea was deconsolidated from ACCIONA in 2018 and that two centres with significant consumption are no longer attributable to ACCIONA.


  
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## PEOPLE

### TALENT, DIVERSITY, SAFETY & HEALTH

As experts in designing a better planet, human capital is a priority for ACCIONA. The company embraces and shares the values of respect, equal opportunities, diversity, gender equality, merit and continuous communication. By the same token, it also promotes the health and safety of its employees and partners.

#### 2019 KEY MILESTONES

- Increase in the number of vacancies published and filled internally to 21% in 2019, compared to 11% in 2018.
- Appointment of a Diversity and Inclusion Manager and design of a Global Diversity and Inclusion Plan
- Achieve OHSAS 18001 certification for 97% of ACCIONA companies ISO 45001:2018 for 24G%.

#### 2020 MAIN CHALLENGES

- ▶ Implement the Talent Module in the Human Capital Management system to improve talent management tools and enhance the employee experience.
- ▶ Approve the conciliation and co-responsibility policy.
- ▶ Reduce the accident frequency rate for staff and subcontractors by 3% compared to 2019.

### ACCIONA'S WORKFORCE

ACCIONA's Human Resources and Occupational Risk Prevention Policy stands out for ethical conduct and safety as differential values of the way in which the company works. The company is committed to the success and professional development of its employees, permanently investing to retain the best talent.

The company has a 2018-2020 strategy which is adapted to the current context, i.e., growing globalisation, new technologies and working methods to impact people. This translates into the need to place people at the centre of processes and to continuously contribute to their professional development.

Along these lines, ACCIONA has deployed a new model based on collaborative leadership. A wide range of tools and processes have been made available to team managers to enable effective monitoring of employees' professional careers and performance.



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EXPERTS IN DESIGNING A BETTER PLANET

Professionals expect to feel listened to and engaged from an individual point of view



Objectives and Results

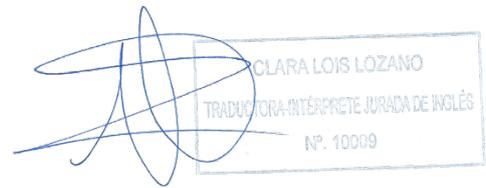
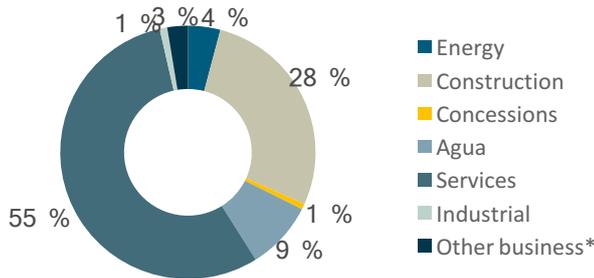
People Development



PROFILE

At the end of 2019, the global workforce stood at 39,699 people, 31% of whom were women, with an average age of 41.8 years old. By country, 46% of the company's professionals are not Spanish nationals and there are a total of 125 nationalities.

Breakdown of total workforce by business line (%)



\* Includes Bestinver, Corporate, Grupo Bodegas Palacio 1894, Real Estate and APD.

Evolution of management indicators

	2016	2017	2018	2019
Turnover (million €)	5,977	7,254	7,510	7,191
Payroll as % of turnover	21%	21%	20%	22%
Turnover / staff (€)	182,031	193,941	194,830	181,138
EBITDA (million €)	1,192	1,275	1,245	1,356
EBITDA/payroll (%)	92%	85%	84%	85%
EBITDA/staff (EUR)	36,303	34,094	32,292	34,384
Payroll (million €)	1,288	1,497	1,486	1,599

MANAGING HUMAN CAPITAL

ACCIONA's success depends largely on the talent and qualifications of its people. It is therefore essential to attract the most talented professionals and provide them with the best training to promote their professional development on an ongoing basis.

## SELECTION POLICIES

The object of the Talent Plan is to ensure that the necessary talent is available for ACCIONA's businesses and functions. The plan is global in reach, applying to all countries and businesses.

The Talent Plan consists of:

- Analysing business challenges and opportunities and their influence on people management and the organization.
- Identifying the most talented ACCIONA professionals in order to assign them individual development plans and include them in the succession plans of each organization.

### ACCIONA GRADUATE OFFICE: IN SEARCH OF THE BEST TALENT

The mission of the office is to coordinate collaboratively and across departments on initiatives to attract students and recent graduates, who then become part of a wide pool of high-level potential employees internationally in order to meet the company's talent needs.

The advantages it offers to the process are as follows:

- Improved planning for vacancies
- Homogenization of selection standards for lines of business and countries
- Support for the new hire onboarding process
- Recruiter training for attracting, developing and evaluating talent.
- Personalised tracking of participants.

**1. ACCIONA's Ambassadors:** recruitment programme in which company employees participate in conferences to share their professional experience with students and explain the opportunities available at ACCIONA.

**2. ACCIONA's Academy:** a three-week immersion training experience for students in their second-to-last year of studies, which offers the possibility of joining the ACCIONA Scholarship Programme. In 2019, it was expanded to include additional countries (Chile, UAE, Australia, etc.).

**3. ACCIONA's Interns:** 6-month internship programme for final year students. A total of 172 students took part in 2019, 34% of whom were women.

**4. ACCIONA's graduates:** Offers an employment contract in an internship for a period of two years (reviewed every six months) for recent graduates and professionals with up to two years' experience in the workplace. At the end of the contract, participants may be offered an indefinite contract and gain access to the internal mobility programmes. This year, 163 young graduates took part in the programme.

ACCIONA'S ACADEMY  
OFFERS STUDENTS FROM  
THE PLATFORM COUNTRIES  
THE POSSIBILITY OF  
JOINING THE SCHOLARSHIP  
PROGRAM



Evolution of new hires by business line (no. of employees)

	2018			2019		
	Men	Women	Total	Men	Women	Total
Energy	909	178	1,087	251	96	347
Infrastructure	12,580	6,804	19,384	12,278	6,695	18,973
▪ Construction	566	180	746	3,315	463	3,778
▪ Concessions	88	70	158	21	39	60
▪ Agua	2,690	536	3,226	1,260	275	1,535
▪ Services *	9,064	5,988	15,052	7,595	5,894	13,489
▪ Industrial	172	30	202	87	24	111

Other businesses**	153	120	273	160	112	272
<b>Total new hires</b>	<b>13,642</b>	<b>7,102</b>	<b>20,744</b>	<b>12,689</b>	<b>6,903</b>	<b>19,592</b>

\* The large volume of registrations is due to the temporary nature of the contracts and the hiring cycles, which depend on the projects.

\*\* Including Bestinver, Corporate, Grupo Bodegas Palacio 1894, Inmobiliaria and Trasmediterranea (deconsolidated in May 2018).

## MANAGING KNOWLEDGE: SKILL MAPPING

ACCIONA's people management model is based on the definition of roles as basic organizational units in which jobs that share a mission, responsibilities, knowledge and skills are grouped together.

This model makes it possible to pinpoint the skills needed to achieve objectives and fulfil business strategies. The framework facilitates a standardised application of human resources policies, both in terms of recruitment and compensation, training and development. Moreover, it 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. In connection with the process for the identification of training needs, the company has redirected it to help team managers define these needs. Personnel managers have been granted access to the Training Needs Identification Process from the corporate intranet. As hierarchical managers, they can identify the most appropriate training actions for each member of their team. The aim is to organise the training schedule for the entire 2019 financial year.

One of the most noteworthy tools is Skills Mapping, 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 the organization. Every year, this skills map is then used to prepare the Training Needs Identification process, which is distributed to the management team, to prepare the training plans.

### GLOBAL CAREERS: THE TECHNICAL LEADERS PROGRAM

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. In 2019, the programme continued to be successfully implemented: It is worth noting:

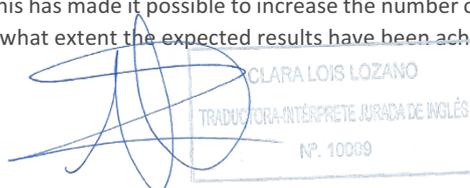
- The development of various monthly working sessions, where the Master Technical Leaders have presented and executed their technical knowledge transmission plans.
- Launch of the 5th Forum of Technical Leaders in the Service area, with the participation of the members of the Management Committee and more than 100 people. This forum was streamed to the entire organization with more than 2,000 visitors.

## ACCIONA UNIVERSITY

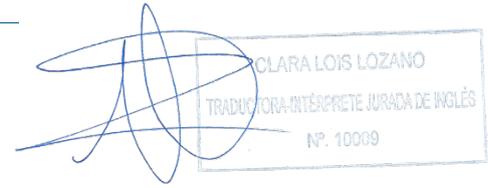
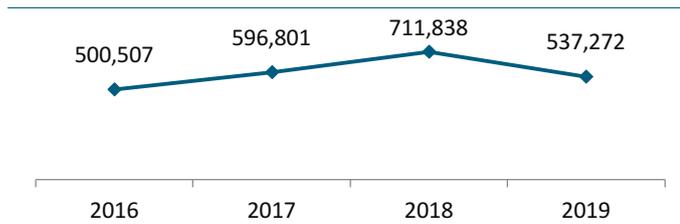
ACCIONA University's mission is to ensure training and development for the global workforce in line with the business needs.

In addition to a traditional corporate training programme, equipped with multiple classrooms and high-tech rooms, employees have access to the Corporate University's Online Campus which includes the latest advances in e-learning methodologies. In 2019, the number of virtual classrooms has continued to grow through the intensive use of online classes, streaming, and new generation training rooms such as the "WoW Room".

The unification of processes for the identification of training needs and evaluation of their effectiveness has also been consolidated. This has made it possible to increase the number of training requests and to more precisely pinpoint to what extent the expected results have been achieved.



Training received by employees (hours)



Investment in training (euros)

	Directors and managers	Technical staff	Support staff	Operators	Total
Total investment	3,299,963	2,881,326	155,724	1,649,067	<b>7,986,080</b>
Investment per employee/year	1,394.15	448.66	129.99	55.92	<b>201.17</b>

The Corporate University has a process for evaluating the effectiveness of training:

Evaluation levels

1 - REACTION	2 - LEARNING	3 - BEHAVIOUR	4 - RESULTS	5 - RETURN ON INVESTMENT
Equivalent to measuring the participants' satisfaction.	Determines whether knowledge and learning transfer has occurred.	Analyses changes in the position of the person attending the training.	Evaluates the business results achieved through the training.	Return on investment.
<i>Evaluation questionnaire to be completed by the participant at the end of the course.</i>	<i>Test administered at the end of the training programme.</i>	<i>Questionnaires to evaluate the effectiveness of the training.</i>	<i>Questionnaires to evaluate the effectiveness of the training.</i>	<i>Analysis of the impact of the training on selected business indicators.</i>

Note: In 2019, evaluations were carried out at levels 1, 2 and 3.

ACCIONA's training programmes are continuously reviewed and adapted to the new needs of the company and its professionals. Content continued to be reorganised in 2019 and new topics were analysed for 2020 in the various schools, with special emphasis on the Skills Development Centre, Business School and Technical Schools.

Skills Development Centre

The Skills Development Centre provides the workforce with the so-called Basic Itineraries, designed to promote skills related to the position of each person in the company. These courses have videos with experts and learning modules available on the Online Campus. All contents will be updated in 2020 and will be available in 6 languages.

**T-MAX+ 2019/20 PROGRAM - CARBON NEUTRAL TRAINING**

The T-MAX+ skills training programme is aimed specifically at ACCIONA's technical staff. It aims to consolidate the functions of this group and their training needs. The employee experience was completely overhauled in 2019 and it has been certified as carbon neutral. This is the first ACCIONA Corporate University training course that offsets the emissions it emits. It was designed in collaboration with the School of Industrial Organisation (EOI).

Business School

The number of students in the M3+ Programme increased in 2019 and it continues to receive high ratings from attendees: 4.8 out of 5. Sessions on the Macroeconomic Environment were held in the WoW Room at IE Business School. The 9th edition of the ACCIONA Executive MBA was also offered.

- **M3+ Programme:** created for ACCIONA managers, this year a total of 380 employees received 2643 hours of training. This year's programme focused on communication and networking, change management, the customer experience, trends in the use of technology, and sustainability and transformation.
- **Executive MBA:** The ninth edition of this course was attended by 29 ACCIONA professionals from around the world. The programme was ongoing throughout 2019, with 100% of instruction in English. It is organized in collaboration with the EOI.

### Technical Schools

These training spaces were designed to improve productivity, technical excellence and the specialization and internationalization of ACCIONA professionals, guaranteeing a high level of qualification.

Each itinerary contains specialities and sub-specialities. The training activities are planned as a structured educational sequence. They have been very well received by General Management, the business units and the employees.

- **1st Edition of IMPA, International Master in Project Administration:** This is a global Master's Degree that is 100% in English and is offered in collaboration with the Universidad Politécnica de Madrid. This programme focuses on the strategic needs of ACCIONA's infrastructure businesses, with special emphasis on technical skills for managing complex projects in different lines of business and countries. 21 managers from different countries are participating in this first edition.

### Language Schools

Open to 100% of employees, this platform offers instruction in six different languages. The educational model was supplemented in 2019 with new digital itineraries and special webinars.

### Sustainability training

The company developed two courses in this area in 2019: the Advanced Climate Change Course and the Human Rights Course.



**MORE INFORMATION** in the sections on "Risks and opportunities of the climate emergency" and "Respect for human rights".

## TALENT DEVELOPMENT AND PROMOTION

ACCIONA's people management model is supplemented by policies and initiatives aimed at optimizing employee performance, enhancing their professional development and managing objective-based compensation.

### PERFORMANCE MANAGEMENT MODEL

At ACCIONA, there are three components to the Performance Management Model: Goal Setting, My Development and Performance Status. The purpose is to identify, develop and recognize the talent of ACCIONA's professionals.

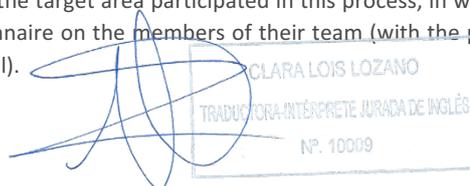
#### Performance Status

In 2019, special emphasis was placed on identifying performance and potential, the so-called Performance Status.

In its second year, this process was consolidated as a global tool for evaluating performance and potential at ACCIONA, as a way of providing a comprehensive view of internal talent and enabling decisions to be made and action plans to be designed on the basis of the needs detected.

For the launch of the process in 2019, a specific guide was defined for managers to help them interpret and understand the questions on the questionnaire.

All the business lines and countries within the target area participated in this process, in which each hierarchical manager completes a questionnaire on the members of their team (with the possibility of involving the functional managers as well).



The target group includes 8,852 professionals and 1,408 evaluators have participated in the process.

#### Employees subject to the Performance Status process by gender and professional category

	Men	Women	Total
Directors and managers	1,721	433	2,154
Technical	3,463	1,681	5,144
Department	81	274	355
Operators	1,100	99	1,199
<b>Total</b>	<b>6,365</b>	<b>2,487</b>	<b>8,852</b>

**95% OF THE PROFESSIONALS SUBJECT TO PERFORMANCE EVALUATION WERE EVALUATED THROUGH PERFORMANCE STATUS**

#### COLLABORATIVE LEADERSHIP PROGRAM

Following its launch for executives and pre-executives in 2018, the programme has been opened up to the rest of ACCIONA's managers in 2019. The object is to deploy a new leadership model in which the manager is the main driver of new ways of working adapted to the current working environment.

From the perspective of people management, the model focuses on two main areas

- Setting team objectives and results.
- People development: Talent Identification; Recognition and Reward; Internal Mobility

Each of these areas will be further developed in the following editions of the programme.

#### SECOND EDITION OF THE NEW MANAGER PROGRAMME

Development programme aimed at professionals promoted to Manager or Expert I in 2019. The goal is to train new managers in the skills needed to be successful in their new role, with special emphasis on people management skills.

In its second edition, it includes a module on new work formulas (agile methodology), especially geared towards teamwork and group management. This plan was launched in all countries and business lines and has had 123 participants. The average rating was 4.5 out of 5.

#### Internal mobility

Another key aspect of people management is professional growth through promotion within ACCIONA.

In 2019, a Communication Plan was launched to boost internal mobility within the company. Improved access to the opportunities offered by the company, as well as the possibility of subscribing to newsletters, encourages the employees themselves to be responsible for their professional growth.

In addition, ACCIONA continues to promote the idea of managers being responsible for managing the talent of their own teams, which implies, in terms of internal mobility, informing their teams of the existing possibilities for promotion and facilitating the change of position when the time comes.

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The number of vacancies published and filled through internal mobility increased by 21% in 2019 compared to 11% in 2018.

**COMPENSATION POLICY**

ACCIONA's compensation policy is based on the objectivity, external competitiveness and internal fairness. Thus, employee compensation is determined by results and a job classification system that objectively categorizes each employee's contribution to the company. In addition, there is no differentiation by gender and all decisions on an individual's compensation are approached objectively, so that compensation is fair according to the person's level of responsibility and contribution to the company's objectives.

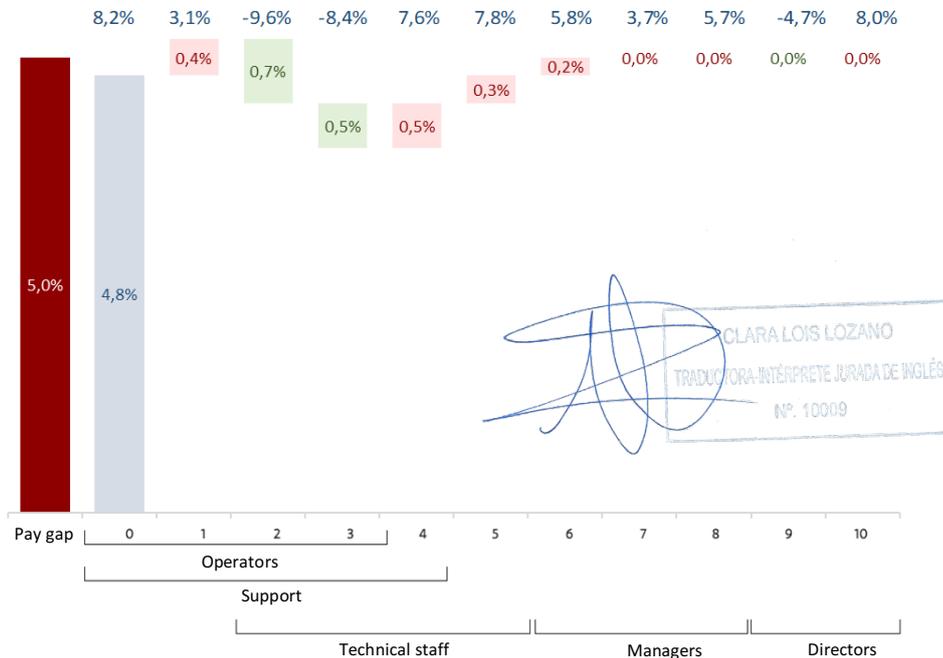
ACCIONA rewards its employees according to the following criteria: sectoral and geographical competitiveness, internal equity and merit. The company works in a variety of productive sectors in more than 38 countries. Under current law, employee compensation is subject to the applicable collective bargaining agreements (in Spain, 311 agreements of varying scope in 2019).

**Wage gap analysis**

ACCIONA is determined to ensure that there is no gender-based inequality in its activities by offering equal pay for equal work in all the businesses and countries where it does business. To that end, the company has developed a salary analysis methodology based on best international practices, validated by an independent external party, which makes it possible to identify possible cases of inequality between women and men in identical jobs.

The analysis effectively detects potential salary gaps by country, business and organizational level. Specifically, in 2019, ACCIONA found a possible gender pay gap of 5.0% at the global level. This gap was down from 2018 (5.3%) and 2017 (5.2%), 2017 being the first year in which the methodology was used.

**Analysis of wage equality by gender**



*The breakdown of the analysis by country will be published next year once the methodology is ready.*

With this information, the data is studied annually for each business line and level of responsibility to define if there is unequal pay for equal work or if the difference is due to any other cause (seniority, performance, results, etc.). Specifically, the aim is to eliminate any detected cases of this type of inequality. Each year, a specific analysis of unequal pay situations is also carried out through the annual salary review process. This action plan is periodically monitored by management assess the progress being made at each level of the organization.

### Variable compensation plan: ACCIONA Bonus

The program for employees with variable compensation, in place since 2012, considers criteria related to both the company's financial results and the fulfilment of individual goals, and is based on objective and pre-established metrics. In accordance with the objectives set out in the Sustainability Master Plan (SMP), ACCIONA Bonus is being extended internationally to all divisions in key countries.

In 2019, a total of 4,866 employees benefited from ACCIONA Bonus, including 97.5% of managers and 46.9% of technical and support staff.

#### Standardized structure of objectives that make up the bonus

ACCIONA's overall results	Specific targets	Individual goals	Criteria linked to sustainability
They represent 10% for all employees and 15% for managers.	Relative to the division, country, or business unit with its own income statement.	The basis is the individual assessment of performance.	Defined for each division as part of the SMP, they represent about 3.5% of the targets. The aim is to increase this to 5% in 2020.

ACCIONA Bonus includes targets for lowering emissions, reducing on-the-job accidents and increasing the percentage of women in pre-executive positions, among others.

#### Employee benefits

The employee benefits offered by ACCIONA in 2019 include:

- **Travel assistance:** this is provided globally to all employees travelling abroad, regardless of their country of residence. It covers health care while travelling, in addition to other guarantees such as loss of luggage or flight connections.
- **Life and accident insurance:** all employees in Spain are insured in accordance with the commitments assumed in collective agreements for death or disability from any cause. Coverage is also provided for death due to illness and accident and partial, absolute and major permanent disability as a result of an accident occurring anywhere in the world.
- **International medical insurance:** covers health care for expatriate employees and their families, spouses and children.

In addition, the Flexible Compensation Plan allows the group's employees to optimize their salaries. They can select, acquire and/or contract certain benefits at deep discounts, which will allow them to maximize their remuneration. The following products and services are adapted to their needs: medical insurance, meal and childcare vouchers, transit passes and training programmes linked to their professional development.

The Shareholders' Plan is a voluntary plan that allows ACCIONA professionals to buy shares in the company and thereby share in its earnings. This plan is aimed at all permanent employees who are tax residents in Spain and with a hire date prior to 31 December of each tax year. A total of 451 employees took part in the 2019 Shareholders' Plan, an increase of 8% over the previous year. 22,005 were eligible for the plan, which means a participation rate of 2% and the delivery of 36,816 shares.

#### ORGANIZATION OF WORKING HOURS

The company is committed to the reconciliation of personal and professional life as a means of promoting real equality, and to that end has specific measures in place in the different countries where ACCIONA operates.



In Spain, some of the main measures available to employees are: flexible entry and exit times, intensive workdays on Fridays and summer months, canteen services, medical centres, physical therapy services and gym facilities at its locations.

In countries such as Australia, Canada, the US and South Africa there are special measures for flexible working hours after maternity/paternity leave and for childcare, which are higher than the legal minimums.

In 2019 the company developed an ambitious programme to promote flexible working hours for all locations and activities that are not bound by shift systems or third-party services.

To that end, agreements have already been reached in Spain with labour representatives that include mechanisms for adapting the working day to the specific needs of certain groups (care of the elderly or minors) as well as new mechanisms for work monitoring and telework pilot tests for certain eligible positions and roles. It is expected that this type of solution can be extended to other countries as long as the applicable legal framework allows.

### EMPLOYEE SATISFACTION AND COMMITMENT

People's satisfaction and commitment are the key attributes of the relationship model that ACCIONA aspires to maintain with its employees. The climate and commitment survey, conducted globally every two years, is the tool that allows the company to identify the factors that could distort these attributes.

In the 2019 survey, ACCIONA's global commitment stood at 63%. The survey showed that 88% of respondents would not hesitate to recommend the company to a friend. Meanwhile, 81% say that ACCIONA inspires them to do their job better every day.

### Evolution of turnover by gender, age and workplace (%)

	2016	2017	2018	2019
Turnover among men	4.21	4.86	3.23	3.43
Turnover among women	7.56	3.29	4.10	3.91
Turnover of people under 30	12.56	8.84	9.15	5.94
Turnover of people 30-49	9.25	5.32	4.22	4.07
Turnover of people over 50	6.65	3.77	3.49	3.57
Turnover in Spain	1.91	2.02	2.01	2.40
Turnover outside of Spain	12.86	6.35	6.19	5.49
Total rotation*	8.53***	7.6	7.17	7.05
Voluntary rotation**	6.59	3.74	3.49	3.57
Average hiring cost per employee	-	-	1,200	1,200

\*Total turnover = total no. of departures/employees.

\*\* Voluntary turnover = no. of voluntary departures of employees with indefinite contract / employees with indefinite contract.

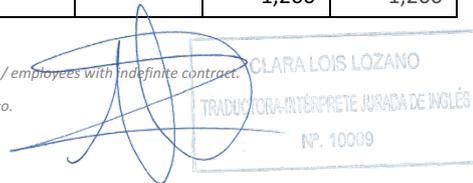
\*\*\* Data recalculated due to an accounting error from the ACCIONA Service data in Mexico.

### DIVERSITY, EQUALITY AND INCLUSION

ACCIONA's responsibility for values such as integrity, transparency, safety and equal opportunities is set out in the company's Code of Conduct and in the Human Rights Policy and the Human Resources and Health and Safety Policy.

Within this framework, the company works to achieve real equality of opportunity for all groups and to incorporate diversity as a strategic element of people management.

In 2019, a structure was created to promote policies and programmes that favour a respectful, diverse, inclusive and efficient working environment. There is now a Diversity Management Area and Diversity Committees in all strategic businesses and countries. A working group was also created to design a Global Diversity and Inclusion Plan. All of the different groups and minorities are represented on these committees. They are very active, with more than 20 meetings already held and over 70 proposals put forward in relation to gender equality, work-life balance, disability, wage gap,



generational and cultural inclusion, minorities and commitment. The Diversity Committees generate proposals and plans in the area of diversity and inclusion.

In 2019, the Refinitiv Diversity & Inclusion Index positioned the company among the top twenty-five globally in terms of diversity and social inclusion.

### EQUAL OPPORTUNITIES FOR MEN AND WOMEN

In 2019, ACCIONA continued to actively promote equal treatment and opportunities between men and women in all areas of people management.

In the area of recruitment, ACCIONA has made a commitment to include women in external and internal selection processes, verifying and maintaining a commitment to equality and non-discrimination at all stages. Moreover, it is now guaranteed that the CV of at least one woman will be considered in all candidate evaluation processes.

In the professional development area, two new editions of the Management Development Programme for High Potential Women were held aimed at women with a clear career path in the company. In 2019, a total of 16 female employees successfully completed the programme compared to 14 the previous year.

These actions are in line with the SMP 2020 objective of encouraging responsible hiring, increasing the number of women in management and executive positions and promoting female leadership actions in all countries with more than 300 employees.

To ensure that these targets are met, the results of tracking equality and socially responsible recruitment are reported on a monthly basis. These data are then analysed by each business division and country to determine the precise action and/or correction plans required. Furthermore, in 2019 ACCIONA Bonus was linked to achieving the goal of increasing the percentage of women in pre-executive positions.

At the end of 2019, 31.3% of the staff were women, 15.25% of whom held executive positions and 21.09% were managers. In 2018, 31.5% of the staff were women, 14% of whom held executive positions and 20.4% were managers. By 2020, the company has set a target to increase the percentage of women in executive and pre-executive (managerial) positions to 23 %.

In 2019 there were also training initiatives related to equality and diversity. More than 8,000 hours of training were offered this year.

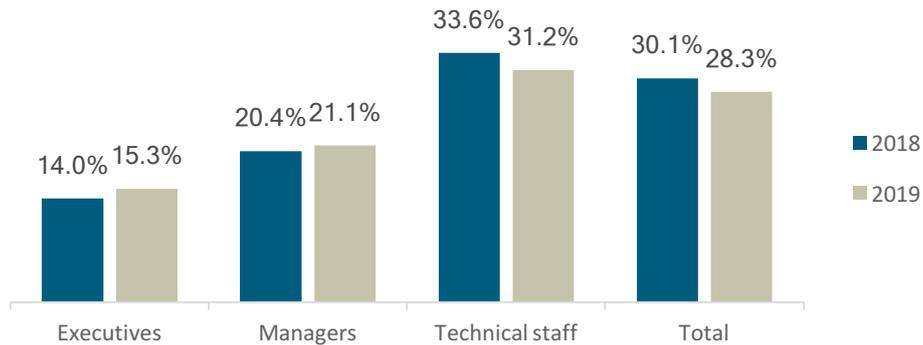
In the case of Spain, all business lines are covered by Equality Plans that are compliant with the Organic Law 3/2007 for the effective equality of men and women, stipulated with the most representative trade unions and in which the results are reported and evaluated jointly once every six months. Energy, Engineering and Facility Services also have the equality label.

For 2020, the company has set a goal of designing a programme to help women rejoin the labour market after a period of absence.

**ACCIONA HAS SET A  
MINIMUM TARGET OF 23%  
OF WOMEN IN  
MANAGEMENT AND  
EXECUTIVE POSITIONS IN  
2020**



### Evolution of women in the qualified employees group (% of employees).



### WORKPLACE INCLUSION AND NON-DISCRIMINATION

ACCIONA's Code of Conduct promotes equal opportunities effective beyond gender diversity and under no circumstances accepts any form of discrimination in the workplace on grounds of age, race, colour, sex, religion, political opinion, nationality, sexual orientation, social background or disability.

#### Inclusion of people with disabilities

The average number of employees with a 33% level or more of disabilities has grown to 1,032 workers in Spain<sup>5</sup> (direct and indirect employment), compared to 1,001 at the end of 2018. This represents 3.96% of the total headcount compared to 3.86% last year. Direct employment accounted for 3.56%. The rest comes from purchases from Special Job Centres and donations to third sector organizations.

ACCIONA also holds the Bequal certificate (with Bequal Plus rating), which certifies its compliance with the law and ACCIONA's commitment to inclusive disability policies through an external audit.

Furthermore, the company has set specific objectives by country for achievement by 2020 related to responsible hiring, which will involve the definition and use of quotas for the inclusion of people with disabilities and at risk of social exclusion in the workplace

Other noteworthy initiatives in 2019 in the area of inclusion in the workplace of people with disabilities and other vulnerable groups include:

- 203 people hired through the Integra Foundation with which the group collaborates nationally on the insertion of the disabled, the long-term unemployed and victims of gender violence in the workplace.
- 42 people hired through other entities.

### TRAINING ON INCLUSIVE WORK ENVIRONMENTS

ACCIONA offered a course in Chile on the basic concepts of diversity, inclusion, gender perspectives and gender stereotypes in order to understand their effects on people and organizations. In doing so it is the company's intention to transmit the impact of prejudice and discrimination in order to bring about a cultural change at the personal level, for each employee, and at a corporate level, for the company as a whole. This training programme also sought to provide tools and techniques appropriate to the context to promote diverse and inclusive work environments which are respectful and free from bias.

The course consisted of 13 sessions and a total of 148 employees from Energy and Infrastructures participated.

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<sup>5</sup> There is no detailed record for other countries that is comparable to the information derived from the Spanish Disabilities Act. Outside Spain, there is a commitment to comply with current legislation on under-represented groups, which includes both disabilities and minorities.

### Inclusion of other minorities

The occupational and social risks associated with the company's projects vary depending on the situation of the countries and the line of business: with more labour-intensive businesses the risks associated with personnel management increase. Also noteworthy are the programmes to protect minorities in certain countries (BBEEE requirements in South Africa, First Nations in Canada, Indigenous people in Australia), the promotion of equality and priority hiring of women (Europe, Canada, Brazil, etc.) or the protection of immigrant groups (Middle East and Asia). Managing these risks at ACCIONA involves aligning the global processes and objectives of diversity and socially responsible recruitment with the development of specific plans and procedures where required.

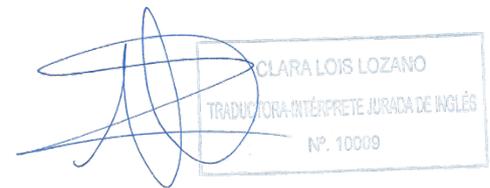
## WORKERS' COVERAGE

### (GRI 102-41)

At ACCIONA, practically all groups of employees are covered by collective bargaining agreements in the different countries where they operate. In specific countries, and for implementation or legislative framework reasons, there may be small groups of workers that are not covered, although in any case, these would represent less than 1 % of the total workforce. For these exceptional cases, in 2019 the company developed and approved specific procedures for the protection of workers' rights, especially in the members of the so-called GCC (Gulf Cooperation Countries) and Egypt.

#### Employees covered by collective bargaining agreements by country (%)

Country	Employees covered by collective bargaining agreements
Spain	100%
Germany	100%
Australia	100%
Brazil	100%
Canada	100%
Chile	100%
USA	100%
Italy	100%
Mexico	100%
Norway	100%
Poland	100%
Portugal	100%
Qatar	0%
Ecuador	100%
United Arab Emirates	0%
Peru	100%
Rest of the world	99%
<b>Total employees</b>	<b>100 %</b>



Collective agreements and/or conditions are signed at all construction sites and projects, except in those countries where union membership or representation is not a standard practice or is considered illegal. In such situations, mechanisms have been established to control the conditions agreed upon by the company and its suppliers. ACCIONA holds regular, ongoing meetings with all trade union and employee associations to prevent any issues that could lead to conflict, thereby minimizing the incidence of such situations.

The company is also a member of the Building and Wood Workers International (BWI) which covers the work in all the industries in which it operates. Through this association, efforts have been made in some of the most representative countries to strengthen the collaboration between different unions. It is worth highlighting in this regard the promotion of meetings with Spanish and Mexican trade unions to share experiences following the ratification of the ILO Convention 98 and the meetings

between Spanish and Australian or Chilean trade unions to share good labour relations practices. In addition, ACCIONA participated as a guest at the international assembly of the BWI and the Workers' Capital Conference, by direct invitation from the Global Unions Committee of Workers Capital (CWC).

In Spain, the company has 757 labour representatives, and there are 311 collective bargaining agreements in place.

In addition to the general and sector-specific collective agreements, depending on the applicable legislation in each country, ACCIONA has signed agreements with the trade unions that are registered with international trade union for its main projects. Such agreements have been signed for projects and services located in countries such as Canada, Mexico, Chile, Brazil, Ecuador, Germany, Italy, Norway, Australia and New Zealand.

## HEALTH AND SAFETY

The health and safety strategy revolves around the Human Resources and Occupational Risk Prevention (OHS) Policy and the action plan that defines its objectives is in line with the SMP 2020. In 2019, some points of the policy were modified, reinforcing the commitment to road safety and employee participation, in keeping with the criteria of the ISO 45001 standard.

100 % of the workers participate in a programme that deals with the prevention and correction of the causes of health and safety risks in the workplace with the aim of creating a working environment that is as safe and healthy as possible for employees and contractors. In the process, ACCIONA assesses the specific risks associated with its activities: linked to occupational illnesses, the performance of construction work, the use of machinery, working at heights, electrical contacts, etc.

ACCIONA uses the representative bodies required by the laws in the countries where it operates, such as the Health and Safety Committees in Spain, as a channel for consultation and participation. Employees in each business line also have specific communication tools and mailboxes through which they can report occupational safety incidents or possible threats.

The company also has programmes in place to guarantee occupational risk prevention for its contractors and it collaborates with the public authorities on initiatives to promote health and safety in the workplace.

**i** **MORE INFORMATION** in the sections on health and safety in the sections titled "The Energy Business", "The Infrastructure Business" and "Other Businesses".

## EVOLUTION OF THE MAIN ACCIDENT INDICES

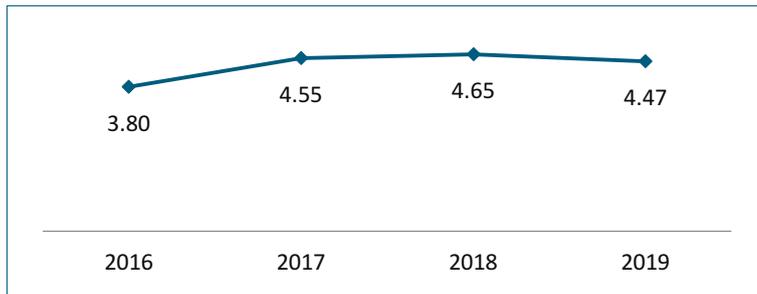
In 2019 there were 3,126 accidents involving ACCIONA's own employees. This represents a decline in the frequency rate compared to the previous year. A total of 2,274 accidents involved men and 852 involved women, for frequency rate of 4.6 and 4.1 respectively.

The severity index showed 180.5 for women and 138.2 for men, so the aggregate index decreased. For the second year in a row, the number of fatal accidents involving the company's employees was zero.

**THE FREQUENCY AND SEVERITY OF ACCIDENTS HAVE DECREASED COMPARED TO THE PREVIOUS YEAR**

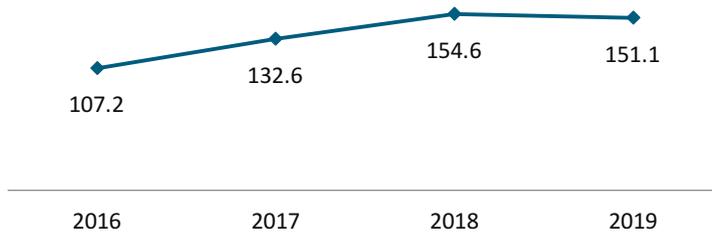


Evolution of the frequency index (own employees)



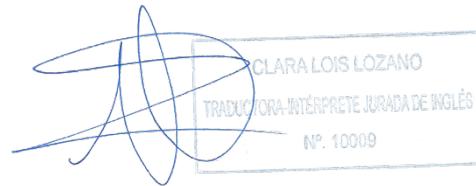
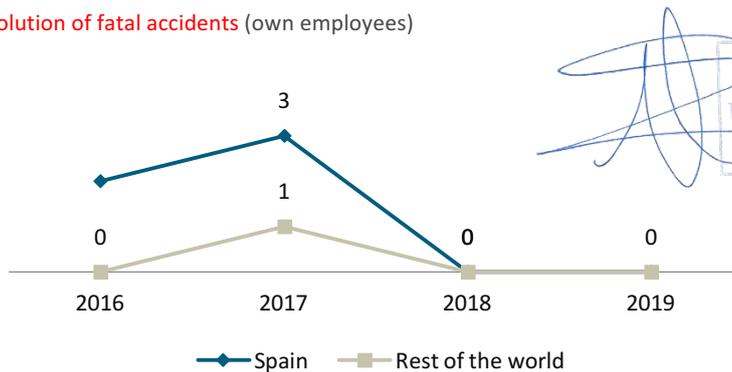
Frequency rate: (no. of accidents with work loss/hours worked) x 200,000.

Evolution of the severity rate (own employees)



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

Evolution of fatal accidents (own employees)



**HEALTH AND SAFETY IN EMPLOYEE PERFORMANCE EVALUATIONS**

Compliance with the health and safety objectives defined in the SMP 2020 is one of the parameters directly linked to performance evaluation in ACCIONA's various divisions. Whether or not they are met determines the bonus that employees receive.

Specifically, the target for the group in 2019 was to reduce the frequency rate for employees and subcontractors by 5% with respect to 2018. The overall objective is to reduce this rate by 15% between 2015 and 2020. In addition, each one of the company's divisions sets its own annual targets, defined at the beginning of each year and reviewed monthly.

The absenteeism rate increased slightly in 2019 compared to the previous year.

A breakdown of this data by business line is shown below. The information is prepared in a common and homogeneous way for all the countries where the company has relevant business, and always according to the international standard.

### Evolution of the rate of employee absenteeism by business line

Business	2016	2017	2018	2019
Energy	0.07	0.84	0.70	0.95
Infrastructure	4.71	4.90	5	5.30
Other businesses*	4.67	4.65	1.96	1.86
Corporate	1.93	1.59	1.57	1.51
<b>Total</b>	<b>4.48</b>	<b>4.71</b>	<b>4.80</b>	<b>4.99</b>

Absenteeism rate: (no. of days lost due to absenteeism/no. of days worked) x 100

\*Includes Bestinver, Wineries, Real Estate.

### Number of hours lost due to absenteeism

	2018	2019	
		Women	Men
Spain	3,598,213	1,756,537	1,816,087
International	277,415	265,722	239,029

Absences due to on-the-job accidents, occupational diseases and common illnesses are taken into account. The data is reported by hours in compliance with Law 11/2018, but the system collects the information in days. The transposition is not automatic and given the number of agreements in force within the company, the calculation of hours is only an estimate, establishing an average number of hours for all, e.g. 8 hours/day.

### ROAD SAFETY

At ACCIONA, the actions to promote road safety encompass not only accidents relating to vehicular traffic (work-related), but also accidents that occur when going to and from work (commuting). Notable among the measures that contribute to reducing commuting accidents is the bus service for employees and partners at its corporate headquarters in Madrid, which reduces the use of private transport to and from work.

### Evolution of commuting accidents (with and without medical leave)

Line of business	2016	2017	2018	2019
Energy	5	26	20	11
Infrastructure	175	163	157	296
Other businesses*	13	13	6	6
Corporate	4	9	0	5
<b>Total</b>	<b>197</b>	<b>211</b>	<b>183</b>	<b>318</b>

Includes on road and off road accidents, except that for 2016 there is no on road data. \* Includes: Bestinver, Wineries and Real Estate.

### Evolution of work-related travel accidents (internal employees)

Line of business	2016	2017	2018	2019
Energy	3	8	2	2
Infrastructure	99	14	13	19
Other businesses*	1	1	1	0
Corporate	0	0	0	0
<b>Total</b>	<b>103</b>	<b>23</b>	<b>16</b>	<b>21</b>

Includes on road and off road accidents, except that for 2016 there is no on road data. \* Includes: Bestinver, Wineries and Real Estate.

In 2019, ACCIONA held awareness-raising campaigns on this subject on the company's intranet.

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## PREVENTION AND HEALTHY LIFESTYLES

To evaluate the possible impact of occupational risks on the health of workers, annual medical check-ups are offered, adapted to the specific risks of each worker. Based on the results obtained, a decision is made as to the worker's suitability to perform the tasks inherent to his or her position. Moreover, these medical data are used to conduct an annual epidemiological study on a global scale to assess the health of ACCIONA as a whole.

The company also runs disease prevention and early detection campaigns. It also monitors workers who travel internationally, providing them with medical information on the destination area and immunization if necessary. The company enters into agreements with private health companies, offering competitive services and conditions.

**No. of occupational diseases by region** (own employees)

	2016	2017	2018	2019		
				Women	Men	Total
Spain	17	16	21	15	19	34
International	1	2	0	0	1	1

Certain activities have been identified in several divisions that can cause occupational diseases in very specific cases due to exposure to biological risk, overexertion, noise, silicosis and asbestosis. In all such situations, the necessary actions have been taken to eliminate or minimize the risk (training, awareness, protective equipment, etc.). Likewise, all workers exposed to risks of this kind are monitored.

### HEALTH AND WELLNESS PLAN

ACCIONA has a Health and Wellness Programme to promote integral employee care. It is a three-part plan focused on a healthy diet, physical activity and emotional management. The initiatives developed as part of the Health and Welfare Plan include:

- Implementation of medical video consultations for employees in Spain.
- Set-up of protected cardio spaces through the installation of defibrillators in work centres with over 250 employees.
- Onsite and online nutritionist service for diet planning and monitoring.
- Physical therapy appointments at central offices at reduced prices.
- New campaigns to raise awareness and promote physical activity, as well as the impact of biology on the different stages of an individual's work.

### OHSAS 18001 CERTIFICATION

97% of ACCIONA's business is certified according to the OHSAS 18001 standard. All companies with this seal are subject to internal and external audits to verify the degree of compliance with the management systems in place.

ACCIONA is making progress in the certification of its operations in accordance with the new ISO 45001 standard for Occupational Health and Safety Management Systems, which will progressively replace the current OHSAS 18001. The percentage of companies certified in 2019 is 24%, with a target of 10% this year and 50% in 2020.

**Evolution of ACCIONA's OHSAS 18001-certified activities**

	2016	2017	2018	2019
% of OHSAS 18001 certified activities	95.76	95.59	91.92	97.27



### Certification by line of business

Line of business	% operations with OHSAS 18001 certification	% of operations with ISO 45001 certification
Energy	100%	100%
Infrastructure	89%	36.14%
▪ Construction	86%	76.42%
▪ Concessions	100%	0%
▪ Water	93%	93.22%
▪ Services	89%	18.57%
Other businesses	100%	25%
Corporate	100%	0%

Percentages calculated taking into account companies with over 150 FTEs, except in Other Businesses in which all companies are taken into account.

### EMPLOYEE PARTICIPATION

ACCIONA's 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 collaboration in occupational risk prevention efforts. In addition, workplaces are visited to encourage their involvement. At these visits, they receive pertinent information on topics such as accident prevention, safety inspections, employee complaints, risk assessments and the activities of the Prevention Department. The percentage of employees represented by formal health and safety committees is over 99%.

Some of the divisions also have email accounts or suggestion boxes where workers can ask questions, make suggestions and raise concerns about health and safety.

Personnel from collaborating companies 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

All of the company's businesses have training and awareness-raising programmes in their annual plan, as well as training requirements in occupational risk prevention.

ACCIONA also has internal communication mechanisms that are key to preventing accidents and preserving the health and safety of employees. Among the most widely used tools are the Interacciona intranet, newsletters, e-mail, suggestion box, communications via posters or payroll and specific actions in the workplace.

### ORP Training in 2019 at the Corporate University

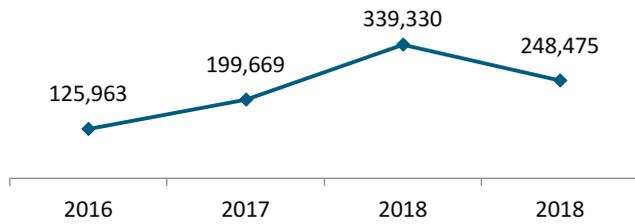
	No. of hours	No. of employees	No. of OHS hours per employee per year
Energy	33,233	1,629	20.40
Infrastructure	214,017	37,039	5.78
Other businesses*	1,225	1,031	1.19
<b>Total</b>	<b>248,475</b>	<b>39,699</b>	<b>6.26</b>

\*Other Businesses include: Corporate, Bestinver, Real Estate and Wineries.



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Evolution of the total number of training hours in OHS



EXTENDING THE COMMITMENT TO PREVENTION TO THE SUPPLY CHAIN

One of ACCIONA's main goals is to extend its culture and commitment in relation to health and safety to the entire supply chain. To that end, the company tracks the accident rates of the suppliers, contractors and subcontractors of all its divisions. Generally speaking, there is full participation in practically all prevention-related activities, collaborating in the procedures of the company's normal management systems (risk identification, definition of controls, inspections, training, information, safety programmes based on conduct, etc.).

**i** MORE INFORMATION in the "Social Impact" and "Supply Chain" sections

Evolution of accident indicators for contractors

	Severity Rate				Frequency rate			
	2016	2017	2018	2019	2016	2017	2018	2019
Energy	46.7	3.6	21.6	24.4	1.9	1.1	0.6	0.8
Infrastructure	29.5	19.1	18.8	23.1	1.9	0.9	0.9	1.0
Other businesses*	0	0	0	0	0	0	0	0
Corporate	5.8	0	0	0	0.4	0	0	0
<b>Total</b>	<b>31.2</b>	<b>18.1</b>	<b>18.9</b>	<b>22.9</b>	<b>1.9</b>	<b>0.94</b>	<b>0.86</b>	<b>0.9</b>

Severity rate: (no. of days lost due to occupational accidents/hours worked) x 200,000.  
 Frequency rate: (no. accidents with loss of work/hours worked) x 200,000.

\* Includes Bestinver, Bodegas and Inmobiliaria.

Evolution of fatal accidents involving joint ventures (by % of participation) and contractors



THERE WERE NO EMPLOYEE OR CONTRACTOR FATALITIES IN 2019



# RISKS AND OPPORTUNITIES OF THE CLIMATE EMERGENCY

## MITIGATION AND ADAPTATION

ACCIONA is one of the few companies leading the transition of the economy towards a low-carbon model that limits the increase in average global temperatures to below 1.5°C.

### 2019 KEY MILESTONES

- Reduced GHG emissions compared to base year 2017 by 22% (Scopes 1 and 2) and 27% (Scope 3 categories in SBTi), in line with the science-based target and the carbon neutral target.
- 93% of CAPEX, 83% of EBITDA and 58% of sales classified as low carbon according to the European Commission's taxonomy of sustainable activities.
- Approval of new target per the Science Based Targets (SBTi) initiative, in line with the 1.5°C scenario, to reduce Scope 1 and 2 emissions by 60% and Scope 3 emissions<sup>6</sup> by 47% in the period 2017-2030.

### 2020 MAIN CHALLENGES

- ▶ Reduce GHG emissions by 13.86% (Scopes 1 and 2) and 10.85% (Scope 3) compared to 2017, in line with 1.5°C reduction target, and maintain carbon neutrality
- ▶ Creation of a fund for decarbonisation measures.
- ▶ Achieve 66.8% of electricity consumption from renewable sources and reduce energy consumption from fossil sources by 11% compared to 2017.

## RISKS AND OPPORTUNITIES ASSOCIATED WITH CLIMATE CHANGE

ACCIONA's business model takes into account the management of climate change risks and opportunities and communicates them in accordance with the European Commission's climate reporting guidelines and the recommendations of the Financial Stability Board, through its Task Force on Climate-Related Financial Reporting (TCFD). Climate strategy is a relevant issue for all of the company's businesses as can be confirmed by reading the section titled "Materiality Analysis".

### A LOW-CARBON BUSINESS STRATEGY

ACCIONA is a leader in sustainable infrastructure solutions and renewable energy projects worldwide. It is one of the few companies focused on the development of sustainable projects and represents a special case in that it invests in what it builds and operates, whether it be energy, construction, water management, transportation, housing, or any other of its technical capabilities.



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<sup>6</sup> Categories of purchased goods and services, capital goods, energy-related activities, upstream transportation and distribution, employee commuting and use of sold products that represent more than two thirds of the company's total Scope 3 emissions.

### EUROPEAN TAXONOMY OF ENVIRONMENTALLY SUSTAINABLE ECONOMIC ACTIVITIES. THE ACCIONA CASE

The active involvement of financial markets in financing the sustainable economy is indispensable to the European Union's plans to move towards a low-carbon economy.

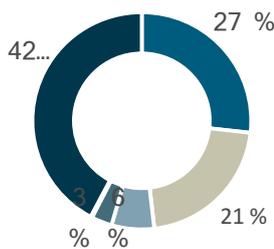
The cornerstone of the European Commission's strategy is the development of a legislative initiative that will allow for the unequivocal classification of economic activities that can be considered sustainable: The European "green" investment taxonomy.

This taxonomy, which will come into force in mid-2020, classifies economic activities into 67 categories that are encompassed in 6 macro sectors + 1 enabling sector, and includes, for the time being, specific technical aspects for 2 of the 6 environmental objectives it pursues: mitigation and adaptation to climate change. However, all classifiable activity under the taxonomy must also comply with a minimum set of social safeguards and must not contradict any of the other four goals it pursues (water protection, transition to a circular economy, pollution control and healthy ecosystems).

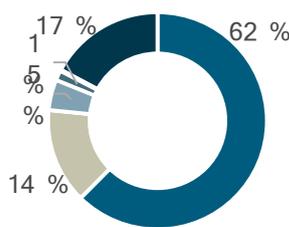
In 2019, ACCIONA carried out a classification exercise of its activities using the criteria of the European taxonomy. This enriching work has reinforced the company's leadership position in sustainability, confirming that 93% of CAPEX, 83% of EBITDA<sup>7</sup> and 58% of the company's sales meet the established requirements. The activities contributing to these figures include:

- The construction and operation of energy production and transport facilities exclusively from renewable sources: wind, photovoltaic, hydraulic, biomass and thermosolar.
- The construction of low-carbon transport infrastructure, mainly urban and intercity railway infrastructures.
- Efficient wastewater treatment and drinking water supply, especially in water-stressed regions.
- Construction and promotion of certified sustainable buildings.
- Operation of mobility services using 100% renewable electricity.
- Deployment of energy-efficient services.
- Provision of waste management services ready for recovery.

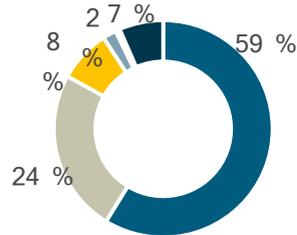
Sales



EBITDA<sup>7</sup>



CAPEX



- Electricity, gas, steam and air conditioning supply
- Transportation and storage
- Manufacturing
- Water supply, sewerage, waste management and remediation
- Construction and Real Estate activities
- Agriculture, forestry and fishing



<sup>7</sup>This figure has not been verified since the EU's Technical Expert Group (TEG) on Sustainable Finance does not include this variable among the ones that can be used to calculate the percentage of business that meets the taxonomy's requirements.

Classification of ACCIONA activities according to the Taxonomy	Annual % of taxonomy-compliant CAPEX	% of taxonomy-compliant EBITDA	% of taxonomy-compliant revenue	Do no significant harm to other environmental objectives*	Minimum social safeguards**
<b>Supply of electricity, gas, steam and air conditioning:</b>	<b>58.7%</b>	<b>62.4%</b>	<b>26.8%</b>		
Electricity production: Origin: wind	48.36%	54.29%	15.85%	✓	✓
Electricity production: Origin: photovoltaic	10.45%	2.72%	3.21%	✓	✓
Electricity production: Origin: hydraulic	0.80%	2.74%	4.60%	✓	✓
Electricity production: Origin: thermal solar	-0.95%	0.59%	0.33%	✓	✓
Electricity production: Origin: biofuel	0.08%	2.04%	2.71%	✓	✓
Electricity transmission & distribution	0.00%	0.03%	0.08%	✓	✓
<b>Transport and storage</b>	<b>24.3%</b>	<b>14.2%</b>	<b>21.4%</b>		
Infrastructure for low-carbon transport	22.09%	14.34%	21.34%	✓	✓
Commercial and passenger motor vehicles	2.21%	-0.16%	0.07%	✓	✓
<b>Water, Sewer, Waste and Remediation</b>	<b>2.0%</b>	<b>4.5%</b>	<b>6.3%</b>		
Centralized wastewater treatment systems	0.68%	2.06%	2.92%	✓	✓
Water intake, treatment, and supply	0.36%	1.66%	2.21%	✓	✓
Recycling and transport of non-hazardous waste separated at origin	0.96%	0.84%	1.16%	✓	✓
<b>Construction and real estate</b>	<b>0.6%</b>	<b>1.5%</b>	<b>3.1%</b>		
New construction	0.22%	1.28%	2.69%	✓	✓
Real estate acquisition	0.00%	0.00%	0.00%	✓	✓
Individual measurement of renovation, onsite installation of renewables and professional, technical and scientific activities	0.38%	0.20%	0.36%	✓	✓
<b>Manufacturing</b>	<b>7.8%</b>	<b>0.0%</b>	<b>0.0%</b>		
Low-carbon manufacturing technologies	7.80%	0.00%		✓	✓
<b>Agriculture, forestry and fishing</b>	<b>0.1%</b>	<b>0.2%</b>	<b>0.2%</b>		
Perennial crops	0.06%	0.20%	0.23%	✓	✓
<b>TOTAL INCLUDED IN TAXONOMY</b>	<b>93%</b>	<b>83%</b>	<b>58%</b>		

\*No controversy. More information in the section on "Environmental impact".

\*\*Covered. More information in sections titled "People", "Supply Chain" and "Respect for Human Rights".

### ALIGNED WITH GLOBAL ECONOMIC DECARBONIZATION TARGETS

ACCIONA fully shares the objectives of total decarbonisation of the economy through public commitments, policies, specific procedures, public targets, and a model of economic incentives linked to the achievement of GHG emission reductions for directors, managers, technical and support staff (see the "People" section under "ACCIONA Bonus Plan").

The area responsible for leading actions in the area of change management is the Board of Directors' Sustainability Committee, which since 2009 has been performing the following functions, among others, on a quarterly basis (for further information, see the section entitled "Degree of Fulfilment of Commitments"). Identify and guide the group's climate change policies, objectives, best practices and programmes; evaluate, monitor and review the plans for implementing these policies drawn up by group executives; periodically review internal control and management systems and the degree of compliance with these policies; report to the Board of Directors on climate change policies, objectives and programmes, and the corresponding budgets for their implementation.

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ACCIONA's climate change policy, which has been approved by the Board of Directors, is reviewed in accordance with the corporate management system standards and one of its priorities is to lead the transition towards low-carbon business models. This guideline is embodied in the objectives of its Sustainability Master Plan (SMP), whose initiatives and commitments are managed by the Global Sustainability Directorate, reporting directly to the Sustainability Committee and to one of the members of the Management Committee (the corporate sustainability director). The climate change targets and principles as articulated in the SMP are as follows:

- To be a carbon neutral company. As of 2016, GHG emissions that cannot be reduced and are released into the atmosphere are offset by certified carbon credits.
- To reduce its own emissions and those of its supply chain in the period from 2017 to 2030, in line with the science-based needs to keep the increase in global temperature below:
  - 2°C (Active target for 2019. 16% reduction in emissions).
  - 1.5°C (Active target from 2020 on. 60% reduction in Scope 1 and Scope 2 emissions and 47% reduction in Scope 3 emissions).
- To develop projects, products and services that contribute to the reduction of greenhouse gases, thus facilitating access to renewable energy.
- To promote adaptation to climate change through access to water and resilient infrastructure.

In addition, ACCIONA encourages setting a carbon price to help redirect investment towards more sustainable production and consumption models.

### CLIMATE ACTION

ACCIONA met its emissions reduction targets in 2019 by reducing its Scope 1 and 2 emissions by 22% and its Scope 3 emissions by 27% compared to 2017. These results were possible thanks to actions such as the use of renewable energy, a commitment to energy efficiency and the quantification of climate change risk in the supplier selection process. Moreover, the company has continued to evaluate and manage its climate change risks by monitoring and consolidating the climate adaptation plans of its businesses.

#### ADVANCED CLIMATE CHANGE COURSE

ACCIONA is constantly endeavouring to incentivize the training and development of its staff at a global level. For example, in 2019 the company launched the advanced course on climate change- *#I care about Climate Change* - with the aim of raising awareness among employees and other stakeholders of the importance of this phenomenon and its repercussions. The training programme unlocks the knowledge required to understand the global state of public and private policies, initiatives and actions that exist to mitigate this problem and adapt to its consequences.

This is an online course that available to more than 10,500 employees from more than 40 countries through ACCIONA's University, and to the group's suppliers through the Procur-e tool, which was developed in collaboration with the University of Alcalá. As an incentive, those who complete this 2-hour course receive a diploma from the University of Alcalá. The syllabus includes topics such as: Evidence of climate change, negative externalities, stock market climate change indices, carbon footprint, science-based targets (SBT) and the United Nations Sustainable Development Goals.



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## MANAGING THE RISKS OF CLIMATE CHANGE

Climate risk management at ACCIONA is carried out by applying the corporate climate change risk management procedure, which identifies, assesses, prioritizes and informs the company's decision-making bodies of potential events that could have an impact on the group and its locations in relation to climate change. From there, action policies and tolerance thresholds are established that can reasonably guarantee the achievement of targets in the short term (1 year), the medium term (5 years, in line with the timeframe of each Sustainability Master Plan) and the long term (10 years, in line with observations of megatrends and objectives already established, such as the SBTs).

There are numerous tools for identifying climate risks and opportunities, including the use of the company's digital climate change model, which monitors historical and projected climate variables for all ACCIONA centres under various temperature increase scenarios and with different time horizons, based on the latest IPCC reports, as well as production, financial, emissions generation and energy consumption variables. This model also includes references to regional climate policies and the existence of carbon markets, making it an essential source when considering scenarios, especially those related to medium to long-term physical events and short to medium-term transitions. As for medium-long term transition scenarios, the identification of activities within the European taxonomy is coming to be seen as an obvious source of reference. In addition, other tools not yet integrated into the digital model are used during the identification process, such as those dedicated to the identification of legal requirements. The experience of the members of the groups who evaluate the scenarios is invaluable in this regard.

The risk management process is an annual process that begins with the configuration of groups of experts at the level of each business. Using the tool mentioned above, the experts propose a battery of risk scenarios for each ACCIONA location, group of locations and/or line of business (or its value chain), taking geographical exposure and vulnerability into account.

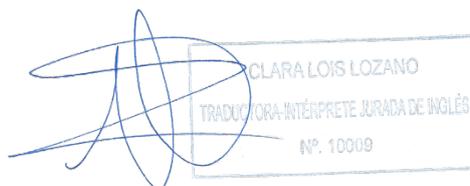
The climate scenarios most commonly used to identify risk scenarios are those that foresee a limited temperature increase of 1.5°C to 2°C in the case of transition risk scenarios, and an increase of at least 3°C in the case of physical risk scenarios (RCP 6 or RCP 8.5).

Once identified, each risk scenario is evaluated in terms of the probability of occurrence and the economic and reputational consequences. These variables are then used to determine the risk level of each one of the proposed scenarios (see chart with the climate risks highlighted). For higher level risks, each assessment group prepares specific reports informing the company's decision-making bodies about mitigation options and the potential costs associated with them.

Once the climate risk scenarios have been proposed, prioritised and management has been informed about the possible solutions and associated costs, they are integrated into ACCIONA's general risk management process, which is overseen by the Board of Directors (which in turn has a Sustainability Committee, convened quarterly, as the body that is ultimately responsible for climate change in the company), the Audit Committee, the Finance and Risk Department and the Divisional Management Committees.

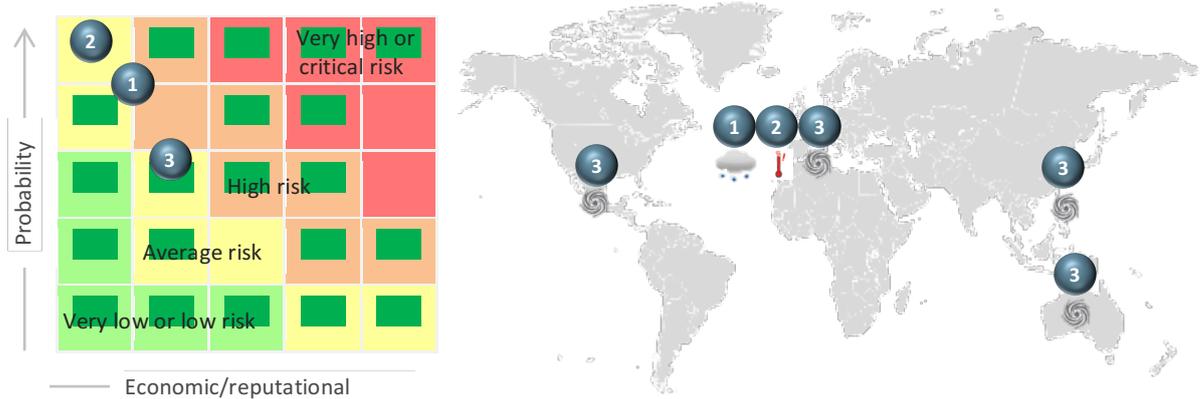
### KEY CLIMATE RISKS

The following is an evaluation of the most significant climate risk and opportunity scenarios for ACCIONA in 2019, as well as their potential impacts and time horizons, geographical scope, business lines affected and the actions taken to manage them. Generally speaking, it can be affirmed that ACCIONA's business strategy is resilient to climate change, with a moderately low impact in terms of risk and a high impact in terms of opportunities.



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Key climate risks



No.	Category	Description	Type of impact	Business	Risk management and mitigation
1	Physical	Lower hydraulic generation in Spain due to reduced run-off. A medium risk is identified in the long term.	Decreased revenue	Energy	Processes for monitoring and controlling changes in the production and management of reservoirs are being implemented with weather forecasting to enable better planning and management of the reservoirs.
2	Physical	Loss of efficiency in the electrical conversion of wind turbines in Spain due to increased working temperatures. A medium risk is identified in the long term.	Decreased revenue	Energy	The capacity to manage risk is limited but a policy of geographical and technological diversification of installed capacity has been implemented to mitigate the risk (see details in the section on "Energy Business")
3	Physical	Financial penalties for failure to meet construction deadlines agreed with clients due to reduced availability of working days because of extreme weather events in Spain, Mexico, Australia and the Philippines. A medium risk is identified in the long term.	Increased cost	Construction	Transference: acquiring insurance with coverage for extreme weather events.

KEY CLIMATE OPPORTUNITIES

Category	Description	Type of impact	Business	Opportunity management
Products and services	Increase in the demand for renewable generation infrastructure due to changes in climate change regulations. The legislation included in the European Union's "Clean Energy Package" and other laws approved in Australia, Mexico and Chile, among other countries, represent an opportunity in the short, medium and long term.	Increased revenue	Energy	Investment of \$2.5 billion in renewable power generation from 2016-2020
Products and services	Increased demand for water treatment infrastructure in regions projected to face greater shortages due to climate change. Opportunity in the short, medium and long term	Increased revenue	Water	Investment: Creation of infrastructures that provide water to 4 million people and operating others that serve over 5 million.

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### RISK ANALYSIS 1: LOWER HYDRAULIC GENERATION IN SPAIN

This example demonstrates the analysis carried out to identify and categorize the risk level of one of the key climate risk scenarios.

#### Exposure analysis

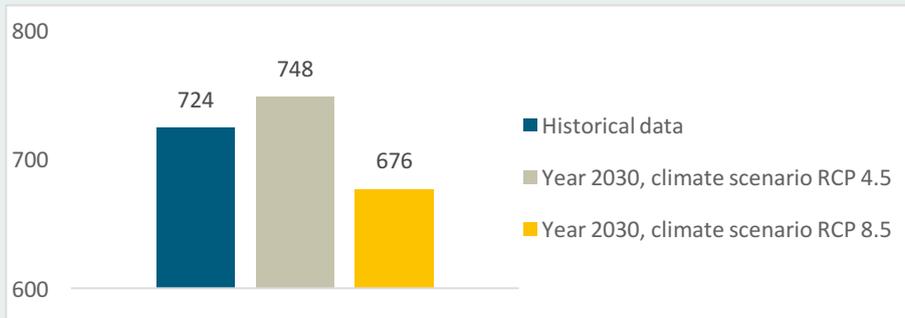
In 2019, the 78 hydroelectric power plants operated by ACCIONA produced 1,722 GWh, accounting for 7% of the Group's overall power generation.



#### Hazard analysis

The projected RCP 4.5 and RCP 8.5 climate scenarios through 2030 for each of the locations where ACCIONA's hydraulic plants are located show an average variation in annual rainfall in the range of +2.4% to -6.3% with respect to historical values (1850-2005).

Average annual rainfall for the selected region (mm/year)



#### Vulnerability analysis

A proportional relationship is estimated between the amount of rainfall and the generation potential for this type of plant, all of which is considered equally vulnerable to the danger of a decline in average annual rainfall.

#### Risk assessment

According to the probability/economic-reputational consequence assessment criteria, the risk scenario has a probability of 4 out of 5 and the impact on production in economic terms is rated 1 out of 5, which means that the risk level for the scenario is considered average.


  
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## KEY CLIMATE INDICATORS<sup>8</sup>

### EMISSIONS GENERATED

#### Calculation of the emissions generated

The emissions generated are calculated according to the criteria defined in the GHG Protocol, under the financial control scheme, consolidating as CO<sub>2</sub> equivalent emissions corresponding to all GHGs relevant for the company: CO<sub>2</sub>, CH<sub>4</sub>, N<sub>2</sub>O, HFC and SF<sub>6</sub>. The criterion for the consolidation of energy consumption and other emissions follows the same accounting criterion.

The conversion factors used are those indicated by:

- The Intergovernmental Panel on Climate Change (IPCC), in the 2006 IPCC Directives for GHG inventories.
- National Inventory of Greenhouse Gases (GHGs) of Spain.
- International Energy Agency.
- Red Eléctrica de España (the Spanish grid operator).
- ACCIONA's Green Energy business line
- Department for Environment, Food and Rural Affairs, United Kingdom.
- The European Environment Agency.

#### Scope 1 and Scope 2 emissions

In 2019, the company's annual goal, in line with the science-based target for 2030, was to reduce its Scope 1 and Scope 2 GHG emissions by 2.46% compared to the 2017 base year, having reduced them by 22%.

The sum of Scope 1 and Scope 2 CO<sub>2</sub>e emissions generated in 2019 was 165,649 tonnes, of which 125,586 tCO<sub>2</sub>e were Scope 1, and 40,063 tCO<sub>2</sub>e were Scope 2 *market-based* (105,473 tCO<sub>2</sub>e Scope 2 *location-based*).

Evolution of emissions generated (thousands of tCO<sub>2</sub>e)



*Historical CO<sub>2</sub>e data has been recalculated (in accordance with the GHG Protocol), due to the fact that several representative consumption centres have ceased to be directly attributable to ACCIONA under agreements on energy management responsibilities and the criteria for attributing emissions from publicly-owned plants, consolidated under financial control, in accordance with the GHG Protocol: Corporate Standard for U.S. Public Sector Organizations.*

ACCIONA's carbon intensity was 23 tCO<sub>2</sub>e/M euros of sales (Scopes 1 and 2). The emissions ratio of CO<sub>2</sub> in the company's properties was 18 kg CO<sub>2</sub>e/m<sup>2</sup>.

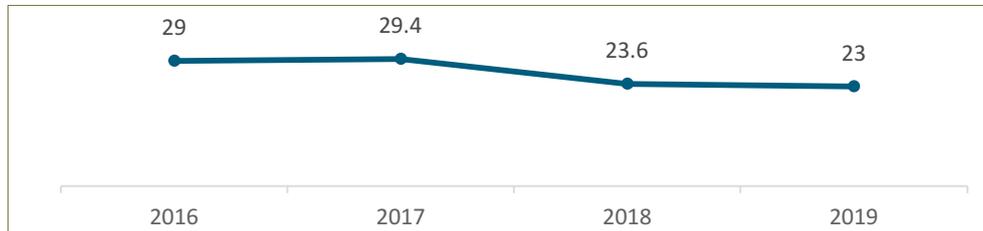
The fall in GHG emissions was due to an increase in the representativeness of renewable electricity consumption over total electricity consumption, the implementation of energy efficiency measures, including the efficiency and improvement plan for the management of the integral water cycle, which

<sup>8</sup> In order to address the TCFD and GRI Standards recommendations, the rest of this climate change section provides information on the various metrics used by the company in terms of energy and greenhouse gas emissions.

Other metrics relevant to climate risks, such as the indicators on water and waste and the percentage of green activity, can be found in the section titled "Environmental Impact". The information on remuneration related to sustainability targets, including climate change, is contained in the "People" section.

generates reductions of over 1,500 tCO<sub>2</sub>e (see chapter "Infrastructure Business"), research on the use of telemetry in earth-moving machinery to optimise use times in the process, or the use of seasonal temperature variation in winery cooling treatments (which reduce electricity consumption per litre of bottled wine by 25%). The reduction in emission-intensive construction activities over the past year also had an influence on this decline.

#### Intensity of GHG emissions (tCO<sub>2</sub>/sales)



Historical CO<sub>2</sub>e data has been recalculated (in accordance with the GHG Protocol), due to the fact that several representative consumption centres have ceased to be directly attributable to ACCIONA under agreements on energy management responsibilities and the criteria for attributing emissions from publicly-owned plants, consolidated under financial control, in accordance with the GHG Protocol: Corporate Standard for U.S. Public Sector Organizations.

#### Scope 3 emissions

For 2019, ACCIONA set a science-based target to reduce GHG emissions by 2.46% compared to base year 2017 for the set of categories "Purchased goods and services; Capital goods; Activities related to the use of energy (non-Scope 1 and non-Scope 2) and Upstream transport and distribution". The Scope 3 emissions figure for these four categories decreased by 27% compared to 2017, while the Scope 3 emissions overall were down by 15%.

Some of the steps taken by ACCIONA to influence the reduction of its Scope 3 emissions are: use of life cycle analysis tools in project design in order to optimize GHG emissions even in phases that are not directly related to ACCIONA's operations; inclusion of climate change risk (MA/CO<sub>2</sub>) in the supplier risk map; or offering sustainability training courses for suppliers.

#### Scope 3 emissions (tCO<sub>2</sub>)

Item*	2016	2017	2018	2019
Upstream leased assets**	191,634	486,985	557,942	649,565
Employee commuting	50,536	55,568	61,957	61,487
Business travels	16,927	17,190	17,785	14,336
Waste generated in operations	22,057	14,861	10,451	3,764
End-of-life treatment of products sold	93	144	191	155
Use of products sold	488	10,677	54,657	13,325
Investments	15,865	39,040	19,346	26,775
Purchased goods and services	1,248,840	947,033	764,918	948,031
Capital goods		630,764	299,156	400,978
Fuel and energy-related activities (not Scope 1 or Scope 2)		147,461	25,109	26,626
Upstream transport and distribution		203,034	48,443	37,179
<b>Total (tCO<sub>2</sub>e)*</b>	<b>1,546,441</b>	<b>2,552,757</b>	<b>1,859,956</b>	<b>2,182,221</b>

\*Only those concepts/categories in scope 3 that are considered relevant to ACCIONA are presented.

\*\* Historical CO<sub>2</sub>e data has been recalculated (in accordance with the GHG Protocol), due to the fact that several representative consumption centres have become indirectly attributable to ACCIONA under agreements on energy management responsibilities and the criteria for attributing emissions from publicly-owned plants, consolidated under financial control, in accordance with the GHG Protocol: Corporate Standard for U.S. Public Sector Organizations.

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## Other emissions

Global emissions in 2019 were as follows: NO<sub>x</sub>, 1,673 tonnes; SO<sub>x</sub>, 193 tonnes; PM<sub>10</sub>, 74 tonnes and SF<sub>6</sub>, 0.059 tonnes. The company's target for the reduction of these types of emissions is aligned with its objective of reducing GHG emissions by 1% compared to the 2017 figures, consolidated under the same criteria as in 2019. This target was met for NO<sub>x</sub>, PM<sub>10</sub> and SF<sub>6</sub> but was not met for SO<sub>x</sub>.

In 2019 biogenic emissions generated totalled 453,211 tCO<sub>2</sub>.

### Evolution of other emissions (tonnes)

Item (t)	2016	2017	2018	2019
NO <sub>x</sub> *	12,298	14,683	1,767	1,673
SO <sub>x</sub> *	2,888	3,351	248	193
PM10*	795	958	76	74
SF <sub>6</sub>	0.179	0.094	0.050	0.059

\*Data history includes Trasmediterranea, which in 2018 was deconsolidated from ACCIONA and several centres whose representative consumption is no longer attributable to ACCIONA, in accordance with agreements relating to energy management responsibilities and the criterion for attributing emissions from publicly-owned plants, consolidated under a financial control scheme, in accordance with GHG Protocol: Corporate Standard for U.S. Public Sector Organizations.

Discounting the activity of Trasmediterranea and the centres mentioned above, the figures would be:

NO<sub>x</sub>, 1,294 (2016), 1,797 (2017) and 1,762 (2018).

SO<sub>x</sub>, 139 (2016) and 185 (2017).

PM<sub>10</sub>, 37 (2016), 79 (2017).

## USE OF THE INTERNAL CARBON PRICE

The company subscribes to the petition of the *Carbon Pricing Leadership Coalition (CPLC)* - a group of government, business, civilian and academic leaders - for stable, long-term carbon pricing policies. Charging the price of carbon to operating costs is one of the most effective measures any company can take in the fight against the climate emergency.

Since 2016, all ACCIONA business areas have been involved in internalizing their CO<sub>2</sub> costs to become a carbon-neutral company.

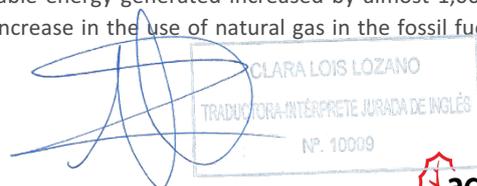
The company also has a *Guide to the use of internal carbon pricing*, which explains which uses of carbon pricing can favour the company's activities, each with its own objectives, scope and price levels, for example:

- **Offset price:** the use of this price is a result of the company's commitment to be carbon neutral as of 2016. It applies to all ACCIONA business units, which must pay according to the GHG emissions they generate, so as to encourage energy efficiency and the use of clean energy sources.
- **Shadow price:** at 38.69 €/tCO<sub>2</sub>e in 2019, this price is based on the estimated cost of the externality of the company's greenhouse gas emissions. It is used in tenders for medium and long-term projects that fall within the scope of its Sustainability Master Plan, and is used as an additional element in the analysis of supply risk, revealing the resilience of the potential project to regulatory scenarios arising from compliance with the Paris Agreement.

## AVOIDED EMISSIONS

In 2019, ACCIONA avoided the emission of 13.1 million tonnes of CO<sub>2</sub>e thanks to its commitment to generate power using renewable sources only. Last year, this prevented 10,396 tNO<sub>x</sub>, 29,273 tSO<sub>x</sub> and 240 tPM<sub>10</sub> from being released into the atmosphere. These figures are down from the previous year, despite the fact that the amount of 100% renewable energy generated increased by almost 1,000 GWh, due to a decline in the use of coal and an increase in the use of natural gas in the fossil fuel mixes of the countries where ACCIONA operates.

<sup>9</sup>Source: European Bank for Reconstruction and Development



## ENERGY CONSUMPTION

ACCIONA consumed 7,445 TJ of energy last year, 73% of which came from renewable sources. This means that the company's fossil-fuel energy intensity stood at 0.3 TJ/M euros in sales, while energy intensity from renewable sources was 0.8 TJ/M euros in sales. The energy consumption ratio in ACCIONA's buildings was 161 kWh/m<sup>2</sup>.

The company also had a target for reducing non-renewable energy consumption in line with its science-based GHG emission reduction objective (2.46% compared to 2017, consolidated under the same criteria as in 2019). This target was met, with non-renewable energy consumption falling below the 2,554.6 TJ target.

In addition, as of 2020 ACCIONA will also set a target for electricity consumption from renewable sources that will culminate in 2023 with the aim of renewable energy accounting for 80% of the company's total consumption.

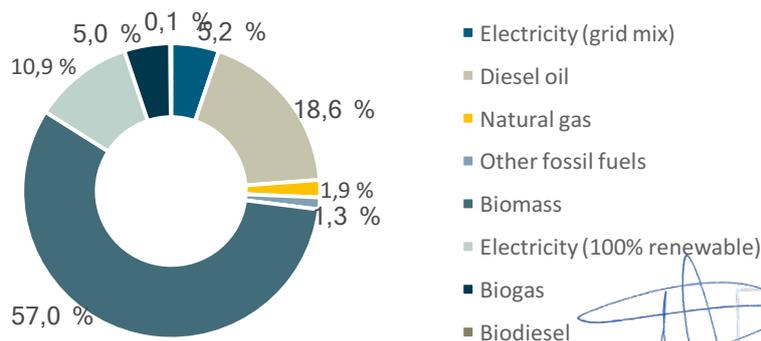
### Energy consumption (TJ)

Energy consumption	2016	2017	2018	2019
Renewable*	6,510	5,740	5,698	5,432
- Fuel	4,357	4,384	4,712	4,621
- Electricity*	2,153	1,356	986	811
Non-renewable*	9,488	13,331	4,488	2,013
- Fuel*	7,432	8,787	1,692	1,623
- Electricity*	2,056	4,544	2,796	390
<b>Total (TJ)*</b>	<b>15,998</b>	<b>19,071</b>	<b>10,186</b>	<b>7,445</b>

*\*Data history includes Trasmediterranea, which in 2018 was deconsolidated from ACCIONA and several centres whose representative consumption is no longer attributable to ACCIONA, in accordance with agreements relating to energy management responsibilities and the criterion for attributing emissions from publicly-owned plants, consolidated under a financial control scheme, in accordance with GHG Protocol: Corporate Standard for U.S. Public Sector Organizations.*

*Discounting the activity of Trasmediterranea and the centres mentioned above, the figures would be:  
 Renewable \* 5,875 (2016), 5,625 (2017) and 5,476 (2018)  
 Renewable electricity \* 1,519 (2016), 1,241 (2017) and 763 (2018)  
 Non-renewable \* 2,100 (2016), 2,619 (2017) and 2,157 (2018)  
 Non-renewable fuel \* 1,497 (2016), 1,902 (2017) and 1,604 (2018)  
 Non-renewable electricity \* 603 (2016), 717 (2017) and 553 (2018)  
 Total \* 7,975 (2016), 8,244 (2017) and 7,633 (2018)*

### Energy consumption by source



## THIRD-PARTY ENERGY CONSUMPTION

The most relevant energy consumption outside the organization, calculated according to the company's Scope 3 categories, is presented below.

In 2019, ACCIONA's Scope 3 energy consumption reduction target is in line with its science-based GHG emission reduction target.

## External energy consumption (GJ)

Item	2016	2017	2018	2019
Upstream leased assets*	2,376,162	1,815,757	145,453	6,063,896
Employee commuting*	696,541	788,330	853,119	850,388
Business travels	239,899	242,624	251,756	203,160
Waste generated in operations	293,148	197,506	138,896	50,023
End-of-life treatment of products sold	1,235	1,909	2,542	2,062
Use of products sold	6,437	836,599	622,020	201,701
Investments	308,264	350,478	423,611	625,681
Purchased goods and services*			11,327,661	14,551,269
Capital goods*			4,231,087	5,697,955
Fuel and energy-related activities (not Scope 1 or Scope 2)*	23,270,929	21,891,112	517,024	543,894
Upstream transport and distribution*			659,103	503,346
<b>TOTAL (GJ)*</b>	<b>27,192,615</b>	<b>26,124,314</b>	<b>19,172,272</b>	<b>29,293,375</b>

\*The data history includes the activity of Trasmediterranea, which in 2018, was deconsolidated from ACCIONA, but does not include several centres whose representative is now attributed to ACCIONA according to agreements pertaining to the energy-management responsibilities and the emissions apportioning criterion of publicly owned plants, consolidated under a scheme of financial control per the GHG Protocol: Corporate Standard for U.S. Public Sector Organizations.

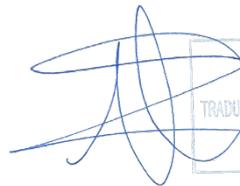
Discounting the activity of Trasmediterranea and adding the activity of the centres mentioned above, the figures would be:

Upstream leased asset 2,163,891 (2016), 4,045,881 (2017) and 4,625,865 (2018)

Employee commuting 696,417 (2016) and 761,393(2017),

Products and services purchases, capital goods, energy-related activity (neither scope 1 nor 2) and upstream transport and distribution 22,112,250 (2016) and 20,936,195 (2017),

Total 25,821,542 (2016), 27,372,585 (2017) and 23,652,684 (2018)



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## ENVIRONMENTAL IMPACT

### TOWARDS A CIRCULAR ECONOMY

The company's operations are carried out following the principle of precaution with a view to minimising the impact of any industrial operation, particularly with regards to the comprehensive management of environmental, climate and water risks, the promotion of the circular economy and conservation of biodiversity.

#### 2019 KEY MILESTONES

- 519 hm<sup>3</sup> of water treated in water-stressed areas; 32% of water consumed from recycled, tertiary or rainwater sources and consumption of municipal, groundwater and surface water reduced by 61% compared to 2017.
- 75% of non-hazardous waste recovered and generation of non-hazardous waste reduced by 61% compared to 2015.
- Neutral biodiversity footprint: Net improvement. Biodiversity balanced scorecard, mapping and evaluation of operations centres.

#### 2020 MAIN CHALLENGES

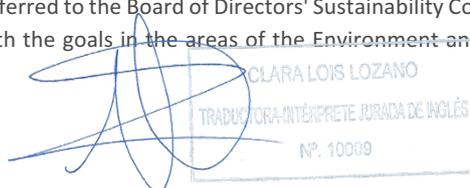
- ▶ Keep water for consumption 7% below the 2017 figure.
- ▶ 50% of non-hazardous waste recovered and generation reduced by 10% compared to 2015 in line with the 2021-2025 Circular Economy Plan.
- ▶ Expand digital biodiversity footprint scorecard to include relevant measurement indicators. (Mapping and evaluation of 100% of operations centres for *No Net Loss* assurance and systematic approach to mitigation hierarchy).

### CREATING VALUE THROUGH THE ENVIRONMENTAL VARIABLE

ACCIONA's business model is based on the development of sustainable infrastructure. This is a challenge which has mainly been focused in recent years on the decarbonization of the energy mix through the generation of renewable energy; the design, construction and operation of resilient infrastructure; and attention to the challenge of water stress in large regions of the planet. Since all industrial activity involves a significant impact on the environment where it takes place, the company adheres to the principle of precaution, especially when it comes to managing environmental, climate and water risks in an integral way, reducing and offsetting emissions, promoting the circular economy, and conserving biodiversity.

Environmental protection is included in the Code of Conduct and is developed through four action policies that cover the main operating risks: Environmental Policy, Climate Change Policy, Water Policy and Biodiversity Policy.

As envisaged in the Sustainability Master Plan 2020 (SMP 2020), integrating the environmental variable and applying the environmental policies and principles to operations in ACCIONA's businesses is guaranteed through strategies that are referred to the Board of Directors' Sustainability Committee. As such, the group ensures compliance with the goals in the areas of the Environment and Climate Change.



ACCIONA has specially qualified staff in each of the functional, hierarchical and geographical areas. 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.

### ENVIRONMENTAL INVESTMENT AND EXPENDITURE

Last year, the company allocated €65 million to the management (prevention, reduction or correction) of the environmental impacts generated by its operations (€61.4 million in expenditures and €3.6 million in investments).

**Breakdown of expenses and investments for the management of environmental impacts** (million €)

Category	Amount
Minimizing environmental impact	38.76
Environmental research, development and innovation	10.32
Staff dedicated to environmental activities	9.56
Investments in tangible fixed assets to avoid impacts and protect the environment	3.56
Environmental advice and consultancy	2.06
Other	0.75
<b>TOTAL management of environmental impacts generated</b>	<b>65.02</b>

*\* This category includes other environmental expenses such as insurance and taxes, training, environmental management system, communications and environmental awareness.*

### ENVIRONMENTAL TRAINING

ACCIONA continues to promote its commitment to environmental training. In 2019, employees received a total of 7,349 hours of training in areas such as climate change, environmental management systems, waste management and environmental restoration of degraded areas, among others.

Division	Training hours
Energy	2,171
Infrastructure	5,060
Other businesses	118
<b>Total</b>	<b>7,349</b>

### ENVIRONMENTAL BEST PRACTICES AND ACTIONS

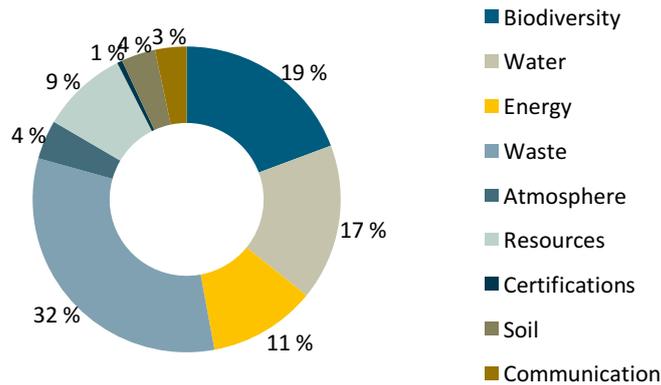
The company identifies, analyses and assesses the environmental actions it carries out, and selects those that stand out for their clearly positive effects on the environment, their innovative nature or their scientific and/or social significance. The object is to distinguish and disseminate the most relevant ones within and outside the organization.

In 2019, the actions identified, analysed and evaluated in the different business lines break down as follows: 36% in Construction, 17% in Services, 21% in Agua, 16% in Energy, 2% in Concessions and 8% in other businesses (Bodegas Palacio 1894 Group and Real Estate).



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Main fields of environmental action analysed



INTEGRATED ENVIRONMENTAL MANAGEMENT

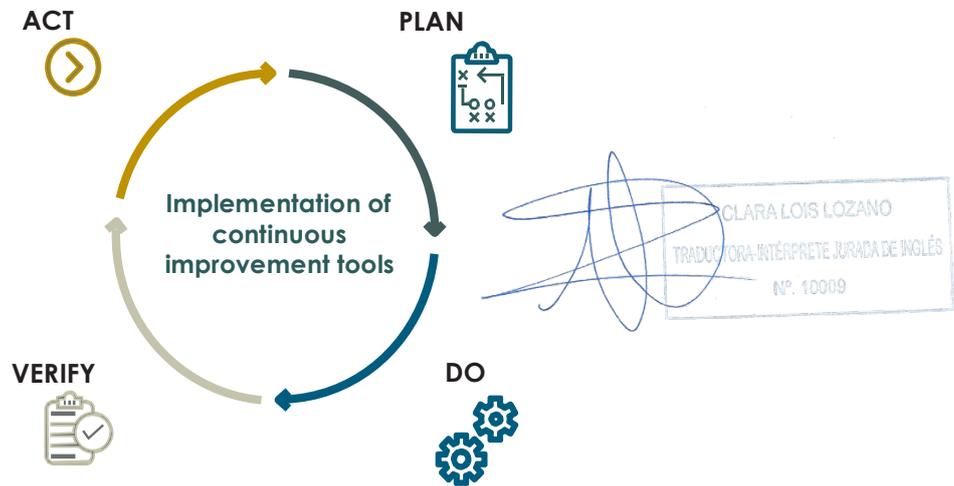
PRINCIPLES OF SUCCESSFUL ENVIRONMENTAL MANAGEMENT

ACCIONA's environmental management model, based on the principles of improving environmental performance, establishes a common framework of action that facilitates the coordination of the different environmental management systems of each one of the divisions. This model addresses the determination of environmental aspects from a life cycle perspective, and the identification of risks and opportunities as a way of ensuring improvement.

Through the company's environmental management systems, the potentially negative impacts of the company's carbon emissions and other atmospheric emissions, in addition to noise and light pollution, are identified, evaluated and minimized, while maximizing the positive impacts.

ACCIONA's environmental management systems are verified and certified by accredited independent bodies. In 2019, the percentage of turnover certified according to the ISO 14001 standard was 87%.

The components of the management model are as follows:



- Identification, evaluation and minimization of environmental alterations that may be caused during the company's activities.
- Analysis of environmental risks through a regulated technical procedure that quantifies the risk of an accident that could cause environmental damage or have a negative environmental impact on ACCIONA's business.
- Identification and verification of legal requirements using tools specially designed for this purpose which make it possible to manage compliance with administrative obligations and other commitments, in addition to legal requirements.

- Operational control using corporate tools which compile quantitative environmental information for each location, thereby making it possible to manage the environmental evolution of processes, set targets and define strategies.
- Recording and classifying environmental near-misses<sup>10</sup>.
- Implementation of tools for continuous improvement, identification and dissemination of lessons learned and good practices.
- Establishment of annual goals or all businesses, taking as a reference the identification of the most significant environmental aspects in the management systems and the SMP.

## EVALUATION AND MANAGEMENT OF ENVIRONMENTAL IMPACT

In 2019, 31 ongoing projects were subject to an Environmental Impact Assessment (EIA), 25 of which are being processed by the competent public authorities in Spain, Ukraine, Mexico and Panama. In 12 cases, favourable environmental impact statements were obtained in Spain, Mexico, Panama, Australia and Chile. The EIAs for these projects were published in the corresponding official bulletins and platforms were set up by the government to channel citizen participation and obtain their feedback in this regard.

In addition, ACCIONA tracked 224 Environmental Monitoring Plans (EMPs) at centres and facilities that were under construction or up and running

The company has engaged in specific environmental monitoring at facilities in 17 countries, with over 148 additional studies.

## ENVIRONMENTAL RISK MANAGEMENT

Environmental risk management is set out in the company's general risk management, while the way in which it is carried out is defined in the Corporate Environmental Risk Management Standard and its associated procedures (on Environmental Responsibility, Climate Change and Water Resources). This standard details the process to be followed to identify, evaluate, prioritize and communicate to ACCIONA's decision-making bodies the potential events that could have an impact on the environment and its locations; and conversely, the risks generated by its operations that could impact the environment. The procedure contains action policies and tolerance thresholds to guarantee, within reason, the achievement of objectives. The environmental risk management process includes the evaluation of present and future scenarios (short-term, 1 year; medium-term, 5 years; and long-term - 10 years), together with an analysis of the probability of occurrence and consequences for the company and/or the environment. 121 significant risks were identified in 2019, for which specific mitigation instruments were developed. In addition, and in order to address risks that have turned into environmental crises, the company has systematized mechanisms integrated into the Corporate Crisis Management Standard.

## SUSTAINABLE WATER MANAGEMENT

ACCIONA has a specific water policy approved by the Board of Directors' Sustainability Committee, whose main objective is to support the fundamental human right of access to drinking water and sanitation, as recognized by the United Nations General Assembly in 2010.

ACCIONA recognizes that water is a finite and irreplaceable natural resource, so the water management strategy takes into account the availability and quality of this natural resource and the equilibrium of the ecosystems where it is found.



<sup>10</sup>An environmental near miss is any incident that does not result in damage to the environment but has the potential to do so. In 2019, the company<sup>has</sup> recorded 426 environmental near-misses, most of which were insignificant spills. Ten incidents involving spills were quantified, with a total discharge volume of 192 m<sup>3</sup>. All cases were resolved by adopting corrective measures.

ACCIONA's water strategies are characterised by strict compliance with the law, responsible and efficient management, the establishment of specific objectives through the Sustainability Master Plan<sup>11</sup>, the development of new technologies, the integration of water into risk management, the extension of its principles to the value chain and transparent communication.

### ACCIONA'S USE OF WATER

There are four different ways in which ACCIONA uses water in its operations:

- **Treatment and distribution of water for customers:** This is water that is captured in desalination, drinking water and water treatment plants or services operated by the company for the supply of water to customers. Most noteworthy about this water is that the quality levels must be fit for human consumption or compliant with the legally-established decontamination levels. In 2019, the volume of water treated by ACCIONA totalled 1,030 hm<sup>3</sup> (519 hm<sup>3</sup> in water-stressed countries), while water supplied from primary networks and groundwater sources amounted totalled 42 hm<sup>3</sup>.
- **Water for internal consumption:** This the water used by the company at its own facilities. This includes freshwater obtained from the municipality, as well as surface and groundwater for which ACCIONA has set a target of reducing this type of usage by 6% in 2019 compared to 2017 (in 2019 the reduction was 61%). It also includes the use of water from sources that do not deplete available natural reserves, such as rainwater, recycled mains water and water reused or recycled on site (in 2019, 32% of ACCIONA's total water for internal consumption came from one of these three sources).
- **Discharge:** This refers to the residual water from ACCIONA's internal consumption that has not evaporated or been used in any company activity and that is removed from the facilities as specified in the pertinent discharge permits. This section includes brine discharged from the desalination plants operated by ACCIONA which account for the highest percentage of its discharges. All wastewater discharged by ACCIONA complies with what is specified in the pertinent discharge permits.
- **Transferred water:** This refers to water that enters and leaves ACCIONA's facilities (hydroelectric and biomass plants) without generating any type of consumption and without the quality of the water or the ecosystems being affected in any significant way.

The company and the environmental authorities implement prevention measures to minimize possible impacts on species that might be found in river ecosystems and other bodies of water, as well as rules for respecting the environmental flow regime and the technical requirements set by the administration itself. The processes that guarantee compliance with the requirements for water collection and discharge are part of the environmental management systems implemented, verified and certified by the company according to the ISO 14001 international standard.

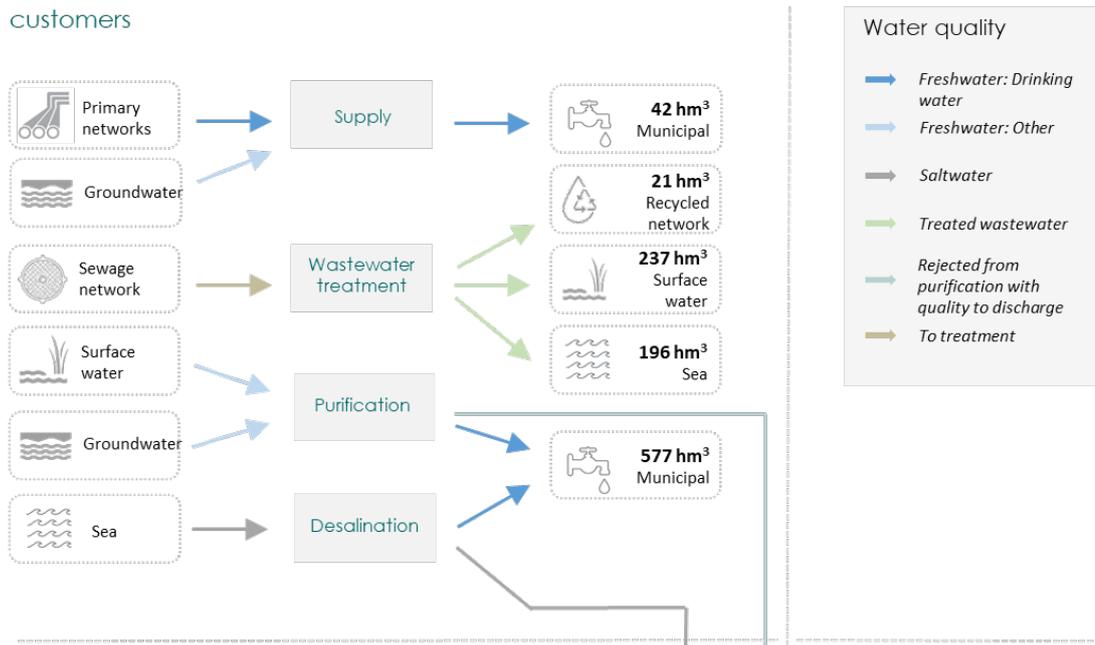


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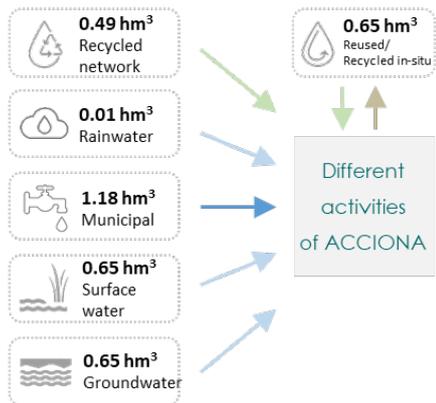
<sup>11</sup>More information at <https://smp2020.acciona.com/>

Water usage in 2019

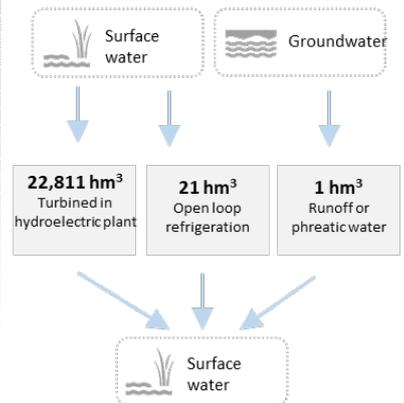
Water treatment and distribution for customers



Water for own consumption



Water transferred



The increase in the volume of treated water is primarily due to the volume of water treated in Egypt (DWTPs) and the United Arab Emirates (desalination plants).

On the other hand, the volume of water for internal consumption was down in all categories, with the exception of water recycled/reused in-situ. These changes are mainly due to less onsite activity as well as the use of process water for irrigation at a WWTP in Egypt. Total water for consumption in 2019 was 3,659,313 m<sup>3</sup> and water use at ACCIONA's buildings was 0.59 m<sup>3</sup>/m<sup>2</sup>.

In addition, ACCIONA calculates the water consumption (surface and groundwater) associated with its suppliers, resulting in nearly 5 hm<sup>3</sup> for its direct suppliers and 29 hm<sup>3</sup> for its entire supply chain.

Effluent discharge was up due primarily to increased activity at desalination plants.

The volume of transferred water was down, mainly due to adverse hydrological conditions during the year which resulted in lower turbine flows at hydroelectric plants.

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## WATER-RELATED RISKS AND OPPORTUNITIES

The management of water-related risks is part of the company's environmental risk management strategy and is implemented using a methodology by which potential events that could have an impact on the company and its locations are identified, assessed and prioritised. This process enables policies and tolerance thresholds to be established, which provide a reasonable guarantee of the achievement of objectives. The process includes the assessment of the following risks:

- Water availability and quality, extreme weather events (such as droughts and flooding), water stress, interannual and seasonal variability of rainfall, among others.
- Transitional risks: Tariff changes, withdrawal licences and discharge authorisations or regulation of river basins.
- Other risks: Impact on the supply chain, impact on habitats and ecosystems, social conflicts, improved water accessibility and sanitation, etc.

The possible present and future scenarios (short term - 1 year, medium term - 5 years and long term - 10 years) in which these risks may arise are evaluated in terms of probability of occurrence and consequences for the company (operational, economic and/or reputational). To that end, 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) water risk maps provided by reference organisations (WRI Aqueduct), iv) tools for identifying legal requirements, v) procedures for social impact management, and vi) procedures for environmental management and vii) know-how of the company's qualified personnel.

The main opportunities derived from the company's activity in water resources take tangible form through the Agua division, which nowadays takes its treatment, purification and desalination solutions to areas of the planet beset by large water needs.

The process of managing the risks associated with water is dealt with by each business on an annual basis.

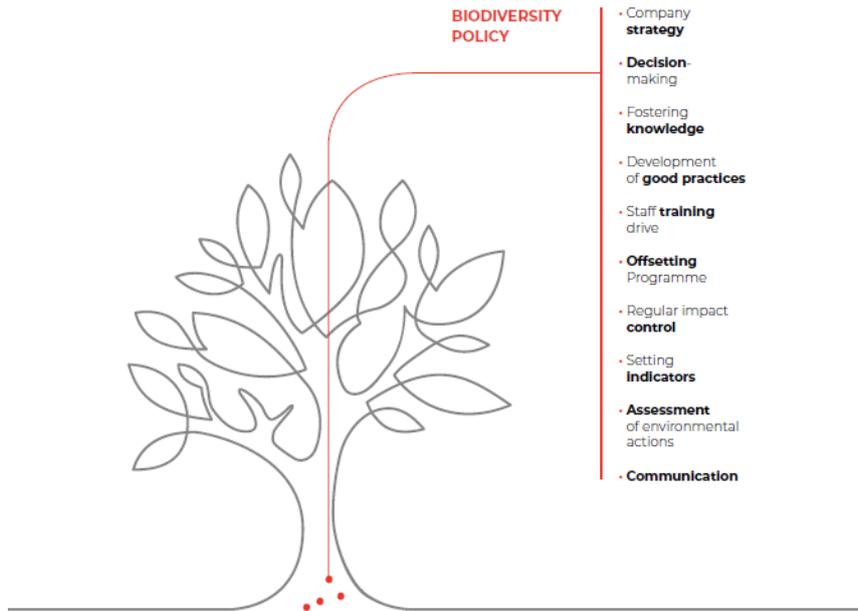
## ENVIRONMENTAL PROTECTION AND BIODIVERSITY

At 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. The aim of the plan is to inspire large-scale actions for all countries and stakeholders to safeguard biological diversity. The last *Conference of the Parties to the Convention on Biological Diversity (COP14)* was held in late 2018, where an ambitious roadmap for the new strategy beyond 2020 was agreed. This new pact will be initialled at COP15 in Beijing in 2020 and aims to establish a new framework for the 2021-2030 decade to prevent the loss of biodiversity on the planet.

ACCIONA views biodiversity conservation and the responsible use of natural heritage not only as an ethical commitment but also a necessary condition for global sustainability. The company has a Corporate Biodiversity Policy which promotes the appreciation for and conservation of biodiversity as a necessity for economic development and social progress.

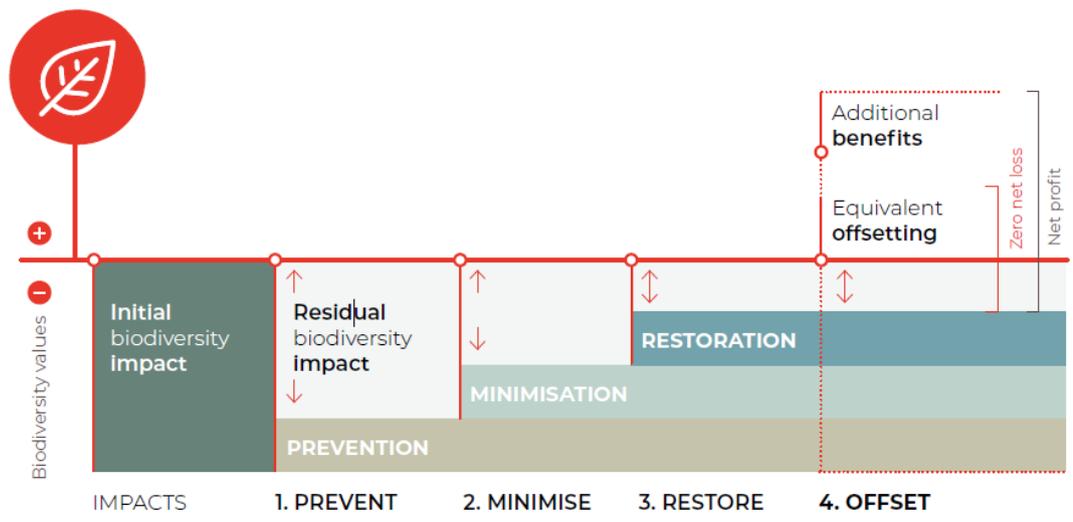


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ACCIONA places priority on the *Hierarchy strategy of mitigating impacts on biodiversity*, identifying and preventing potential impacts that may occur, minimising those that cannot be avoided, taking restoration actions and, finally, proposing compensation actions to achieve a Net Positive Impact. The company develops environmental surveillance plans to control and monitor the measures implemented.

**Mitigation Hierarchy**



Source: modified from IUCN 2015

**MAIN LINES OF ACTION**

**Biodiversity Enhancement and Compensation Program**

As part of its strategy on mitigation hierarchy, ACCIONA has a programme for the design and execution of voluntary initiatives that go beyond governmental requirements and whose aim is to contribute to the net positive impact on biodiversity, favouring the situation of certain threatened species and/or ecosystems.



### CAPTIVE BREEDING AND BEHAVIOURAL STUDY OF THE EUROPEAN MINK

ACCIONA collaborates with the Foundation for Research in Ethology and Biodiversity (FIEB) on the Captive Breeding Project for the European mink, a species in critical danger of extinction which is considered to be the most endangered mammal in Europe.

This European project is part of the Captive Breeding Program within the National Species Conservation Strategy, coordinated by the Ministry for the Ecological Transition. The research centre that FIEB has in Toledo (Spain) is the largest captive breeding centre and the one with the highest number of specimens in Spain. The creation of this centre has significantly improved the accommodation capacity of European mink specimens and the captivity standards, which has resulted in 20 offspring born in 2019.

This represents a success for the continuity of the species and for the improvement of the global genetics of the captive population. This is a project with important international repercussions, since there are only three populations of European mink in the world, one of which is in Spain.

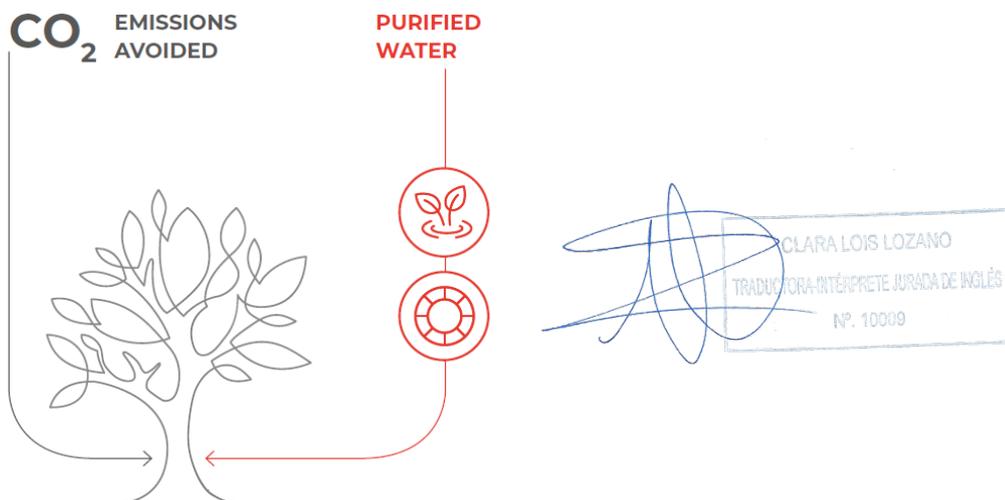
The company publishes information on its actions to offset its environmental impact under this programme, as well as the results obtained. Additionally, it communicates best practices in biodiversity linked to the development of the activity of its different businesses. This information is outlined in the report [ACCIONA, Global Commitment to Biodiversity](#).

#### Neutral biodiversity footprint

Within the framework of the 2020 Sustainability Master Plan, ACCIONA has set for itself the goal of achieving a *Neutral Biodiversity Footprint*, i.e. a target to achieve Net Zero Loss on biodiversity and, where possible, a *Net Positive Impact*.

The methodology, developed in collaboration with PwC, focuses on material aspects and integrates two internationally recognized tools that consider various impact categories: e.g. toxicity, climate change, water, land use and transformation or acidification.

As a result of applying these guidelines, and thanks to the hundreds of hm<sup>3</sup> of wastewater treated and the millions of tonnes of CO<sub>2</sub> avoided at the company's facilities, a positive overall result on ACCIONA's biodiversity footprint was obtained, equivalent to restoring a degraded area with a surface area of over 300 km<sup>2</sup>.



However, to make it easier for the company's locations to manage the risks and impacts of their activities on biodiversity, in 2019 ACCIONA started work on the development of a special biodiversity scorecard based on a digital repository of biodiversity information interconnected by cartographic representations and data analysis applications.

**BIODIVERSITY PERFORMANCE INDICATORS**

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

Location of facilities in protected and unprotected areas of great importance to biodiversity in 2019:

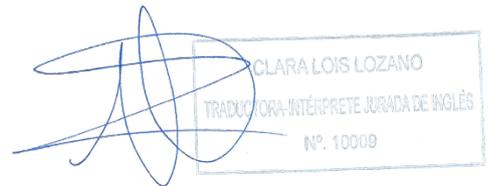
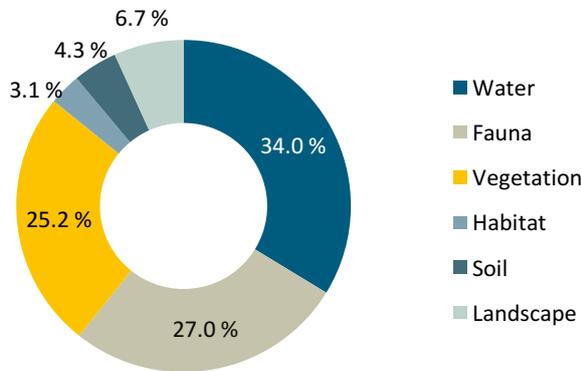
Location with respect to the protected area	Area (ha)
Interior	1,145
Partially interior	530

**Identification and assessment of the most significant impacts**

ACCIONA identifies and assesses the most significant impacts of facilities located in protected and unprotected areas that are important to biodiversity.

In 2019, the most significant impacts were seen on water (34%), fauna (27%) and vegetation (25%) and, to a lesser extent, on soil, landscape and habitat.

**Nature of impacts**



This 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**

ACCIONA identifies the species affected by its facilities that are included on the Red List of Endangered Species prepared by the International Union for Conservation of Nature (IUCN) or included in national conservation catalogues

The table below shows the number of species and the degree of protection according to the IUCN Red List. Furthermore, it takes into account the species that are not included on this list but are protected by national catalogues.

**Protected species affected by ACCIONA facilities**

IUCN Red List Protection Category		No. of species
CR	Critically Endangered	2
EN	Endangered	1
VU	Vulnerable	5
NT	Near threatened	2
LC	Least concern	68
Other national catalogues		4
<b>TOTAL</b>		<b>82</b>



### Habitat restoration and protection

ACCIONA's projects consider the protection and restoration of those areas that could be affected by its works or facilities. As such, these projects involve work to protect and restore habitats, such as replanting, maintenance of forests and planting of affected areas.

Throughout 2019, the company has protected and restored 34.14 hectares in the areas surrounding its projects, and in practically all cases the success of the measures was verified by independent external professionals. Likewise, the Services business has carried out the restoration, cleaning and environmental maintenance of hundreds of hectares of high environmental value.

As a result of these habitat restoration and protection actions, as well as other work in landscape integration or plantations in degraded areas or those lacking in vegetation, over the past year, a total of 462,808 plants were planted.

### Bodies of water significantly affected by catchment or discharge

ACCIONA needs to withdraw and discharge water for certain activities: for example, the production of renewable electric power in hydroelectric power plants, where the water, after passing through the power plant, is sent back to the riverbed without its composition being altered; also for the supply of drinking water at drinking water treatment plants (DWTP) and seawater desalination facilities (SDF); and finally, for construction work.

Therefore, the company uses prevention measures that help minimise any potential impacts on species that may be present in river ecosystems, and that also assure the regime of environmental flows and the technical requirements established by the competent authorities. This also guarantees respect for the regime of environmental flows and the technical requirements established by the competent authorities.

## CIRCULAR ECONOMY: SUSTAINABLE USE OF RESOURCES AND WASTE MANAGEMENT

Within the framework of the SMP 2020, ACCIONA is moving towards a programme of circular economy by incorporating into its activity methodologies, processes, technologies and good practices that will enable the use of natural resources and the generation of waste to be minimized.

ACCIONA is committed to promoting the transition to a circular economy through its adhesion to the Spanish Ministry of Ecological Transition's Pact for a Circular Economy.

The company incorporates key elements of the circular economy into its activities, such as

- Waste minimisation and recovery: making progress in achieving the objectives set out in the *2016-2020 Waste Management Plan*. It also contributes to the valorization of society's waste through the construction of waste to energy plants and the valorization of sludge in waste plants.
- Optimisation of the use of materials and the use of sustainable materials: promoting good internal practices such as the use of reused aggregates, the use of renewable elements such as FSC certified wood and biomass, the efficient use of resources with the best available technologies or the use of advanced materials such as composites, which minimise the number of components used.
- Resource sharing platforms: Through its shared electric motorcycle services.
- Digitization as a key facilitator of circular opportunities in construction: ACCIONA works in technologies such as *building information modelling*, machine automation and 3D printing.



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- Maintaining the resilience of infrastructure for extended use, whether it be proprietary assets such as wind turbines or concessions.

ACCIONA considers that life cycle analysis (LCA) is a key tool for moving towards a circular economy. It is a standardised methodology applied to assess the environmental impact of a process, product or service throughout its life. ACCIONA has six Environmental Product Declarations (EPD) from the energy and infrastructure sectors and a portfolio of 67 LCAs, nine of which will be new in 2019, corresponding to a wind farm, three photovoltaic plants, two biomass plants in operation and one in the pipeline, one infrastructure project and one construction element.

#### WASTE MANAGEMENT PLAN 2016-2020

The Plan was born under a worldwide regulatory development framework for the circular economy. It covers the most representative types of waste at ACCIONA and aims to establish a general strategy in waste policy to promote the circular economy model.

The overall objectives pursued by the Plan are:

- A 10% reduction in non-hazardous, non-recovered waste generated by 2015. In 2019 the target figure is an 8% reduction.
- A reduction of 10 % of hazardous non-recovered waste generated in 2015 by 2020. In 2019 the target figure is 8 % reduction.
- The recovery in 2020 of 50 % of the total waste generated. In 2019 the target figure is 47 % recovery.

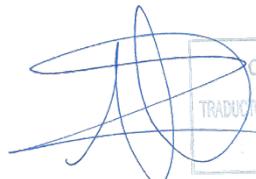
In addition, the Plan contemplates recovery targets with different degrees of ambition for the following types of waste: soil, rubble, dehydrated sewage sludge, slag, ash and plant remains.

In addition, it establishes a 10% reduction target by 2020 (base year 2015) in the generation of contaminated land.

In 2019, the company generated a total of 2,761 tons of hazardous waste (72 % less than in the base year 2015) and 3,784,469 tons of non-hazardous waste (61 % less than in 2015), of which 940,177 tons were sent to landfill and 2,844,293 tons were recovered (reuse, recycling or other routes). The latter figure constitutes 75% of total non-hazardous waste generation (25 percentage points above the 2020 objective of the Waste Management Plan). It is worth highlighting, for example, the 100 % reuse of legally recoverable slags and ashes generated in the company's biomass plants.

#### Evolution of waste generation and management

	2016	2017	2018	2019
Non-hazardous waste (tonnes)	12,590,645	12,118,376	9,602,772	3,784,469
Non-hazardous waste to landfill (tonnes)	7,894,919	6,923,817	4,053,423	940,177
% of non-hazardous waste to landfill	63%	57%	42%	25%
Non-hazardous waste-to-energy (tonnes)	4,695,726	5,194,559	5,549,349	2,844,293
% Non-hazardous waste-to-energy	37%	43%	58%	75%
Hazardous waste (tonnes)	13,279	21,104	8,633	2,761



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USE OF RESOURCES FOCUSED ON THE CIRCULAR ECONOMY

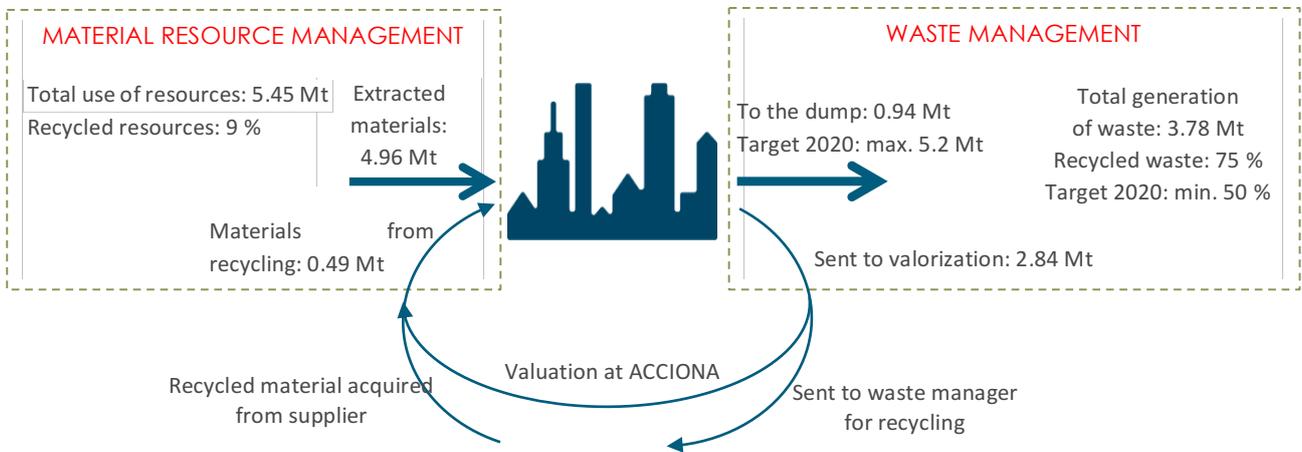
Evolution of resources used

	2016	2017	2018	2019
TOTAL resources (tonnes)	12,318,290	8,940,928	17,403,599	5,452,965
Recycled or renewable* resources (tonnes)	1,614,318	1,763,063	5,065,995	490,135
Recycled or renewable* resources (%)	13%	20%	29%	9%

\*Recycled or renewable: biomass, certified wood (FSC or similar), soil, aggregates, steel, recycled paper and cardboard

The following diagram shows, as in the Circle Economy *circularity gap* graph<sup>12</sup>, the flow of materials in ACCIONA in 2019.

Material flows at ACCIONA in 2019



ENVIRONMENTAL FINES AND PENALTIES

During the 2019 financial year, a total of 18,059 euros was paid, corresponding to 9 fines and penalties of an environmental nature. Among the total amount of fines closed in 2019 are 2 over 5,000 euros, the amounts of which were 9,300 (\$15,000) euros (Construction) and 5,995 euros (Water). In addition, a total of 774 euros was paid in compensation.

Provisions relating to probable or certain liabilities, litigation in progress and indemnity or outstanding obligations of an undetermined amount of an environmental nature, not covered by the insurance policies taken out, are made at the time when the liability or obligation determining the indemnity or payment arises. Further information is provided in the sections on activities with an impact on the environment, provisions and litigation in the consolidated financial statements.

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<sup>12</sup> The Circularity Gap Report 2020: <https://www.circularity-gap.world/>

# INNOVATION

## VALUE CREATION TOOL

Innovation is the key differentiating factor for a company that practices business as unusual. In an environment of non-linear evolution, getting ahead of the curve to improve response times and scaling up solutions is a continuous challenge.

### 2019 KEY MILESTONES

- €230.4 million, which represents an innovation intensity ratio (3.2%) higher than the European average (1.5%).
- Generate €25 million in savings by introducing improvements to processes.
- Proposal for a new combustion process that recovers the energy from a mixture of herbaceous and ligneous biomass, combining the benefits of both.

### 2020 MAIN CHALLENGES

- ▶ Develop at least one project from the Intrapreneurship Programme.
- ▶ I'MNOVATION #Startups acceleration programme: implement pilots in different ACCIONA business areas, expanding from Spain to Latin America, attracting international startups.
- ▶ Implement innovative digital technologies that improve processes in ACCIONA's businesses, in collaboration with the Digital Innovation HUB.

## INNOVATION AS A TOOL FOR VALUE CREATION

At ACCIONA, innovation is the driving force behind its competitive advantage. Initiatives capable of producing a multiplier effect in the creation of new businesses and the improvement of existing ones.

The company is committed to innovation in all areas to anticipate future trends and disruptions and to seek innovative solutions that can generate new business opportunities in line with commercial objectives. To that end, year after year the company continues to promote R&D&I and encourage open innovation.

As part of the ongoing improvement process, in 2019 there was a global review of ACCIONA's innovation management. Based on those results it was possible to optimise innovation processes, adapting them to current and future needs.

The R&D&I Management System (SGIDI) continued to operate in accordance with the guidelines set out in UNE 166002:2014, with uninterrupted monitoring of the activities carried out, through review meetings and the management indicators defined on the basis of strategic, operational and monitoring and improvement processes. In addition, work was done on the search for and implementation of new processes. These efforts were rewarded at the time of the external audit for the renewal of the UNE 166002:2014 certification.

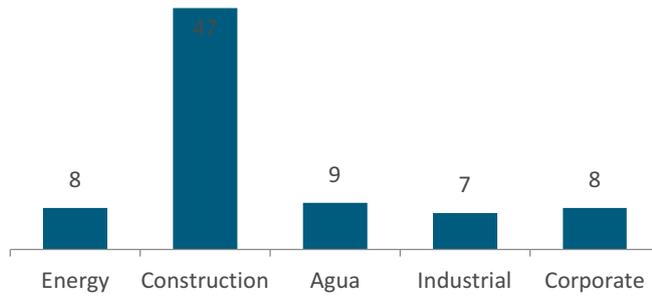


**BUSINESS INNOVATION AND INTERNATIONALIZATION**

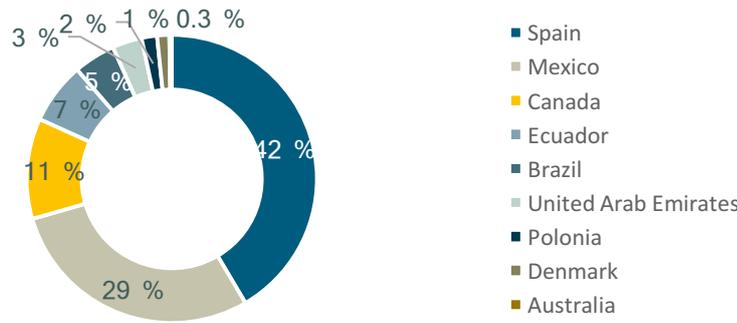
In 2019, ACCIONA reported spending €230.4 million euros on innovation, 2.2 % more than the previous year and a new all-time high. The portfolio of projects for the year totalled 120, 41 of which were research projects and 79 innovation projects.

In its effort to internationalize innovation, in 2019 ACCIONA confirmed 15 projects outside of Spain worth €134.8 million euros, representing 58% of the total innovation figure reported by the company, demonstrating once again that the work done year after year is bearing fruit.

**Geographical breakdown of the number of innovation projects by business**



**Innovation figures by country (millions of euros)**



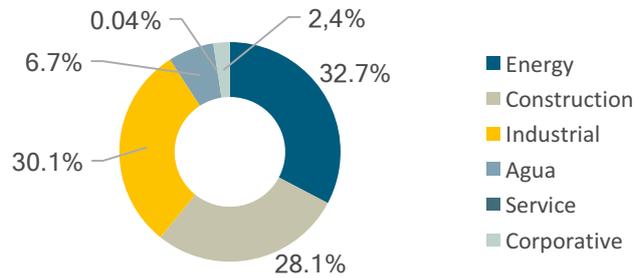
ACCIONA's determination to advance in innovation has enabled the company to stay at the top of the ranking. The 2019 EU Industrial R&D Investment Scoreboard report, produced by the European Commission's IRI (Economics of Industrial Research and Innovation), ranks ACCIONA as the sixth largest Spanish company and the 141st in Europe in terms of R&D.

**ACCIONA's R&D figures**

		2016	2017	2018	2019
<b>R+D+i figure (millions of euros)</b>		<b>209.4</b>	<b>225.4</b>	<b>225.4</b>	<b>230.4</b>
EU Industrial R&D Investment Scoreboard	147	150	141	150	141
	6	6	6	6	6
Strategy&	530	496	496	496	To be determined



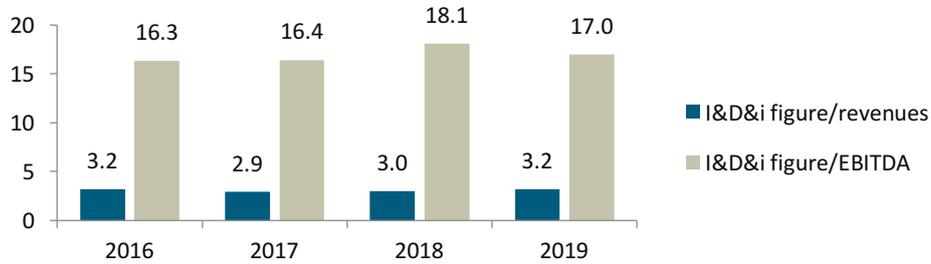
Breakdown by business line



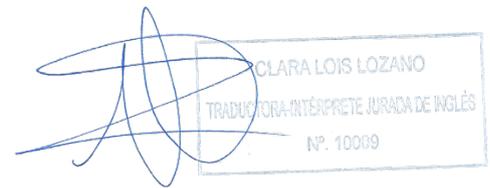
Percentages do not add up to 100 % due to rounding.

The innovation intensity ratio, obtained by dividing sales by innovation spending, is 3.2% in 2019, which is higher than the European average (1.5 %).

Development of innovation intensity (%)



**ACCIONA REAFFIRMS ITS LEADERSHIP IN INNOVATION WITH AN INNOVATION INTENSITY OF 3.2%, HIGHER THAN THE EUROPEAN AVERAGE**



CONTINUOUS IMPROVEMENT OF PROCESSES, GREATER EFFICIENCY OF OPERATIONS

In 2019 the company managed to generate savings of €25 million by making improvements to its processes, achieving 100% of its target plus an additional 40%.

Evolution of the savings

	2016	2017	2018	2019
Verified savings (millions of euros)	27.7	32.0	26.6	25.0
Achievement of objectives (%)	138	154	151	140

TECHNOLOGY CENTRES AND BUSINESS INNOVATION

ACCIONA has two technological innovation centres in Spain whose lines of research are focused around construction and water technologies. It also has a team dedicated to energy innovation in Spain and Mexico. The innovation function is also present in the rest of the businesses with projects in the engineering, industrial and service fields.

R&D&I lines of research in ACCIONA's core businesses

**REACTIVE  
COMPENSATION**



MaxPower  
Craneless  
Advanced wind technologies  
Advanced technologies in solar PV  
Wind and solar storage  
Hydraulic  
Micro-networking technology solutions  
Blockchain to energy  
Life extension

**ENGINEERING**



Design with new materials  
New construction processes  
Engineering methods and energy efficiency

**CONSTRUCTION**



Materials  
Digital innovation  
Construction Processes

**INDUSTRIAL**



Photovoltaic  
Biomass  
Biofuel  
Hydrogen  
Waste to energy  
Solar thermal

**WATER TECHNOLOGIES**



Desalination and new technologies  
Water treatment and reuse  
Drinking water and water chemistry

**SERVICES**



Customer management applications  
Smartcities, mobility in cities  
Traceability and process control  
Improving service efficiency  
Energy efficiency

**i** **MORE INFORMATION** in the section titled "Renewable Innovation" under "The Energy Business" and the section titled "Innovation at the service of sustainability" under the "The Infrastructure Business"

**SHARING INNOVATION**

**DIGITAL INNOVATION HUB**

ACCIONA is aware that new technologies are transforming not only how it does things, but what it does. ACCIONA's Digital Innovation Hub (ADIH) focuses on providing innovative solutions, always striving for excellence under the motto: to do more, better and with less impact on the planet.

ADIH works to ensure that new technologies are integrated into the organization as a tool for future development, with seven skill centres whose purpose is trifold: to demonstrate, transfer and share technology.



**2019 MILESTONES OF THE ADVANCED AND DIGITAL INNOVATION HUB BY SKILL CENTRE**

- **Large scale 3D Printing:** Construction of the first replica of cultural heritage, the Arch of San Pedro de Las Dueñas, for the National Archaeological Museum of Spain.
- **Mixed reality:** The largest simultaneous 3D video session in Spain. 340 pairs of virtual reality glasses were used to project videos at ACCIONA's 2019 Shareholders' Meeting.
- **Connected Things:** Development and implementation of the data architecture of ACCIONA ESCO's control centre.
- **Data Science:** Development of real-time visualization tools for the Motor Sharing service, including location, status, battery level, heat maps, etc.
- **Robotics & Artificial Intelligence:** A demo of the first remotely managed robot using 5G with virtual reality was presented at the Mobile World Congress 2019.

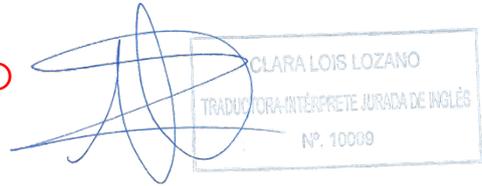
- **Blockchain and new technologies:** Traceability of the personal protection equipment delivered to workers, with the pilots in several business units.
- **Smart Cities:** Creation of this skill centre, whose objective is to contribute to the efficiency and sustainability through the application of the latest technologies citizen involvement. It allows ACCIONA to be more competitive and explore new city-related lines of business (new mobility, green & digital cities, etc.).

## OPEN AND COLLABORATIVE INNOVATION

Two new editions of ACCIONA's I'MNOVATION #Startups Open Innovation program were launched in 2019. One was held in Spain, with a total of three calls for proposals, and the other in Chile, the first initiative of the I'MNOVATION platform outside of Europe. Both managed to activate a total of 16 pilot projects.

The object of I'MNOVATION #Startups is to facilitate a relational model with the world of entrepreneurship attract new talent to ACCIONA in order to accelerate its innovation efforts. In Chile, the programme will take advantage of ACCIONA's synergies and its positioning on the American continent.

ACCIONA LAUNCHED THE  
I'MNOVATION #STARTUPS  
PROGRAMME IN CHILE TO  
ADDRESS THE FUTURE OF  
CITIES AND SUSTAINABLE  
MINING



The I'MNOVATION #Startups programme seeks to co-create solutions to strategic challenges defined by the company by combining ACCIONA's technical and market knowledge, on the one hand, with the capabilities of the start-ups on the other. This way, the company seeks to maintain its competitive advantage in the sectors where it operates while exploring new business models. Furthermore, agile methodologies are used during the development of projects which involve the use of innovative ways of working.

21 people from different business units participated in the I'MNOVATION #Intraemprendimiento initiative, forming five multidisciplinary and transversal teams which proposed solutions for achieving the company's strategic objectives.

The idea behind I'MNOVATION # Intraemprendimiento is that the employees are the architects and protagonists of the company's transformation driven by innovation and the creation of new business models. The initiative is also designed to facilitate the professional development of the participants with the incorporation of agile innovation methodologies, favouring networking between the business units and encouraging teamwork.

In 2019, two projects were selected for activation during 2020.

## STRATEGIC AGREEMENTS AND AWARDS

ACCIONA has established a collaboration network with many centres of excellence in Spain and abroad, with which it participates on various R&D projects: Centro Nacional de Energías Renovables (CENER), Norwegian Geotechnical Institute, Tecnalia, Pontificia Universidad Católica de Chile, Massachusetts Institute of Technology, Royal Melbourne Institute of Technology and the Instituto Tecnológico y de Estudios Superiores de Monterrey, among others.

ACCIONA is a member of the Board of Directors of Water Europe and the International Desalination Association (IDA). The company also participates in the European Network of Construction Companies for Research and Development (ENCORD), the Association of Renewable Energies (APPA), and the Start-up Europe Partnership platform, among others.

## CUSTOMERS

### QUALITY, SAFETY AND SATISFACTION

At ACCIONA, the trust the customers place is forged by listening to them and constantly seeking excellence and innovation in every project undertaken together.

#### 2019 KEY MILESTONES

- 97% overall customer satisfaction rate and decrease in the number of *business-to-customer* (B2C) complaints compared to 2018
- Energy has developed a quality assessment methodology for the entire value chain (Q rating of suppliers of critical supplies and services for projects and operating assets).
- The Real Estate business has implemented a CRM software to manage its customer relations and enhance the control over the commercial process from start to finish.

#### 2020 MAIN CHALLENGES

- ▶ Development of level three of the global process map for the Water business according to PMI requirements (Project Management Institute).
- ▶ Transformation of the Online Direct Channel at Grupo Bodegas Palacio 1894 to optimize its customer relationship model.
- ▶ Mutual transfer of know-how between ACCIONA Producciones y Diseño (APD) and the newly acquired event company, Auriga Cool Marketing.

### MEANING OF SERVICE EXCELLENCE FOR ACCIONA

The company's approach to business based on sustainability and technical excellence, combined with the demand to be competitive in a globalised market - with highly qualified and informed customers and users - places the quality of its products and services, as well as the efficiency of its operations, at the heart of the company's strategy. In this respect, ACCIONA's initiatives are supported by two fundamental pillars: the maximum commitment of senior management, including quality management of the company's processes; and the existence of quality teams with a transversal vision that actively participate in their continuous improvement.

Each business has a quality manager who is responsible for the proper development and continuous improvement of the quality management system. The corporate area also plays a role in coordinating, supervising and supporting businesses and leading the development of the company's Regulatory System.

ACCIONA has a Corporate Quality Policy for the group. In addition, all businesses have their own Quality Policies approved by their managers as part of the framework of their quality assurance systems.

37,790 hours of process and quality training and awareness-raising were provided in 2019 with the aim of ensuring that employees have the specific knowledge and skills required to perform their tasks and improve their knowledge of customers.



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## QUALITY IN OPERATIONS

### Certified management systems

All of ACCIONA's Spanish and international divisions have certified management systems based on the most relevant international benchmarks in terms of quality, the environment and customer and user safety.

In 2019, 100% of the company's most important activities were certified according to ISO 9001 and ISO 14001. This includes 100% of renewable energy marketed and sold with a guarantee of origin accredited by the CNMC; 100% of installed MW;<sup>13</sup> and 100% of the construction activity in several countries (Spain, Chile, Brazil, Mexico, Colombia or Canada). In terms of sales, 87% of ACCIONA's turnover is certified under ISO 14001 and 87% under ISO 9001. In terms of food safety, the food safety management systems of Facility Services and Bodegas Palacio 1894 Group businesses are certified in accordance with ISO 22000.

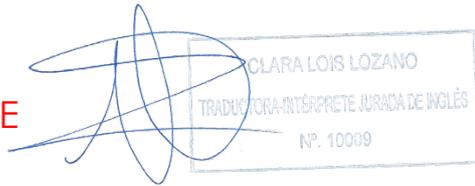
**i** **MORE INFORMATION** in the sections on "The Energy Business", "The Infrastructure Business" and "Other Businesses".

### Audits

Internal and external audits by customers and certification bodies are one of the main tools used by ACCIONA to identify opportunities for improvement.

In 2019 a total of 1,210 audits were carried out, 57% more than in 2018, of which 999 were internal and 211 external. The vast majority of these audits were carried out according to ISO 9001 and 14001. The company also received 180 audits from its customers, 33 more than the year before. In this case, almost all come from the Facility Services lines of business in connection with the services it provides to food and automotive plants in Spain.

1,210 AUDITS WERE  
CARRIED OUT BY THE  
COMPANY, 57% MORE  
THAN IN 2018



### Improvement groups and lessons learned

In 2019, ACCIONA had 38 improvement groups made up of multidisciplinary teams, directly involving over 1,000 employees, to identify and implement innovative solutions and establish mechanisms to manage the risks associated with the various businesses.

These groups worked in a wide range of areas. For example: the digital transformation of the Industrial line's processes, the management of user incidents for the Mobility line or the operational model for optimizing and controlling renewable energy technologies, among others.

The lessons learned are used to document and share the knowledge acquired and can be identified by anyone in the company and used to improve the processes with which they are related. In 2019, the company detected a total of 453 lessons learned. They are disseminated to employees through different channels.

**i** **MORE INFORMATION** in the sections on "The Energy Business", "The Infrastructure Business" and "Other Businesses".

<sup>13</sup> Certifiable installed MW: any installation in the O&M phase one year after start-up and owned by Acciona Energía

## LISTENING AND COMMITMENT TO CUSTOMERS

Meeting the needs and expectations of its customers and users is ACCIONA's priority objective. The diversity of its business is reflected in the types of customers, which are primarily large customers from both the public and private sectors, such as corporations - *Business to Business* (B2B) - and financial investors. However, some group companies, such as the Water, Services, Grupo Bodegas Palacio 1894 and Real Estate businesses have direct relationships with the customers or users of the services provided - *Business to Customer* (B2C).

**i** **MORE INFORMA** in the section on customers, products and services under "Annex of Itemized Indicators".

### Communications and customer relations

Just as its customers are diverse, so too are the communication channels the company uses seek greater accessibility and agility in the dialogue with them and with other ACCIONA stakeholders.

#### Communication channels with customers



- Customer websites, such as the new website created for the energy marketing business in Portugal or the private customer area in Real Estate. In 2019 Bestinver launched a private area for customers where they can perform online operations. In addition, the "Investment School" section explains key concepts for investing in funds and pension plans.
- Collaborative apps to protect and enhance the environment in the municipal services provided by the Service business. The "Cuida Caravaca", "Almería Sostenible" or "App Emergencias Aragón" apps, among others.
- Digital media and supports. Visitors to the International Real Estate Exhibition in Madrid (SIMA) were able to access ACCIONA's 100% paperless stand, the first of its kind, where the offer was displayed using digital media such as virtual and augmented reality, various LED screens, QR codes, tablets, etc.
- CRMs, such as the Energy sales area.
- Call centre service for the real estate business or the energy sales business.
- Physical service points at water service or solar offices; sales booths on real estate development sites or the reception of the Real Estate line's student residences.
- Meetings. Bestinver held two conferences for customers in 2019. Grupo Bodegas Palacio 1894 also sponsored several road shows.
- Personalized managers for the wind projects of the Energy business and Service Managers for waste removal contracts and the Service area's maintenance and landscaping businesses.

### Customer satisfaction

Measuring customer satisfaction makes it easier to plan actions aimed at improving their relationship with the company. Given the diversity of ACCIONA's products and services, the company considers a variety of factors in measuring customer satisfaction: evaluation of deadlines and starting in the Energy and Construction areas; sales management, meter readings or billing by Green Energy; or availability rates and incident resolution by Service. In Wineries, for example, customers evaluate the

characteristics of the product, the attention received, logistics management and the brand. At APD looks at the assessment of the concept and design of the project, among other issues.

Surveys are the most common method of collecting information on customer satisfaction and/or experience with ACCIONA products, services and projects. In 2019, a total of 42, 736 surveys were sent out, with a response rate of 38%.

In 2019, ACCIONA launched a solidarity initiative: "Donation through satisfaction surveys". Under a Collaboration Agreement signed with UNICEF, the company pledged to donate a certain amount for each survey completed by its customers. The donations went to the "UNICEF Emergency Fund", provides financial assistance in emergencies and humanitarian crises

#### Evolution of satisfied customers

	2016	2017	2018	2019
Satisfied customers	97%	99.8%	97%	97%

#### Complaints and claims handling

ACCIONA takes complaints lodged by customers seriously.

1. There are specific procedures in all divisions for handling complaints, claims and suggestions.
2. Some areas, like Water or Green Energy, have channels that are accessible to customers for submitting their complaints, claims and suggestions in specific areas of the websites. Also, computer applications such as the one enabled by Construction to collect complaints related to work or the digital mailboxes in various municipalities in Murcia (Spain) provided by Services.
3. Complaint managers are appointed to be responsible for evaluating the causes of complaints and claims and coordinating their resolution.
4. Information is provided to customers and users on the status of their complaints and their resolution and closure, once an agreement is reached with the person who filed the complaint.
5. The number of complaints received is recorded annually.
6. Other information that is recorded is the number of complaints that are closed or pending and the time spent on them. Definition of action and/or improvement plans as needed.

The number of B2B complaints increased to 1,335 and the number of B2C complaints decreased to 17 (per thousand customers).

#### Evolution of complaints in 2019

	2016	2017	2018	2019
<i>Business to Business (B2B)</i>				
No. of claims	1,219	1,043	861	1,335
Average number of B2B complaints successfully closed		95%	85%	86%
<i>Business to Consumer (B2C)</i>				
No. of complaints (per 1,000 customers)	17.3	13.7	17.4	17.0

Complaint resolution times vary from one ACCIONA business to another, depending on the nature of the business. Across all divisions, more than 50% of complaints were resolved in less than 12 months. The influence of external factors such as weather conditions means that the resolution time can exceed one year in some cases. In others cases they are resolved in just a few days: in energy sales, road and hospital concessions, handling services, etc.

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## IN THE CASE OF SOLAR FARMS, IT TOOK ONLY 1 DAY TO RESOLVE EACH COMPLAINT.

In the real estate development business there is characteristic type of incident: the punch list items requested by the homeowners. In 2019, for a total of 189 closings there were 4,424 punch list requests, some of which were valid and others were not.

### Loyalty, recommendation and comparison with competitors

Most of ACCIONA's businesses use additional assessments to measure customer satisfaction:

- The recommendations or level of satisfaction expressed by customers when asked: "Would you recommend ACCIONA to other companies? For example, the motosharing service uses the NPS (Net Promoter Score<sup>14</sup>) indicator which measures the difference between the percentages of detractors and promoters, receiving a score of excellent.
- The degree of loyalty which builds lasting relationships over time, by asking customers a direct question: "What are the chances you would hire ACCIONA again?"
- The comparison of the company with competitors using a scale such as better, equal, worse.
- ACCIONA's Solar business has measured its customers' experience as the perceived cost-effectiveness. More than 50% of customer responses were in the "WoW" range (score of 9-10).

**i** **MORE INFORMATION** in the sections on "The Energy Business", "The Infrastructure Business" and "Other Businesses".

## CUSTOMER HEALTH AND SAFETY

The Quality Policy includes the principle of ensuring the health and safety of customers and users. In addition, each of the safety management systems implemented in the company has a policy that specifies the principles and commitments of application, and which is approved by senior management and available to interested parties.

100% of ACCIONA's products and significant activities are assessed for their impact on the health and safety of customers and users, indicating, where appropriate, whether improvements need to be made.

There are a number of things that ACCIONA does to ensure the safety of its products and services:

- Information to customers on how to safely use its products and services.
- Product quality controls, critical point analysis and safety tests.
- Continuous monitoring of facilities.
- Regulatory inspections and compliance with applicable laws and international standards.



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<sup>14</sup>The NPS index ranges from -100 (all customers are detractors) to 100 (all promoters) An NPS above 0 is perceived as good and an NPS of 50 is excellent.

- In the case of Wineries, food safety risk analysis and exhaustive controls from the reception of raw materials and packaging materials to the production process and the end product.
- Safety management systems that guarantees that the work is performed in accordance with the international standards of references established for each sector. 7% of ACCIONA's turnover is certified in accordance with various international standards in this area:
  - Road safety: Two highways managed by Concessions have safety management systems which are ISO 39001 certified.
  - Rail Transport Safety: Rail Services has its freight transport safety management system approved by the State Railway Safety Agency (AESG).
  - Airport safety: Airport Services are certified by ISAGO (Safety Audit of Ground Operations) at the headquarters in Palma, in Düsseldorf and at the Andes company (Chile), in accordance with the regulations of the International Air Transport Association.
  - Food safety: The food safety management system of three warehouses and two Facility Services locations are ISO 22000 certified
  - Information security: the Can Misses Hospital Concession Company has implemented an ISO 27001-certified information security management system.

In addition, some of ACCIONA's products have specific product certifications, such as the European Conformity (EC) seal which guarantees that the products comply with the EU's legal and technical requirements for information security.

#### Product and service labelling

ACCIONA carries out the appropriate communication actions to inform its customers about the safe use of its products and services, essentially by means of labelling products, providing user manuals, adhering to contractual requirements or joining international programmes that foster responsible consumption, etc.

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

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

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

## PROTECTION OF PERSONAL DATA

ACCIONA is committed to ensuring its subsidiaries, business areas and, by extension, all of its employees, shareholders, suppliers and customers, act in an appropriate manner and with the highest standards of diligence in relation to Personal Data protection, processing and privacy. To that end, the Personal Data Protection Policy aims to establish the company's objectives regarding the protection of personal data and to define a working framework to guarantee and enhance such protection, respecting the principles and rights established by the applicable regulations.



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## SOCIAL IMPACT

### DIALOGUE AND LOCAL IMPACT MANAGEMENT

Infrastructure has the virtue of improving people's quality of life, as such, ACCIONA's aim is to amplify this value through dialogue and support for the communities where it operates.

#### 2019 KEY MILESTONES

- The scope of the company's Social Impact Management methodology encompasses 124 projects in 27 countries.
- Over €12.5 million of social contributions to the community, 45.1% linked to Sustainable Development Goals.
- Reformulation of the corporate volunteer model for the entire company, with greater emphasis on strategic markets.

#### 2020 MAIN CHALLENGES

- ▶ To advance the social impact management methodology towards the model of Enhanced Impact Solutions development.
- ▶ Increase social action contributions linked to SDGs by 30%.
- ▶ Implement the new volunteer management platform in core markets.

The Code of Conduct reflects ACCIONA's commitment to shared value with the local communities where it operates. This commitment is developed in the Sustainability Policy, the Social Action Policy and the Stakeholder Relations Policy, on the understanding that dialogue and cooperation with local communities enables the company to increase the positive impact of its activities on society.

### SOCIAL IMPACT MANAGEMENT, AN ADVANCED METHODOLOGY

ACCIONA believes that managing the social impact of its projects and services is a strategic issue within its sustainable business model. For this reason, for over nine years it has been working to manage the positive and negative impacts caused by its operations, beyond legal and contractual requirements.

The responsibility for the implementation of this methodology is transversal within the organization. In its different phases, it can involve the Business Development and Studies Department, those responsible for the projects or services, as well as the Quality, Environmental, Prevention and Business Sustainability Departments. At the corporate level, the Global Sustainability Department monitors the implementation of the projects regularly and is responsible for updating the methodology.

The company's projects generated numerous positive impacts such as the hiring of local personnel, the acquisition of goods and services in the local area where the project takes place, worker training, increased employee income and improved access to roads, among others. However, it may also cause inconveniences, such as interruptions in supplies to communities, damage to vulnerable groups,



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temporary disruptions of transport routes, road safety problems in urban environments, difficulties in accessing health or education centres, or alterations of local prices. ACCIONA has its own methodology for identifying, evaluating and managing these impacts based on international standards<sup>15</sup>.

ACCIONA's social impact management has evolved steadily over the years. In 2020, the methodology is expected to be updated to include the detection of local needs linked to sustainable development goals indicators and enhanced identification of negative human rights impacts.

#### PHASES OF THE METHODOLOGY

- Characterization of social risk: Study of the degree of social risk of the project by means of the characterisation from the design and offer phase.
- Social evaluation of the project: analysis of the socio-demographic characteristics of the populations in the project's area of influence, identification and assessment of the positive or negative social impacts and creation of a proposal of social measures.
- Communication and dialogue with local communities and other interest groups about the project, its main impacts and the social measures to be carried out: depending on the type of project, specific communication or dialogue channels are established to inform the community about the project, its main effects and the social measures to be carried out.
- Implementation and monitoring of measures to prevent and mitigate negative social impacts and to reinforce positive ones. Various initiatives were launched for this purpose in 2019: increased local hiring, improved infrastructure, restoration of places of cultural and natural interest, worker training, preventive actions to minimize disturbances caused by the company's work in the surrounding area, educational campaigns in schools or support for entrepreneurship.

This methodology is implemented through a corporate standard on the main construction, operation or service provision projects undertaken by the Infrastructure and Energy areas in all geographical areas where the company operates.

#### AUDITS

Since 2017, external audits have been conducted to assess the level of application of the Social Impact Management methodology.

#### Evolution of Social Impact Management audits

	2017	2018	2019
Total number of audits	9	8	8

The results of the audits in 2019 show that the methodology is being implemented correctly in each phase. A need to improve certain aspects was detected, such as proactivity and continuity in its relations with communities and other stakeholders, and to create a scorecard to monitor the social measures implemented and keep better track of the budget allocated to each one of them.

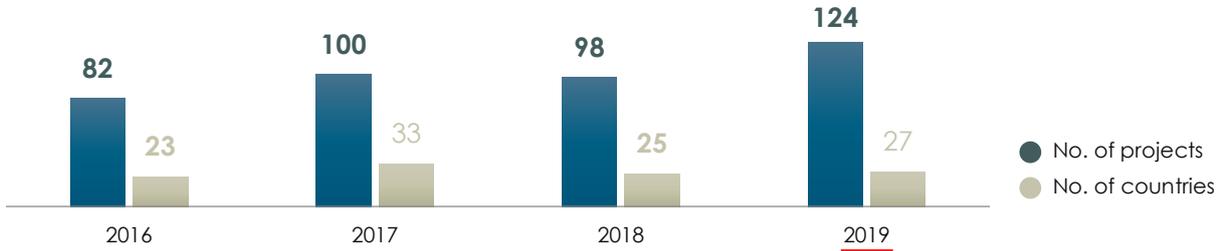
#### SOCIAL IMPACT MANAGEMENT COURSE

Since 2018 the company has offered a Social Impact Management Course to all employees with direct or indirect responsibility for the application of the Corporate Social Impact Management Standard. 23 employees completed the course in 2019.

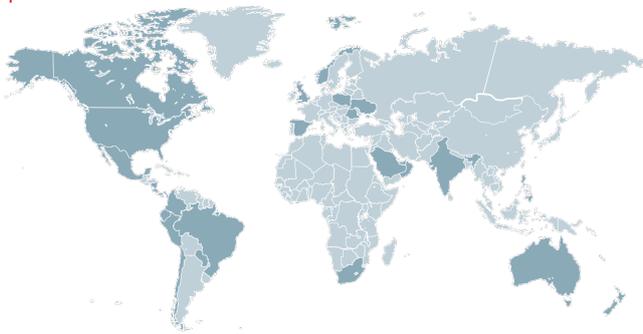


<sup>15</sup> IFC performance standards on environmental and social sustainability, Guidelines for Environmental & Social Impact Assessment (ESIA) WBCSD, Guidance for assessing and managing the social impacts of projects (International Association for Impact Assessment), The Equator Principles, World Bank Environmental and Social Framework.

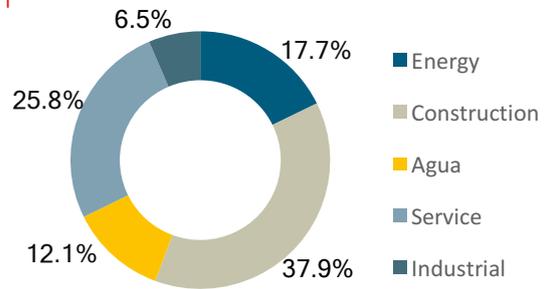
EVOLUTION OF THE IMPLEMENTATION OF THE SOCIAL IMPACT MANAGEMENT (SIM) METHODOLOGY BY ACCIONA



Countries with SIM projects



Breakdown by line of business



SIM METHODOLOGY PHASES AND IMPLEMENTATION STATUS (% OF TOTAL SIM PROJECTS)



**i** MORE INFORMATION in the sections on "Social Impact Management" and "The Infrastructure Business".

## SOCIO-ECONOMIC AND ENVIRONMENTAL IMPACT

Since 2015, ACCIONA has been measuring the socio-economic and environmental impact of its projects in different countries in order to understand and enhance the benefits they generate throughout their life cycle. Using an econometric model based on input-output tables (analysis of the relationships between different industries), the company obtains quantitative results of the direct, indirect and induced impact of its operations in terms of job creation and contribution to the country's gross domestic product (GDP), in addition to observing other positive effects on the environment and communities.

In 2020 this methodology will be reviewed by an external expert and work will continue to improve its use with the aim of obtaining more comprehensive information on social and environmental externalities.

Both the Energy and Infrastructure areas have a system of indicators that measure the social and environmental impacts of their operations and the socio-economic effects of their activities.

## COMMITMENT TO THE COMMUNITY

The company understands that it is a key player in the development of the communities in the countries where it does business and contributing to improve people's quality of life. As part of the Sustainability Master Plan 2020, ACCIONA is committed to aligning 100% of its social contribution with its Social Action Plan. In 2019, the company achieved the following results:

- Over €12.5 million in social contributions to the community, equal to 5.90% of the 2019 dividend<sup>16</sup>.
- 45.1% of social investment allocated to ACCIONA's priority SDGs: access to water (No. 6), energy (No. 7), infrastructure (No. 9), sustainable cities (No. 11) and climate change mitigation (No. 13).
- Almost 3 million beneficiaries.

The Social Action Plan is divided into five core areas:

- Access to basic energy, water and infrastructure services through [acciona.org](http://acciona.org).
- Investment associated with projects.
- Sponsorship and patronage in the areas of health, culture and education.
- Promotion of sustainability.
- Corporate volunteering.

## ACCESS TO BASIC SERVICES: ENERGY, WATER AND INFRASTRUCTURE - ACCIONA.ORG

- 55,800 people benefitted in Peru, Mexico and Panama.
- 800 rural and indigenous communities served in Peru, Mexico and Panama.
- 23 *Luz en Casa* centres run by local microfranchised staff.
- 3 public-private partnerships: Public-Private Alliance for Development with the Government of the State of Oaxaca, and the Spanish and Mexican Cooperation Agencies (AECID and AMEXCID); Alianza Shire, the first Spanish multisectoral alliance for humanitarian action together with the Polytechnic University of Madrid, AECID and other Spanish companies; Public-Private Alliance for Development with AECID in Panama.



<sup>16</sup> See data published in point 29 of the Proposed Allocation of Profit (loss) in the Annual Accounts

### acciona.org Foundation

2019 was a special year for ACCIONA's corporate foundation, acciona.org, which saw the first fruits of its labour to extend the range of basic services to impoverished and extremely impoverished populations that fall outside conventional humanitarian aid schemes.

By the end of the year, the first pilot project to bring drinking water, healthy sanitation and safe kitchens to almost 140 homes in the Mexican state of Oaxaca was nearing completion. With some facilities still to be finalised, this initiative, which is part of the EncASa Oaxaca 2018 project, developed in partnership with the Government of Oaxaca and the Spanish and Mexican cooperation agencies (AECID and AMEXCID), was already having a positive impact on five Oaxacan communities. Based on the supply of various eco-technologies, the beneficiaries are able to choose the reforms to be implemented, according to their needs, customs and other factors, such as previously-existing infrastructure or the climate of their communities. The catalogue of sustainable technologies includes different systems for water collection and purification, sanitation and various types of kitchens with extraction to the outside. Some of the facilities require construction work that is done by the users themselves under the supervision of acciona.org, which provides them with training for the construction and subsequent maintenance.

The acciona.org Foundation has also maintained and increased its electrification activity. In addition to the services mentioned above, in Oaxaca the foundation has equipped more than 700 new homes with photovoltaic systems, which are added to the more than 7,500 homes that have been benefiting from the supply of electricity since previous years. The same can be said of the Ngäbe-Buglé indigenous region of Panama, where this initiative has added 232 homes to the 400 it began serving in late 2018. Nearly 3,600 Panamanians from the most remote indigenous communities benefit from these initiatives, which are carried out in a public-private partnership with AECID.

In Peru, acciona.org brought its basic electricity service to 4,215 families in rural communities in the northern sierra (Cajamarca) and Amazonian communities in the northern jungle (Loreto). The *Luz en Casa Amazonía* programme continued in the latter of these regions, with a new project, co-financed by AECID, to electrify the homes of more than 5,000 people. With this, the programme has completed its scaling up in the Napo River basin, where it has been working until now, and has begun to replicate it in the Ucayali and Marañón basins, identifying almost 30 locations where the deployment of isolated electrical service using home photovoltaic systems would be viable. In this phase of the programme, and in collaboration with the Polytechnic University of Madrid, the processes and procedures of *Luz en Casa Amazonía* are also being analysed and evaluated for scalability and replicability.

The Foundation also continued to participate in "Alianza Shire: Access to energy for refugee camps and host communities". Beneficiaries were located in three camps and communities in northern Ethiopia, where the *Luz en Casa* model was also adapted to this specific context. This initiative, developed in partnership with the Polytechnic University of Madrid, AECID and other Spanish companies and in collaboration with UNHCR and other partners working in the area, was recognized as a good practice at the First World Refugee Forum held in December.

In short, in 2019 acciona.org has increased the impact of its actions to favour the development of the most vulnerable populations through access to basic services, making progress in achieving the Sustainable Development Goals (SDGs), especially SDG 6 (water sanitation) and SDG 7 (energy). With the arrival of affordable, reliable, sustainable and modern energy to these communities, the organization, in addition to facilitating the development of productive, educational, recreational and family-oriented activities and favouring access to information and communications, has provided equitable access to drinking water and adequate sanitation. This allows for a further reduction in health risks for the beneficiaries, who improve their supply sources, acquire healthy habits and also save water in places where it is scarce. The foundation's projects are therefore a tool for resilience and adaptation to climate change.

### SOCIAL INVESTMENT ASSOCIATED WITH PROJECTS

ACCIONA actively contributes to improving the socioeconomic systems of the communities where it operates. Its initiatives contribute to people's well-being, broaden their access to education, promote the conservation of their heritage, care for the environment and biodiversity, and promote sport and



healthy lifestyles. Not only do its projects focus on job creation by training workers and creating local business but they also improve community infrastructure.

- 855,233 beneficiaries in 25 countries.

 **MORE INFORMATION** in the sections on "The Energy Business and "The Infrastructure Business".

### SPONSORSHIP AND PATRONAGE: HEALTH, CULTURE AND EDUCATION

The company collaborates with a number of institutions in the assignment of resources to help serve the needs of surrounding communities.

- More than 20,500 people have been helped.

In 2019, a new version of the Corporate Standard for Non-commercial Donations and Sponsorships was approved, which is mandatory for all ACCIONA companies and employees, as well as for third parties acting on their behalf.

The following health-related initiatives are worth noting:

- Pro CNIC Foundation: joining forces to channel the commitment to heart disease research at the National Cardiovascular Research Centre (CNIC).
- Fundación Teletón por la Vida (Ecuador): a social assistance institution concerned with the well-being of sick children and their families.

There are also significant actions in the areas of education and culture:

- ACCIONA Chair, in collaboration with SUR, School of Artistic Professions: to training professionals in the arts. ACCIONA funded 10 scholarships in 2019.
- Princess of Asturias Foundations: contributes to the promotion of scientific, cultural and humanistic values.

#### HOMeward BOUND PROGRAMME

The aim of the programme is ensuring that women play a decision-making role in solving global issues such as climate change and sustainable development through long-term strategies. A total of 415 female scientists have joined the programme thanks to ACCIONA's support.

Homeward Bound aims to create an international network of 1,000 women interested in the fight against climate change within ten years in order to collaborate on projects in various fields.

### PROMOTING SUSTAINABILITY

ACCIONA believes it is essential to promote and disseminate sustainable culture in order to create a more responsible and supportive society.

- 2,700 children have participated in the Sustainability Classroom in Mexico.
- 5,507,937 users registered on the Sustainability for All site, which received more than 6.6 million visits. 66% of the visitors came from countries that are critical to ACCIONA's business.
- Sustainability for All accounts for 45% of the traffic on ACCIONA's sites.

#### Sustainability Classroom

The educational programme, Sustainability Classroom, aimed at children and youth between the ages of 10 and 16, seeks to make new generations aware of the benefits of environmental and economic sustainability. The Classrooms were set up at primary and secondary schools in the provinces of Tamaulipas and Oaxaca (Mexico), near ACCIONA wind farms, benefiting more than 2,700 students in 2019.



### Sustainability for All: a space for disseminating sustainable development

Sustainability for All is the online community created by ACCIONA to make users aware of the importance of sustainable development. An entertaining and informative website designed to make readers aware of the climate emergency on the planet and learn how to lead a more sustainable life.

In 2019, Sustainability for All received over 6.6 million visits from more than 100 countries, which is an increase of more than 20% compared to the previous year. It is a reference for the dissemination and popularization of sustainable development.

### CORPORATE VOLUNTEERING

The purpose of the ACCIONA Volunteer Programme is to channel the solidarity of its employees and to generate within the workforce a culture of collaboration and solidarity with other social groups who are most in need.

Noteworthy data for 2019 include:

- 1,245 volunteers from 18 countries.
- 7,468.5 hours spent by volunteers on community work.
- More than 16,400 beneficiaries.

### ACCIONA Volunteer Day

This initiative seeks to teach boys and girls between the ages of 6 and 10 to build a more sustainable world through games and small everyday actions. They are taught the concepts of poverty, climate change, hunger, water scarcity, inequality and sustainable cities. In its eighth edition, 1,013 ACCIONA volunteers (17% more than the previous year) taught workshops on sustainability to schoolchildren from more than a hundred schools in 18 countries. For the first time, the initiative was a carbon-neutral event.

### acciona.org Foundation

21 ACCIONA volunteers travelled to Peru and Mexico in 2019, investing more than 2,500 hours in the projects carried out by acciona.org. In addition, 18 "virtual" volunteers took part in the "Water and Sanitation Observatory", a collaboration group on water technology, sanitation technology and service provision models in which innovative solutions are shared for acciona.org projects.

### Princess of Girona Foundation

Within the framework of the "*Rescatadores de Talento*" (Rescuers of Talent) programme, 27 managers and directors acted as mentors for university graduates from disadvantaged backgrounds. Progress was also made in the Youth Development section by making the online training resources of T-MAX and two Development Centres on innovation and energy available to 85 students.

### Integra Foundation

25 ACCIONA volunteers helped women at risk of social exclusion complete their resumes as part of an initiative focusing on job insertion for individuals in situations of social exclusion and with disabilities.

### Quiero Trabajar Foundation

9 ACCIONA volunteers gave part of their time to work on the programme of the *Quiero Trabajar* Foundation aimed at 25 women migrants in Madrid and Barcelona seeking international protection and refugee status. At the end of the programme, 13 of the women found work. Another 5 volunteers participated in the foundation's regular initiatives.

In October 2019, the Spanish Commission for the Reception of Refugees (CEAR) presented ACCIONA and the Foundation with an award in recognition of their support for the inclusion of applicants for international protection and refugee status in the workplace.



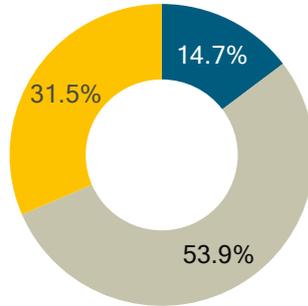
## MEASURING SOCIAL ACTION

ACCIONA measures and evaluates its social action and the degree to which it contributes to the 17 Sustainable Development Goals, applying the international LBG (London Benchmarking Group) methodology which allows for an overview and comparison of results with other companies.

### Motivation of initiatives

(According to LBG methodology)

**Initiative aligned with business:**  
Social interest initiatives intended to promote business directly.

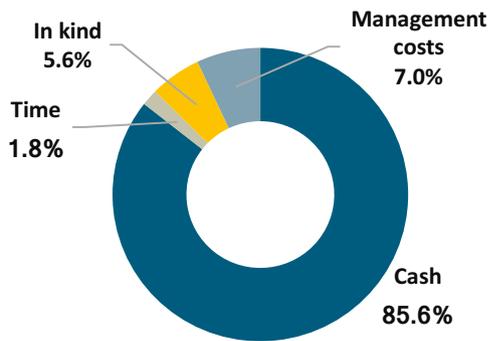


**Timely contribution:**  
Timely support for social causes

**Social investment:**  
Long-term strategic commitment in collaboration with the community.

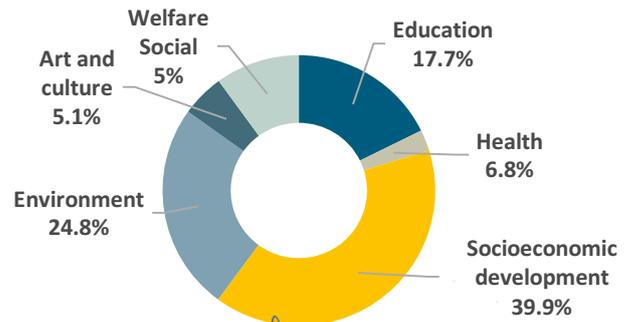
### Type of contribution

(According to LBG methodology)



### Contribution by area of action

(According to LBG methodology)



### Contribution to SDGs through the Social Action Plan



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## DIALOGUE AND SUSTAINABLE LEADERSHIP

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

### PRESENCE IN ORGANIZATIONS AND INITIATIVES

#### ACCIONA at COP25

ACCIONA took an active role in COP25, which was held in Madrid in December 2019. The company took part in various forums and meetings at the summit sponsored by the United Nations (UN) with the aim of helping speed up the commitments of the business world in the fight against the climate emergency.

Various ACCIONA representatives took part in forums at COP25 which were mainly focused on the development of clean energy and resilient infrastructure, the advancement of sustainable models of water management and sanitation, the role of business in protecting human rights, and the analysis of measures to reduce the climate footprint of large cities.

The following events in which ACCIONA was present are worth mentioning:

- José Manuel Entrecanales, Chairman & CEO of ACCIONA, participated in the Caring4Climate High Level Meeting on Climate Change. This UN initiative aims to mobilize a critical mass of business leaders to implement and recommend solutions to accelerate decarbonization.
- The company attended the presentation of the report titled *Flexibility Solutions for the Integration of High Renewable Capacity into the Power Grid*, conducted in collaboration with Bloomberg New Energy Finance.
- ACCIONA took part in the meetings organized by the Inter-American Development Bank on the articulation of investment models for resilient infrastructure in Latin America.
- At an event organized by ACCIONA and the Real Instituto Elcano titled *Reaching net zero: Learning from international experiences with climate legislation*, different global leaders analysed the regulations implemented in various countries to achieve effective decarbonisation.

ACCIONA also took its participation to other areas of the city of Madrid. The company installed a wind turbine blade on the Paseo de la Castellana to showcase the evolution of this technology. Another blade was installed at the entrance to the COP25 site.

#### United Nations Global Compact

ACCIONA has been a member of the United Nations Global Compact since 2005. Every year, it reconfirms its commitment to the ten principles of the Global Compact, based on respect for human and labour rights, environmental protection and the fight against corruption, and focused on achieving the sustainable development goals.

The company is also part of the Pathways to Low-Carbon & Resilient Development, platform, whose object is to mobilize the private sector to become a catalyst for the commitments of the Paris Accord and the United Nations SDGs.

In 2019, ACCIONA joined the EU Peer Learning Group Climate to share knowledge on corporate climate action. The platform brings together business sustainability professionals from different countries to exchange best practices in this field, share challenges and work as leaders in the fight against climate change.

At the United Nations Climate Action Summit in September 2019, ACCIONA signed onto the *Business Ambition for 1.5°C* manifesto: *Our Only Future* made a commitment to limit the rise in global temperature to 1.5°C and to achieve “zero emissions” by 2050.

Finally, ACCIONA actively participates in the Spanish and Chilean Global Compact Network with a large number of initiatives led by both organizations.



### CLG Europe

ACCIONA joined CLG Europe (formerly Corporate Leaders Group) in 2009. This is a group of European business leaders convinced of the urgent need to develop new long-term policies to combat climate change.

In 2019, the company attended various meetings and supported numerous communiques. One highlight was the letter<sup>17</sup> addressed to EU members, in which more than 50 European business leaders, including ACCIONA's Chairman and CEO, called for greater ambition and urgency against climate change and for specific investments to decarbonise the economy by 2050.

### World Business Council for Sustainable Development (WBCSD)

In 2019, ACCIONA continued to participate in the REscale project as part of the WBCSD's Low Carbon Technology Partnerships Initiative (LCTPI) which promotes the development of long-term corporate renewable energy purchase agreements (PPAs). This goal is aligned with the interests of the Energy division and its commitment to sustainability.

Similarly, more than 30 CEOs from all over the world, including ACCIONA's, called for urgent business leadership in the respect for human rights through the *WBCSD's CEO Guide to Human Rights*. Companies have a responsibility to respect human rights and a great opportunity to improve and transform people's lives.

### World Bank

ACCIONA belongs to the World Bank's Carbon Pricing Leadership Coalition (CPLC), which unites politicians, business leaders and civil society around the need to establish effective pricing systems for carbon emissions in order to reduce them and thereby slow down climate change.

At the United Nations Climate Action Summit in 2019, ACCIONA supported the *High-Level Commission on carbon pricing and competitiveness* for the implementation of stable, long-term carbon pricing policies as a basic tool in the face of the climate emergency.

### Spanish Green Growth Group

The Spanish Green Growth Group has experienced significant growth over the last year, with more than 50 companies joining. ACCIONA has actively contributed to this growth, holding the position of Secretary General and leading the Energy Transition Working Group.

## INTERNAL AND EXTERNAL DISSEMINATION OF SUSTAINABILITY PRINCIPLES

Throughout 2019, ACCIONA attended forums, talks and meetings with various organizations and also contributed to numerous publications. Overall, all the initiatives have consolidated the company's position and fostered debate on sustainability practices.

Below are some of the most notable of these initiatives:

- Media interviews and articles: written press and blogs.
- Participation in national and international publications, in addition to those mentioned above. Among others, *VI Report on the Social Impact of Companies*, by Fundación Seres and Deloitte; and *SDGs, year 4: A global alliance for Agenda 2030*, by the Spanish Network of the Global Compact.
- Participation in the Earth Hour, organised by the World Wildlife Fund (WWF).
- Participation in the #ForTheClimate community initiative, aimed at taking the commitments in the Paris Agreement to the next stage.



<sup>17</sup> See the letter at: <https://www.corporateleadersgroup.com/reports-evidence-and-insights/news-items/business-leaders-urge-eu-heads-of-state-to-signal-new-economic-direction-towards-net-zero-by-2050>

## RELATIONS WITH STAKEHOLDERS

(GRI 102-40, GRI 102-42, GRI 102-43, GRI 102-44)

Communication and constant dialogue are the cornerstones of ACCIONA's relationship with its stakeholders, namely the individuals and organisations that are directly or indirectly involved in the activity of the company. In short, employees, customers, local communities, partners, suppliers and subcontractors, public administrations and regulatory bodies, investors and analysts, and the media.

The Sustainability Committee of the ACCIONA Board of Directors drafted and approved a Stakeholder Relations Policy in 2018. This policy outlines the company's principles for learning about the needs and expectations of its stakeholder. It thus facilitates the generation of shared value and the establishment of long-term relationships.



### Employees

The company manages information, collaborative dynamics and dialogue with employees through an internal communication area.

In 2019, there was a considerable increase in internal communications and initiatives for dialogue and interaction with employees, in addition to an increase in the consumption of information and use of available channels. The global intranet, Interacciona, reached its maximum number of unique users per year with 12,220 people accessing the platform and viewing just over 5.8 million pages, nearly 30% more content than in 2018.

All employees were invited to participate in the global engagement survey, which is conducted every two years. 63% of respondents are committed to ACCIONA. Fourteen other surveys were taken on a range of topics from health to risks to human resources processes. A total of 7,534 people took part.

In addition to Interacciona, other channels of communication with employees include the meeting points, app solutions such as the Volunteer Day, the Internal Communication mailbox, the emailing platform and newsletters. In 2019, a new newsletter on sustainability trends was created.



### Customers

As part of the Sustainability Master Plan, and with the aim of forging long-term bonds of trust with customers, annual dialogue sessions are organized on ACCIONA's sustainability performance. A meeting was held in 2019 with ACCIONA's energy customers in Chile. Three customers were visited by Infrastructure. At each one of these meetings, the ACCIONA sustainability strategy was presented to customers and they were asked about areas for improvement.

A number of actions were also taken by the company to identify customers' needs and expectations in relation to the product or service provided and their degree of satisfaction with it.



### Local communities

Dialogue with communities enables ACCIONA to learn about and manage the concerns and expectations generated by its operations. This allows the company not only to integrate its projects into the social and environmental surroundings, but also to identify opportunities for sustainable development.

The company has different communication channels, such as web forms, e-mails, phone numbers, suggestion boxes and local community offices, through which the stakeholders affected by a project can convey their queries, complaints or suggestions.



Within the framework of the Stakeholder Dialogue Policy, specific corporate guidelines on communications and dialogue with communities and other stakeholders were developed in 2018 and updated in 2019. These guidelines provide employees with tools to promote and manage relations with different groups.

In 2019, the Sustainability Committee was informed on a quarterly basis of the relations maintained with local communities and the methods of communication and dialogue with them.

 **MORE INFORMATION** in the sections on "Contributions to Society", "The Energy Business and "The Infrastructure Business".



### Suppliers and contractors

For the third year running, ACCIONA conducted its Supplier Satisfaction Survey. The survey was sent to 20,998 suppliers both in Spain and abroad, with 2,654 suppliers responding (12.6%). The main objective was to find out about ACCIONA's relationship with its supply chain, through their opinions, assessments and experiences.

In the sustainability area, the aim this year was to find out more about the possible measures taken by its suppliers to mitigate emissions. 73% of suppliers stated that they calculate, reduce and/or compensate for the greenhouse gas emissions they produce. Furthermore, 97% of suppliers consider ACCIONA's commitment to sustainability to be good or very good, and 90% consider the impact generated on local communities to be good or very good.

As a result of the survey's findings, five of the main suppliers were awarded prizes for their consultancy work on responsibility and innovation. Work began in 2019 and the project is expected to be completed in April 2020.

Through the Suppliers' Newsletter, ACCIONA disseminates relevant issues in the area of health and safety.



**MORE INFORMATION** in the "Supplier training and communication" section of the "Supply Chain" chapter



### Public administrations and regulatory bodies

ACCIONA participates and collaborates responsibly with public institutions and transparently offers its vision on matters affecting its business areas and the sectors in which it operates. It also cooperates with various associations that participate in the definition of regulations and policies developed by the various public administrations.

In accordance with its Code of Conduct, ACCIONA does not make financial contributions for political purposes or to obtain preferential treatment which would be illegal. Nor does the company use sponsorship or donations as a means of achieving this.

Within the European Union, ACCIONA has been registered since 2013 in the EU Transparency Register<sup>18</sup>, where the interests it pursues, who defends them and the related budget are published in a transparent manner.



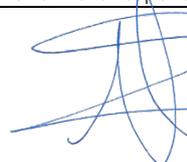
<sup>18</sup> More information at <http://ec.europa.eu/transparencyregister/public/consultation/displaylobbyist.do?id=451019811573-55&indexation=true&locale=es#es>

In 2019, the Group's dialogue with its partner organizations and business associations focused primarily on contributing to public consultation processes and supporting policy development in the following areas:

Energy area: summary of basic lines of action	
Development of an energy model based on increased penetration of renewable energies	<p>Examples:</p> <ul style="list-style-type: none"> <li>Stable regulatory framework to promote renewable technologies.</li> <li>Greater integration of renewable energies into the grid and the market</li> <li>Facilitation of technologies and processes for enhanced integration of renewables (hybridization, storage, repowering, etc.)</li> </ul>
Electrification as an indispensable tool for the transition to a decarbonized economy	<p>Examples:</p> <ul style="list-style-type: none"> <li>Promotion of sustainable mobility based on electric vehicles with renewable energies.</li> <li>Active participation in the consultations and preliminary work for the development of a methodology for charging, supporting a scheme that encourages electrification and eliminating costs that are not related to electricity.</li> <li>Proposal for environmental taxation to encourage the consumption of electricity (preferably renewables) as opposed to fossil fuels.</li> </ul>
Incentives for non-polluting behaviour and activities	<p>Examples:</p> <ul style="list-style-type: none"> <li>Improvement of procedures for allocating remuneration for electricity production with renewable energies.</li> <li>Support for measures to promote energy efficiency as part of the work to prepare the national integrated energy and climate plan.</li> <li>Participation in the European Commission's public consultation on the review of the public aid guidelines: Scheme that is more restrictive of conventional technologies and unsustainable activities or conduct.</li> </ul>

To develop these policies, ACCIONA participates in sectoral associations at the regional and national levels (e.g. AEE, APPA, UNEF and AEDIVE), and also at the European (WindEurope, ESTELA, CLG Europe or EUFORRES) and international levels (GWEC). The company is an active participant and holds positions of responsibility in their governing bodies.

Infrastructure, Water and Services areas: summary of basic lines of action	
Development of regulatory frameworks conducive to green public procurement	<p>Examples:</p> <ul style="list-style-type: none"> <li>Regulatory proposals aimed at enhancing the consideration of sustainability criteria in public procurement.</li> <li>Proposals aimed at providing incentives for the adoption by public entities of energy efficiency and renewable energy measures.</li> </ul>
Support for policies that favour energy saving and efficiency	<p>Examples:</p> <ul style="list-style-type: none"> <li>Regulatory proposals aimed at facilitating the participation of energy service companies in improving processes with the objective of achieving greater energy efficiency.</li> </ul>
Policies to ensure the sustainability of the urban water cycle management sector	<p>Examples:</p> <ul style="list-style-type: none"> <li>Analysis of weaknesses and strengths in the water sector in Spain, and proposals for measures to ensure market unity and improve consumer protection.</li> <li>Proposals for measures aimed at developing new technologies for a more responsible use of this resource.</li> </ul>


  
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To promote its positions in these areas, the company collaborates with associations such as SEOPAN, in the field of infrastructure; the Association of Private Railway Companies AEFP, in the field of rail transport; ANESE, in the field of energy efficiency, and AGA and AEAS, to promote and defend the common interests of service companies related to the integral water cycle.



### Investors and analysts

The Investor Relations area is an important channel of communication between the company and the financial community, allowing information to flow both ways. Relevant information is transmitted to shareholders, analysts and potential investors to resolve doubts and raise awareness of ACCIONA, its strategy and possible sources of value creation. Reports, opinions and market trends are analysed to internally convey the main strengths and weaknesses perceived by investors and analysts, as well as the threats and opportunities detected in the market. Contacts with the financial community are maintained in strict compliance with applicable laws and paying special attention to the policy on information and communications with shareholders, markets and public opinion, including, where appropriate, the content of the information provided on the website.

Within this context, more than 700 contacts were made with investors and analysts during the year, which included participating in and/or hosting investor conferences, road shows, reverse roadshows and earnings reports.

There was a great deal of interest in ESG issues in 2019, with events, analysts and investment criteria closely related to the companies' environmental, social and corporate governance policies. At these events, ACCIONA positions itself in the low carbon activities sector, defined according to the EU taxonomy. The growing trend to prioritize ESG issues is an opportunity to stimulate investor interest in learning about and investing in the company.



### Media

Climate change has burst onto the forefront of the global political and social agenda with unusual force. This trend has led ACCIONA to consider, as part of its commitment to sustainability, making additional efforts in the dissemination of decarbonization, mitigation and resilience solutions in the face of global warming.

At ACCIONA, this commitment has taken the form of multidisciplinary analyses and debates in various media outlets to address the challenges and proposals for business, academia, and government to move towards a low-carbon economy.

As a result of its efforts to disseminate information, ACCIONA has strengthened its ties with the important forms of social media: radio and television. During the year, the foundations were laid to expand the company's media dimension using materials and resources capable of generating interesting audio-visual and radio content.

The creation of a network of communications managers in ACCIONA's priority countries has already created a climate of proximity and sharing with the leading media in those markets. It is gradually becoming a model of sustainability, establishing the image of a compact company in the countries where it operates.



**MORE INFORMATION** on dialogue with Trade Unions in the "Workers' Coverage" section of the "People" chapter and Section Three of the "Social Action Plan" section of this chapter



## RESPECT FOR HUMAN RIGHTS

### PREVENTION, MITIGATION AND REMEDIATION

ACCIONA is firmly committed with the respect for human rights both inside and outside its places of operation, in local communities and in its suppliers' environment. The company examines every potential human rights violation in the context of its operations, seeking formulas to avoid, mitigate or reverse them.

#### 2019 KEY MILESTONES

- Human rights due diligence pilots on two energy and water projects in Mexico.
- Launch of a special human rights course attended by 338 employees.

#### 2020 MAIN CHALLENGES

- ▶ Incorporation of human rights due diligence process into the implementation of the Social Impact Management standard.
- ▶ Analysis of mechanisms for supervising and monitoring compliance with human rights in communities: whistle-blower hotline.

Respect for Human Rights (HR) is at the core of the company's ethical commitment. The risks that are analysed in greater detail focus on the company's own labour practices and those of its contractors and suppliers, as well as respect for the rights of local communities.

As established in the Code of Conduct, the Human Rights Policy and the Human Resources and Occupational Risk Prevention Policy, the company is committed to respecting the human rights and public freedoms recognized in the United Nations Universal Declaration of Human Rights. Respect for human rights is the responsibility of all persons and entities to which the Code of Conduct applies, including all businesses and project managers.

Among the basic behavioural guidelines to which ACCIONA adheres are the Declaration of Fundamental Principles and Rights at Work, the ILO Conventions, the OECD Guidelines for Multinational Enterprises and the United Nations Global Compact.

**JOSÉ MANUEL  
ENTRECANALES, CHAIRMAN  
AND CEO OF ACCIONA,  
SIGNED THE CEO GUIDE TO  
HUMAN RIGHTS IN 2019.**

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José Manuel Entrecanales, Chairman and CEO of ACCIONA, signed the CEO Guide to Human Rights in 2019 which outlines how leading companies can improve their business performance by reducing legal and regulatory risks, as well as strengthening their reputation, protecting their licenses and operating permits, attracting and retaining human talent, and gaining the trust of customers.

## HUMAN RIGHTS DUE DILIGENCE

In line with the objectives set out in the SMP 2020 framework, and in accordance with the United Nations' Guiding Principles for Business and Human Rights, ACCIONA continues to work on the implementation of a risk analysis and due diligence process that includes:

- Identification and evaluation of its – real and potential – impacts.
- Establishment of specific processes and procedures in order to implement prevention measures for the potential impacts identified.
- Development of remediation mechanisms for impacts that have already occurred.

It is within this context that in 2019, ACCIONA, together with an external partner who is an expert in human rights, held three training workshops on due diligence in this area with the aim of providing its team members with the necessary skills to incorporate it into projects. Along with the training, work was also done on human rights due diligence pilots on two energy and water projects in Mexico to directly identify and prioritize the impacts of ongoing projects.

ACCIONA also updated its human rights diagnosis, which was done for the first time in 2015, following the Danish Institute's guide as a reference.

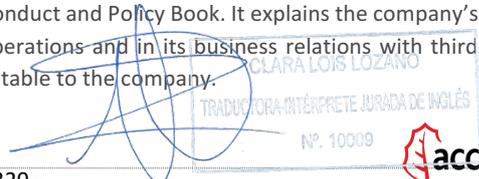
As part of the ESG risk analysis, the human rights risk categories in the countries where the company has operations were reviewed and analysed. It was concluded that 23% of the countries where Energy is present and 42% of the countries where Infrastructure operates have a very serious risk of violating some human right, according to Maplecroft.

The categories of human rights included in this study were: freedom of opinion and expression, minority rights, indigenous people, women and girls, job discrimination in employment, rights of access to basic services, freedom of association, rights of migrant workers, fair pay, working hours, safety and health, forced labour and child labour.

### Main human rights issues for the business units

	Energy	Construction	Water	Services
1	Working hours that allow for the reconciliation of work and personal life	Non-discrimination in employment	Non-discrimination in employment	Non-discrimination in employment
2	Non-discrimination in employment	Occupational health and safety	Working hours that allow for the reconciliation of work and personal life	Working hours that allow for the reconciliation of work and personal life
3	Migrant workers' rights	Fair pay	Fair pay	Occupational health and safety
4	Occupational health and safety	Working hours that allow for the reconciliation of work and personal life	Safe access to water	Minority rights
5	Minority and indigenous people's rights	Indigenous people's rights	Occupational health and safety	Fair pay

Based on the results of the updated human rights diagnosis and the company's experience in some at-risk countries for human rights violations, a manual was written based on international standards of reference to supplement the ACCIONA Code of Conduct and Policy Book. It explains the company's responsibility with regard to human rights in its operations and in its business relations with third parties, and identifies the red lines that are unacceptable to the company.



It also provides a series of tools to detect, prevent, mitigate and repair any potential or real risks in this area.

Furthermore, in regards to the *Standard for the welfare of migrant workers* approved in 2018, a specific protocol was approved and disseminated for the Arab Emirates, and work has been done on protocols for Saudi Arabia, Oman, Qatar and Egypt that will be approved in 2020 for dissemination.

## A SPECIFIC PROTOCOL FOR THE UNITED ARAB EMIRATES ON THE WELFARE OF MIGRANT WORKERS HAS BEEN APPROVED AND DISSEMINATED

Infrastructure continues to be part of Building Responsibly, an international initiative aimed at protecting the human rights of workers all along the industry's value chain. As part of this project, ten guidelines were approved that include references to the practical application of the principles of worker welfare.

### HUMAN RIGHTS OF COMMUNITIES

Using the Social Impact Management (SIM) methodology, ACCIONA studies possible human rights violations that may arise among local communities and other stakeholders in connection with a particular project or service. It also assesses the severity of any impacts that cause significant changes in the social, economic or cultural structure of a community or group of employees, or if they affect human rights. In this case, the SIM methodology requires that steps be taken to prevent and mitigate these impacts.

By 2019, in 30 of the projects where the SIM methodology was implemented, some risk of potential human rights violations has been identified. In all cases, measures were taken to prevent such violations from occurring.

It should be noted that any alleged breach or violation of the conduct set out in the Code of Conduct, including human rights issues can be reported using the company's Ethical Channel. In this regard, ACCIONA did not receive any complaints of human rights violations in 2019 through this channel.

### HUMAN RIGHTS IN THE SUPPLY CHAIN

Through the supplier portal and the Group's tendering tool, ACCIONA establishes different mechanisms that help prevent the violation of human rights throughout its supply chain: Self-Declaration of Responsibility for Suppliers, Contractors and Collaborators, Risk Maps, Supplier Evaluation and Approval Procedures, general contracting clauses, supplier audits and No Go Policies. In 2019, the company did not identify any suppliers or contractors who violated or endangered human rights compliance.

### TRAINING

A special human rights training course was launched in 2019, available to both employees and the company's suppliers, in collaboration with the Spanish Global Compact Network. 338 employees took the course.



## SUPPLY CHAIN

### RESPONSIBLE SUPPLIER SELECTION

All suppliers, contractors and collaborators involved in ACCIONA's procurement process must share its sustainability values. The company is committed to transmitting these criteria throughout this extensive network, while anticipating, locating, analysing and correcting any risks of non-compliance.

#### 2019 KEY MILESTONES

- 83.2% of ACCIONA's critical suppliers are registered with PROCUR-e, which is 6% more than last year.
- No general purchase orders have been placed with No Go suppliers, meeting the established target.
- For more than 95.5% of approved suppliers, the Supply Chain variable was analysed, which greatly exceeds the 80% target.

#### 2020 MAIN CHALLENGES

- ▶ ACCIONA continues to add to the percentage of suppliers on PROCUR-e, especially critical suppliers and those working on its own projects (targets of 97% domestic and 80% international).
- ▶ Continue monitoring No Go suppliers and the target of 0% of general purchase orders with these suppliers.
- ▶ Increase the percentage of approved suppliers in 2020 with the Supply Chain variable analysed. 90% of the suppliers approved during the year will have this variable analysed.

### ACCIONA'S SUPPLY CHAIN

ACCIONA transmits its commitment to sustainability to its supply chain with total transparency, seeking excellence in management and the generation of shared value. It is a challenge for the group to prevent, identify, evaluate and mitigate the risks associated with all parties involved in the procurement process and to take advantage of the opportunities that such management provides. Sustainability is a strategic value of this function, always geared towards economic balance and the generation of positive impacts on society.

#### RESPONSIBLE SUPPLY CHAIN MANAGEMENT

ACCIONA's strategy for supply chain management is defined by the Purchasing Coordination Committee, made up of the Purchasing Directors of the Infrastructure, Energy and Corporate divisions. In 2019, the focus was on technological transformation and the search for sustainable solutions that generate shared value through technology and innovation.

It is within this framework that the purchasing department plays a fundamental role. For years its work has been focused on:

- Establishing mechanisms to avoid negative impacts: policies that support responsible management; a Risk Map with an ESG assessment; environmental, social and good governance audits; collaborative improvement plans, etc.



- Raising awareness and training: courses with an ESG approach and a sustainable purchasing guide.
- Including sustainable specifications in tenders.
- Encouraging responsible local purchasing.

The Corporate Purchasing Standard, together with the related procedures, which are integrated into the main ERPs, the planning and reporting tools and the PROCUR-e system, are the instruments that collect, support and control the purchasing function and its management.

Since 2015 PROCUR-e has been the impetus behind the functional and digital transformation of purchasing and processes. Its evolution has been constant, both in terms of increasing the scope of action and incorporating functions. At present, PROCUR-e is the primary mechanism for understanding and managing the risk of the supply chain through the Risk Map, and for resolving tenders and supplier relations. It is also the integrator of the transformation and digitalization of the entire purchasing cycle.

Highlights of 2019:

- The international presence of the purchasing function as a result of the internationalization of the business. This expansion promotes and deploys in the projects:
- Management systems and other systems, processes and procedures that are homogeneous and integrated with ACCIONA's procurement and sustainability policies.
- Project Procurement Management Model supported by three pillars: the local Project Procurement team, the project support of a Global Category Manager team and a Global Process and Systems team.
- Stricter adherence to the rules, procedures and values of ACCIONA in the world.
- The digital transformation. This is an essential factor lever for adding value to the methods of the purchasing function: catalogue purchasing, digital marketplaces, process automation and electronic invoicing, among others.
- Single Master of Suppliers: work has been done to refine, develop and unify ERP validations to guarantee supplier identification and thereby minimize exposure to risk. It is a long-term project that is taking place country by country.

SUSTAINABILITY MASTER PLAN	KEY PERFORMANCE INDICATORS			TARGET 2020
<ul style="list-style-type: none"> <li>• Expand the scope of Supply Chain Risk Map</li> </ul>	<ul style="list-style-type: none"> <li>● Expand the scope of the Risk Map</li> </ul>	<ul style="list-style-type: none"> <li>● Increase the international scope of the Risk Map</li> </ul>	<ul style="list-style-type: none"> <li>● 100% Awarded Suppliers in PROCUR-e with Risk Map</li> </ul>	<ul style="list-style-type: none"> <li>○ Own project's critical Suppliers with Risk Map (97% national and 80% international)</li> </ul>
<ul style="list-style-type: none"> <li>○ Deepen down into the Supply Chain Risk Map</li> </ul>	<ul style="list-style-type: none"> <li>● Define Supply Chain Variable</li> </ul>	<ul style="list-style-type: none"> <li>● Implement the Supply Chain Variable in the Risk Map</li> </ul>	<ul style="list-style-type: none"> <li>● Measure more than 80% of certified suppliers in 2019 with Supply Chain analyzed</li> </ul>	<ul style="list-style-type: none"> <li>○ Measure more than 90% of certified suppliers in 2019 with Supply Chain Variable analyzed</li> </ul>
<ul style="list-style-type: none"> <li>○ Development and implementation of No Go Policies</li> </ul>	<ul style="list-style-type: none"> <li>● Implementation of No Go Policies in the procurement management</li> </ul>	<ul style="list-style-type: none"> <li>● Implementation of Solvency and Legal Documentation in the No Go Policies</li> </ul>	<ul style="list-style-type: none"> <li>● 0% of general purchase orders to No Go suppliers</li> </ul>	<ul style="list-style-type: none"> <li>○ 0% of general purchase orders to No Go suppliers</li> </ul>
	<ul style="list-style-type: none"> <li>● 100% Finished</li> <li>● Unfinished</li> <li>○ In Progress</li> </ul>			

71% of the employees in the purchasing area have evaluation objectives linked to sustainability and received a total of 1,469 hours of training on the subject during the year.



IN 2019, ACCIONA PLACED  
PURCHASE ORDERS  
TOTALLING €4,700,000 WITH  
19,849 SUPPLIERS.

#### Breakdown of suppliers by type and division in 2019

Line of business	Total No.	% Outside Spain	% Critical	% Premises
Energy	2,543	60%	24%	55%**
Infrastructure				
- Construction	8,511	54%	25%	97%
- Concessions	252	37%	8%	100%
- Agua	1,914	38%	15%	95%
- Services	2,527	19%	8%	99%
- Industrial	1,812	70%	23%	92%
Other businesses*	2,290	16%	11%	94%
<b>Total</b>	<b>19,849</b>	<b>46%</b>	<b>20%</b>	<b>91%</b>

\* Other Businesses: Real Estate, Bodegas Palacio, Corporate, APD and Forwarding. The contract is assigned to the supplier/business with the highest volume of contracts with the supplier.

\*\*The percentage varies significantly with respect to the previous year due to a change in the classification criteria of these suppliers

#### PURCHASING BY GEOGRAPHICAL AREA

By geographical area, 86% of the total volume of purchases this year was concentrated in 10 countries (same percentage as the year before). Especially noteworthy is Spain, which accounts for 37% of total spending on suppliers, or the increase in expenditure in Saudi Arabia and the United Kingdom as a result of increased revenues in these countries.

#### CRITICAL SUPPLIERS

The level of criticality of suppliers and contractors depends on the economic risk: any supplier with which ACCIONA has more than €100,000 in purchases per year is considered critical. In 2019, 20% of the supplier base was considered critical, accounting for 94% of the contracts.

#### LOCAL SUPPLIERS

At ACCIONA, working with local suppliers not only has a positive impact on the economic development of the communities where it operates but also minimises operating risks by reducing product delivery and service execution times. Last year, 91% of the active suppliers were local.

#### SECTOR-SPECIFIC FEATURES OF THE SUPPLY CHAIN

The group's purchasing categories with the highest volume of spending are: wind and solar generation components, construction and civil works, sustainable mobility and industrial machinery. 18% of the group's purchases are concentrated in 10 suppliers in these categories, of which seven are related to equipment with a high technological component.

#### SUPPLY CHAIN RISKS AND CONTROLS

The purchasing function aims to continuously optimize processes for the correct identification of potential risks in the supply chain. ACCIONA recognizes two types of risks associated with procurement processes:

- Operational risks that affect business results or violate the Corporate Procurement Standard and related procedures.

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- Compliance, sustainability, environmental and social risks that involve bad practices in the area of corporate responsibility and sustainability.

For each of these identified risks, specific preventive control mechanisms are developed and then periodically updated and parameterized, which help to minimize the probability of occurrence.

**SUPPLY CHAIN RISK MAP**

The Risk Map is ACCIONA's main tool for controlling and managing supply chain risk. The company uses this mechanism to transfer its corporate responsibility and sustainability criteria and policies to its entire supply chain. It also supports the decision-making process of the purchasing function and the identification of possible areas for improvement in supplier performance.

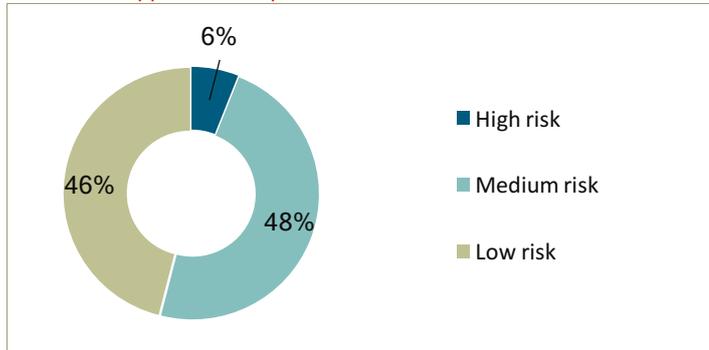
The risk map is known prior to purchasing and makes it easier for ESG criteria (environmental, social and good governance) to be an important part of the supplier selection process. The map is currently made up of 11 variables: Integrity, Country Risk, CR and Sustainability, Economic Solvency, Economic Dependence, OHS, Environmental Risk/CO<sub>2</sub>, Legal Documentation Status, ISO Status, Supplier Evaluation and, since 2018, Supply Chain.

**Risk Map v 4.0**

At the end of 2019 the Risk Map v 4.0 in PROCUR-e had a total of 29,452 suppliers representing 77.3% of the company's total contracts, 12 percentage points higher than in 2018. The 2019 challenge that 100% of the suppliers awarded in PROCUR-e have a risk map was met and a new target was set for 2020 to continue consolidating the percentage of suppliers in the system, especially for own works and critical works (target of 97% nationally and 80% internationally).

The task of establishing mitigating controls when a supplier risk is detected, either through Enhanced Due Diligence, training initiatives, action or improvement plans in OHS or in environment matters, or by carrying out audits, means that 94% of suppliers in 2019 had a medium-low risk level.

**PROCUR-e supplier risk map**

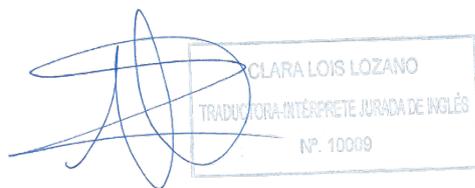


**Critical Supplier Risk Map**

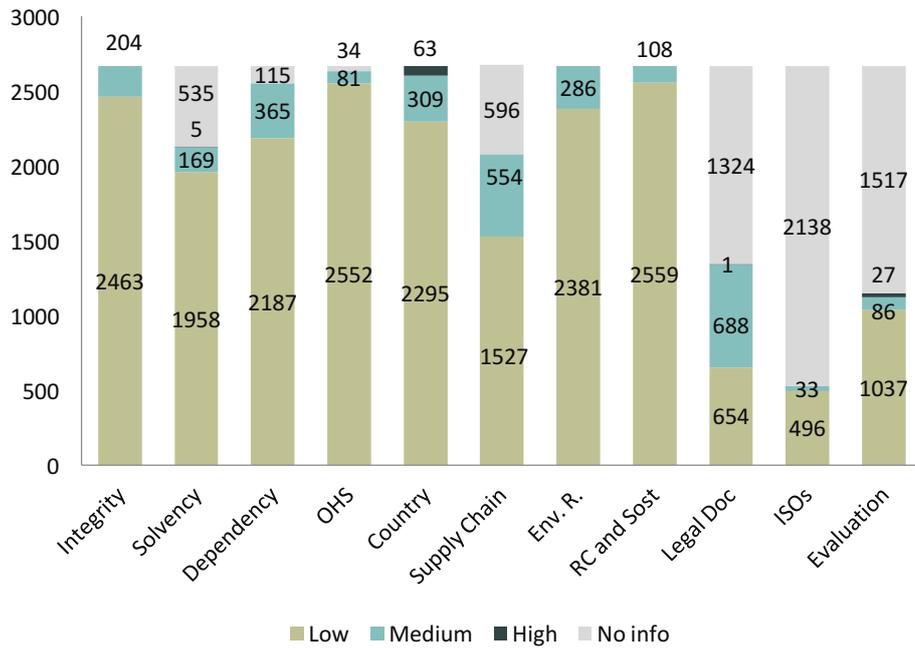
The Risk Map of the number of critical suppliers in PROCUR-e had 2,667 suppliers in 2019, 23% more than the previous year. This figure represents:

- 74% of the group's total contracting.
- 79% of purchases made from critical suppliers with a risk map.

Focusing on critical suppliers for own work, 83.2% have a risk map, which accounts for 85.3% of all contracts with this type of supplier (work which ACCIONA is responsible for managing).



Risk distribution in the variables of the Procur-e Risk Map v4.0 in critical suppliers



Note: The variables that show suppliers without information contain data from external systems. The series of values in grey corresponds to information not disclosed by the said systems or which is incomplete, apart from the Supply Chain variable, which lacks information as it was only introduced in December 2019.

As in previous years, there is no supplier with the integrity variable classed as high risk that has not been considered No Go, since there can only be two possible options for this type of supplier: not contracting the company or creating an Enhanced Due Diligence process that mitigates that company's risk level.

A total of 108 suppliers with a medium risk in CR and sustainability have been identified and ACCIONA will work with them in 2020 to reduce this risk the same way as it was done last year.

**Risk Map v 4.1**

Because the calculation of risk is a process that is constantly evolving, every year ACCIONA works to introduce changes to ensure continuous improvement. To that end, the company analyses the variables that make up the Supply Chain Risk Map, adjusts its logic to corporate policies and strategies, and studies the possible incorporation of new variables. This model allows supplier management to focus on detecting risk, which may appear before or during commercial relations.

Following the efforts of previous years to increase the scope of the Risk Map of the Group's suppliers, focusing on those with higher revenues, in 2019 a new risk assessment model was proposed that will bring sustainability closer to those with lower business volumes. As a result, a new Risk Map model was designed which will go live in 2020. Any future scheme will always include an ESG evaluation (Environment, Sustainability and Governance), which becomes more comprehensive as the volume of business with the supplier increases.

**"SUPPLY CHAIN" VARIABLE AND NON-TIER 1 SUPPLIERS**

In 2018, efforts were mainly focused on developing the new Supply Chain variable, the aim of which is to ascertain how well the direct suppliers know their own supply chain chains – identification, control, assessment and improvement capacity. The variable was implemented in 2019 and so far, 12,365 suppliers have reported on it. The target of "Over 80% of suppliers approved in PROCUR-e with this variable analysed in 2019" was surpassed after 1,747 of the 1,829 approved suppliers analysed this variable.



In addition, although ACCIONA does not have a direct contractual relationship with indirect suppliers (its supplier's supply chains), the company is aware of the duty to supervise all their agents. In this context, the company considers Non-Tier 1 suppliers (suppliers of suppliers) who work at its facilities and on its projects to be critical from a health and safety point of view. They are controlled through the contractual clauses during the relationship with Tier 1 suppliers and through specific tools for the Coordination of Business Activities. At the end of 2019, there were 5,970 indirect suppliers registered on these platforms.

## HUMAN RIGHTS ASSESSMENT

The company assumes responsibility for identifying, preventing, mitigating and responding to the negative impact of its activities on human rights and therefore undertakes to conduct due diligence on its suppliers. In 2019, ACCIONA assessed 29,452 companies on their human rights performance with the Risk Map.

ACCIONA has established a series of mechanisms to help prevent and control the risk of human rights violations:

- Self-Declaration of Responsibility for Suppliers, which includes, the Ethical Principles for Suppliers, Contractors and Collaborators, among other things.
- CR self-assessment questionnaire, in which registered companies respond to questions regarding international standards. If the answer is negative, it impacts the Risk Map, prevents the supplier from being approved and activates the audit process.
- Help sheets which suppliers can access when filling in the questionnaire and which are intended to inform, raise awareness and provide training in this area.
- Risk Map with "Country Risk" variable comprising several indexes extracted from Maplecroft and linked to various factors: Child labour, freedom of association and collective bargaining, forced labour, fair working hours, fair minimum wage and discriminatory practices. The countries that score the lowest are considered high risk and must be audited as required by the Approval Process. These suppliers are known as "MACS" (Mandatory to be Audited Critical Suppliers).
- Auditing processes, which involve on-site verification of correct compliance with human rights management in the supply chain.

Furthermore, of the 29,452 ACCIONA suppliers with a Risk Map, 10,556 (35.8%) confirm that they conduct audits of regulatory compliance and adherence to international standards at their own suppliers, which is 0.5% over the previous year.

## FOCUS ON THE INTEGRITY VARIABLE

The Integrity variable analyses the supplier's position on issues such as money laundering, tax havens, corruption litigation, presence on international sanctions lists, etc.

By the end of 2019, the integrity variable of 8,829 suppliers had been monitored (14.8% compared to 2018), accounting for 65.0% of the year's contracts. ACCIONA monitors the most critical companies it works with, whether because they are accredited, or because they are among its main agent, or because they are recurrent, or because they work in an *at-risk* country, etc.

In addition, there are 16 suppliers with significant risk in the Integrity variable. Of these, 14 have No Go status and 2 have Invalid status.

Eight suppliers underwent Enhanced Due Diligence processes in the integrity area, as specified in both the company's anti-corruption regulations and the Integrity Interpretation Guide. Seven suppliers ceased to have a significant integrity risk and one, with No Go status, to be high risk in this area.



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## NO GO SUPPLIERS

Non-compliance with the minimums established in the No Go Policies and included in the SMP 2019 targets means that the supplier cannot be used for any project where these policies are applied, either nationally or internationally. ACCIONA maintains its 2020 target of 0% general purchase orders from suppliers with this status.

The No Go policies are based on the following assumptions:

- Suppliers with significant risk in terms of ethics and integrity, because their names appear on international sanctions lists or because there are serious indications of corruption, fraud or money laundering.
- Critical suppliers in at-risk countries that have not been audited or have been audited and have one or more unresolved Serious Nonconformities.
- Proven non-compliance with the United Nations Global Compact.
- Economic solvency risk (contracts of €1 million or more).
- Outstanding tax or social security debt.
- Companies penalized for their performance evaluation on previous engagements or for serious deficiencies detected in audits and not resolved.

144 suppliers were categorized as No Go in 2019, of which 44 have been removed from this situation, either following an audit and/or action or improvement plans, or through Enhanced Due Diligence.

## SUPPLIER CERTIFICATION AND EVALUATION PROCEDURE

The Supplier Evaluation and Approval Procedure remains one of the main mechanisms for managing supply chain risks, generating improvement opportunities and sustainable growth in the purchasing processes.

At ACCIONA, standardisation is an integral and objective process. A complete analysis of the supplier allows it to know them both at the level of infrastructure, and in terms of CR positioning, solvency or legal situation, in order to minimize their risks.

A new edition of the procedure was prepared at the end of 2019 and will be approved in early 2020. The aim was to adapt it to external and internal demands and to reflect the evolution and expanded scope of the Risk Map (version 4.1, with the evaluation in ESG for lower revenue suppliers).

The company has approved 4,859 suppliers, 28% of which were confirmed for the first time, 62% maintained their current approval and 10% were re-verified.

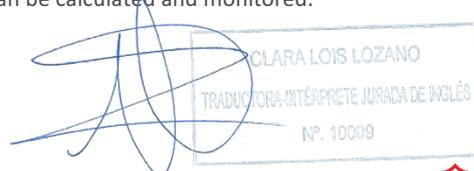
The internationalization of ACCIONA's business was corroborated and verified by analysing the origin of approved suppliers. At the end of 2019, ACCIONA's approved suppliers represented 54 nationalities across five continents.

## SUPPLIER MANAGEMENT CONTROL

Supply chain controls are defined by levels of criticality, i.e. they become more comprehensive as the risk increases: economic, country, activity and CR & Sustainability.

### Levels

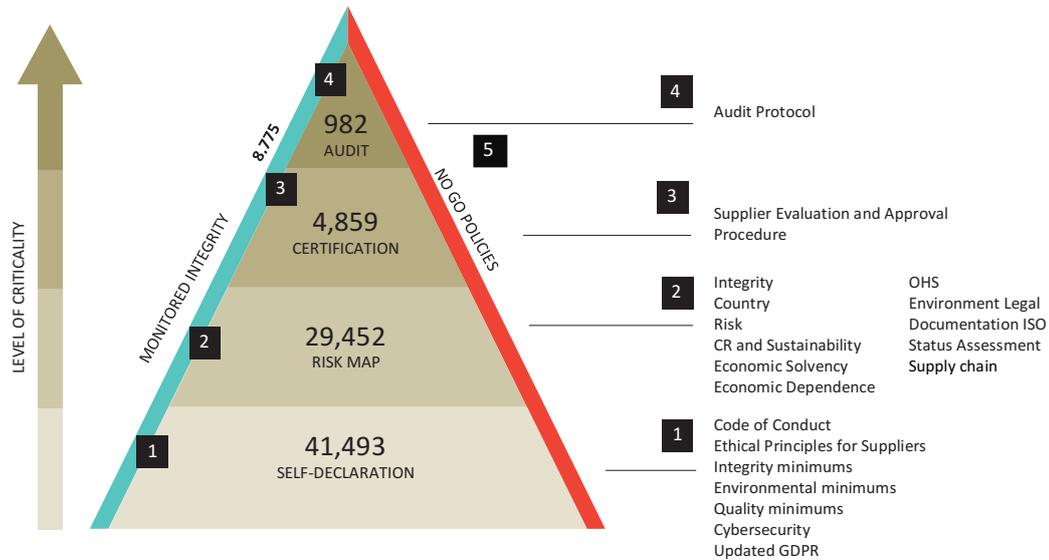
1. Suppliers must accept the Group's Self-Declaration document which contains the Code of Conduct, the Ethical Principles and basic objectives in terms of Integrity, Environment and Quality. This is an indispensable pre-requisite for accessing the Supplier Portal.
2. To be able to bid, suppliers must fill in the self-assessment questionnaire in PROCUR-e, so that the company's Risk Map can be calculated and monitored.



3. In order to be awarded contracts over €100,000 (critical suppliers), an additional control is required as reflected in the Supplier Certification and Evaluation Procedure (certification + evaluation).
4. Finally, the highest level is aimed at critical suppliers in countries with a "MACS" risk, or with outstanding or recurrent contracts. For this group, social and regulatory compliance audits are carried out by an external organisation that performs an on-site evaluation with the Group's Audit Protocol. Integrity analyses and monitoring of No Go Policies are common to all levels, regardless of their criticality.

**Supply chain controls**

Integrity analyses and monitoring of No Go policies are common at all levels regardless of their criticality.



**IMPROVEMENT PLANS IN THE APPROVAL PROCESS**

Improvement plans are an opportunity to advance the supplier's business development as well as to reduce supply chain risk. ACCIONA implements these plans as a result of the supplier certification process, mainly in the areas of occupational risk prevention, financial solvency and environmental matters.

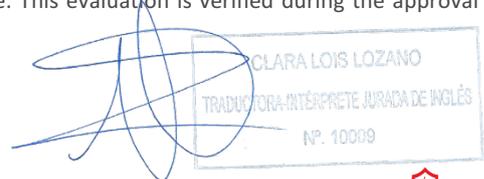
In 2019, 107 suppliers that required approval were analysed for having a high OHS risk. Following the analysis, a total of 28 suppliers signed onto an improvement plan, 7 took the online course for suppliers and 17 resolved the situation in other ways. Suppliers are not approved until they sign onto the improvement plan.

60 suppliers with economic risk were detected in the approval process. This situation was analysed with the businesses' finance and purchasing departments. For 46 of them, the appropriate action plan was established with measures to mitigate this risk and provide sufficient guarantees. However, the status of the other 14 remains the same and they are therefore not currently approved.

On the other hand, no environmental risk was detected in any of the suppliers that required approval. Therefore, no improvement plans were necessary other than the ones already mentioned.

**ENVIRONMENTAL, LABOUR AND SOCIAL EVALUATION OF SUPPLIERS AND AUDITS**

Having a Risk Map means that suppliers are evaluated on ESG criteria as well: Environmental, Social, Human Rights, Ethics and Integrity and Governance. This evaluation is verified during the approval process and during audits.



## AUDIT PLAN AND VERIFICATION OF QUESTIONNAIRES

### External audits

Since 2013, the group has been conducting annual ESG (environmental, social and good governance) audits of suppliers. During this time, 1,660 audits were concluded. They are carried out on behalf of ACCIONA by international audit companies, through local auditors with country knowledge, under a very robust protocol in which not ESG as well as financial and quality aspects are verified.

### Evolution of supplier audits



The company has made a remarkable effort to understand and improve its supply chain in recent years. At the end of 2019, there were 982 suppliers with a current audit, 22% more than the ones accumulated since 2016.

In 2019 alone, 367 supply chain audits were carried out, 50% of which involved suppliers outside of Spain. More than 89% examined the management of direct suppliers, and the remaining 12% examined the company's suppliers.

As stated in the supplier certification and evaluation procedure, there are two types of audits:

1. Approval audits for critical suppliers, which are mandatory for suppliers in *at risk* countries. This year, 73 audits of this kind were carried out in China, Saudi Arabia and the United Arab Emirates, 214% more than in 2018. ACCIONA is aware that its verification efforts must focus on countries where human rights risks are most likely to occur.

Moreover, one of the SMP targets states that "90% of critical suppliers from *at risk* countries must be audited (MACS)". This target was met again in 2019, as 92% of these suppliers have current audits and the same target remains in place for 2020. Last year was a challenge in this respect because of the presence of projects in *at risk* countries.

1. Monitoring audits are carried out on suppliers of interest to the group, either because of their recurrence or criticality, or because of their specialisation. In 2019, there were 255 audits of this kind.

**IN 2019, THE NUMBER OF AUDITS CARRIED OUT ON SUPPLIERS IN AT RISK COUNTRIES WAS 214% HIGHER THAN IN 2018**



In addition, in 2019 the Energy business continued with the project it launched the previous year, "Tier 2 Audits". These audits seek to gain greater insight into suppliers that are below Tier 1. Last year, 39 Tier 2 companies were audited which, added to the 37 in 2018, brings the total to 76 Tier 2 suppliers audited.

### Internal audits

From an internal control perspective, ACCIONA visited 1,300 suppliers on site in 2019 (317% more than the previous year), mainly through employees assigned to the quality and purchasing areas. The aim of these visits is to ensure compliance with group standards, particularly in terms of product or service quality.

Throughout the year, 74 audits were carried out to check suppliers' compliance with minimum requirements in the areas of human rights, health and safety, quality and the environment, as reflected in the Guidelines for Minimum Sustainability Checks during Onsite Visits. Nine of these have taken place in at risk countries.

### Verification of questionnaire

The veracity of the information on suppliers registered with PROCUR-e is also checked with third-party document management tools, which validate and monitor the data. Of the 29,452 suppliers that have a risk map, the information for 6,121 of them was double-checked by Pro/Achilles and 4,502 by Obralia/Gestiona.

#### RESOLUTION OF SERIOUS NON-CONFORMITIES

ACCIONA works together with its suppliers to resolve any Serious Non-Conformities (SNC) detected in the audits. They do so through action plans. If the deficiencies found cannot be resolved within a reasonable period of time, the company is considered a No Go. This helps to significantly minimise supply chain risks.

Focusing on the Non-Conformities of the 328 direct suppliers audited in 2019, it is worth highlighting:

- 45% had 0 SNCs, 8 points below the previous year, mainly due to the increase in audits in *at risk* countries, where the average SNCs per audit increase.
- The remaining 55% have taken advantage of the various action plans. Of this percentage, 18% have not fully resolved their SNCs and have moved to No Go status.

As for suppliers from *at risk* countries, of the 73 suppliers audited:

- 29% had 0 SNCs.
- The remaining 71% have implemented different action plans. 37% have resolved, 25% have been moved No Go and the rest are on schedule.

As in previous years, the area with the highest numbers of SNCs were Health and Safety, Quality and Environment. It is in these areas, therefore, that the company makes the greatest effort in its improvement plans.

ACCIONA is aware that insisting on the resolution of Non-Conformities detected during the audit is the right way to help its suppliers improve as companies and to mitigate the risks associated with the supply chain. Working with suppliers that comply with standards enhances performance and generates shared value.

#### MONITORING COMPLIANCE WITH THE DISABILITY LAW

PROCUR-e monitors compliance with the General Disability Law (LGD) for Spanish suppliers. Of those with a risk map, 16,347 are Spanish and 97.3% state that they comply with the law or have a certificate of exemption.

### ETHICS FOR HIRING SUPPLIERS AND COLLABORATORS

ACCIONA sees the dissemination of the company's Ethical Principles to its supply chain as key to consolidating a network of suppliers, contractors and collaborators that is consistent with corporate values. The main tools for disseminating these principles are communication and transparency. Throughout 2019, there were more than 250,000 communications via the acceptance of the Self-Declaration of Responsibility for Suppliers (suppliers who do not accept this document are prohibited



from working with the Company), and also through orders, contracts and bidding terms, where mandatory clauses are incorporated. These were revised in 2019 to adapt to the new legal and minimum requirements of ACCIONA. They now include:

1. Ethical Principles for Suppliers, Contractors and Collaborators and Ethical Channel.
2. Sustainable Procurement.
3. Confidentiality.
4. Information Security.
5. Data Protection.

The new clauses were incorporated into more than 134,000 orders and contracts in 2019, 93% of the total. The 7% of projects that have not done so are mainly international joint ventures, where no suppliers were identified who have failed to comply with these ethical requirements.

Of the suppliers with a Risk Map, 51% declare that they have their own Code of Conduct. This figure is encouraging and, despite the growth in the number of suppliers registered with PROCUR-e, it is in line with the previous year.

## TRAINING AND COMMUNICATIONS WITH SUPPLIERS

The ACCIONA Corporate University Suppliers Campus is integrated in PROCUR-e and is available to 100% of the supply chain free of charge.

**ACCIONA HAS A FREE  
TRAINING CAMPUS FOR  
SUPPLIERS**



By the end of 2019, a total of 2,940 (cumulative total for the last three years) of the suppliers registered with PROCUR-e and 4,163 supplier employees had shown interest in these courses. Among them, *Sustainability applied to your company* stands out, where participation increased by 23% compared to 2018.

At the end of the year, ACCIONA launched two new training courses which will have greater visibility in 2020:

1. *Climate Change*, with the aim of providing its suppliers with knowledge about this phenomenon, its risks and consequences, its opportunities and challenges.
2. *Human Rights*, which aims to show the challenges faced by companies in respecting these rights and to provide the knowledge and tools needed to ensure compliance.

### Training of suppliers' employees (cumulative volume)

Course offered	2016	2017	2018	2019
Code of Conduct	473	789	908	927
Sustainability applied to your company	0	16	165	219
CR and supply chain sustainability	498	683	790	805
OHS basic concepts, management y regulations	377	650	794	851
Equality and preventing discrimination	510	616	700	708
Raising awareness of disability	474	555	640	653
<b>Total</b>	<b>2,332</b>	<b>3,309</b>	<b>3,997</b>	<b>4,163</b>

### COMMUNICATIONS WITH SUPPLIERS

Suppliers have a wide range of two-way channels for raising questions about their business relationship with ACCIONA:

[compraresponsable@acciona.com](mailto:compraresponsable@acciona.com) , [boletinproveedores@acciona.com](mailto:boletinproveedores@acciona.com),  
[proveedores@acciona.es](mailto:proveedores@acciona.es) y [procure.helpdesk@acciona.com](mailto:procure.helpdesk@acciona.com).

Similarly, suppliers can use the Ethical Channel to report any irregular practices detected, which will be duly analysed by the company.

### SUPPLIER SATISFACTION SURVEY

For the third consecutive year, the "Supplier Satisfaction Survey" was sent to 20,998 domestic and international companies, with 2,654 or approximately 12.6% responding. The main objective is to find out about ACCIONA's relationship with its supply chain through their opinions, assessments and experiences.

These are some of the findings of the survey:

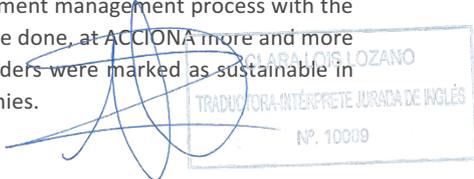
- 97% of suppliers consider ACCIONA's commitment to sustainability to be good or very good, and 94% say that the company inspires confidence and would recommend it to other companies. These figures hold true year after year.
- Integrity, transparency and business ethics are the most highly rated questions in the sustainability section.
- 73% of supplier companies stated that they apply one of the following measures to mitigate the greenhouse gas emissions they produce: calculate, reduce and/or offset.
- 89.8% consider the Group's impact on the local communities where it operates to be good or very good.
- 15.8% stated that they were aware of punch-out technology.

The company also uses the survey as a solidarity instrument. For each survey answered this year, ACCIONA made a donation to a project aimed at training young people and other vulnerable groups in the Philippines for access decent employment.

At the end of 2019 and as a result of the survey, five of the Group's main suppliers were awarded a CR and Innovation Consultancy. The aim of these consultancy services is to help this group bring to light the ESG and innovation initiatives they are implementing, to detect their contribution to the Sustainable Development Goals (SDGs) and to develop a tailor-made sustainability action plan. Work on the project began at the end of 2019 and it is expected that the project will be completed by April 2020.

### INTEGRATION OF ESG PRINCIPLES INTO THE PROCUREMENT PROCESS

ACCIONA has incorporated sustainability criteria into its procurement management process with the Sustainable Procurement Guide. Although there is still much to be done, at ACCIONA more and more orders are being identified with this brand every year. 2,723 orders were marked as sustainable in 2019, of which 527 were placed with socially responsible companies.



#### Sustainability criteria in procurement management

<b>Renewable energy</b>	369.87 GWh of renewable energy were consumed in Spain in 2019. 1,184 installations consumed 100% renewable energy and 105 plants added to the use of 100% green energy.
<b>Eco-efficient vehicle fleet</b>	The fleet of vehicles for executives included 419 vehicles in 2019, of which 148 are low-emission, i.e. less than 120 gCO <sub>2</sub> /km, which also means lower fuel consumption. 89% of the vehicles in the executive fleet have EURO5 and EURO6 engines, 11.9% are hybrid vehicles with EURO6 engines (total 50 vehicles) and 0.7% are electric vehicles (total 3 vehicles), which means lower emissions of CO <sub>2</sub> and reduced emissions of NOx and particles.

	As for the service fleet, ECO or zero emission vehicles increased in 2019 by 104%, with electric, hybrid and LPG/CNG vehicles available.
<b>Sustainable wood</b>	1,714 tons of wood with chain of custody certificates (FSC, PEFC, or similar) were purchased for Construction.
<b>Working with Special Employment Centres</b>	Contracts were signed with 14 Special Employment Centres that promote the incorporation of people with disabilities into the labour market. These contracts totalled €1,559,449 for the year. ACCIONA has an arrangement with these companies primarily to supply work clothing, laundry services, safety materials, travel agencies, printing and vending machines and consultancy.



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## TAX INFORMATION

### RESPONSIBILITY, SOUNDNESS AND HONESTY

ACCIONA is accountable to society in all the countries and businesses in which it operates, and acts transparently and responsibly in this regard.

#### 2019 KEY MILESTONES

- Incorporation of tax risks into the Risk Map, meeting all the objectives set for the countries implemented in the first phase: Spain, Mexico, Brazil, Poland, Canada, Australia and Norway.

#### 2020 MAIN CHALLENGES

- ▶ Analysis of the value chain for the implementation of new transfer pricing policies: finish the pilot project in Agua and start implementing in the rest of the divisions.

Fiscal transparency and responsibility are relevant issues for ACCIONA in relation to economic performance.

The company's fiscal strategy, approved in 2015 by the Board of Directors, defines ACCIONA's approach to fiscal matters, as well as its consistency with the overall business strategy. Applicable to all group companies, the fiscal policy is based on three core values: social responsibility; financial strength, returns and results; and honesty in compliance with regulations in all jurisdictions where it operates.

The adaptation of more transparent fiscal policies is one of the objectives within the Sustainability Master Plan.

In line with these commitments, ACCIONA presents submits an Annual Fiscal Transparency Report to the Spanish Tax Agency (AEAT) as a result of signing onto the AEAT Code of Good Tax Practices (CBPT) in 2011. Since fiscal year 2018, it also delivers a Tax Transparency Report to Australian authorities (Australian Taxation Office - ATO). Likewise, in strict compliance with its tax and fiscal transparency obligations, the company submits a Country-by-Country Report to the tax authorities each year.

The group's annual Integrated Report includes details of the company's cash flows for the year, explaining ACCIONA's impact and the contributions it makes to real value through the cash flows generated by its activity. It also specifies the total tax contribution, broken down by country.

**THE INTEGRATED REPORT  
INCLUDES DETAILS OF THE  
COMPANY'S CASH FLOWS.**

Finally, tax risks were added to ACCIONA's Risk Map in 2019, using the same methodology and mitigation plans applied to the rest of the group's risks.



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### Profits earned country-by-country

At 31 December 2019, the pre-tax profit of the main countries where the group operates was as follows (in thousands of euros).

Country	Pre-tax profits by segment
Spain	436,923
Mexico	65,698
Chile	31,119
Portugal	17,554
Poland	11,979
Italy	7,865
Germany	- 19,418
USA	- 47,055
All others	40,109
<b>Total</b>	<b>544,774</b>

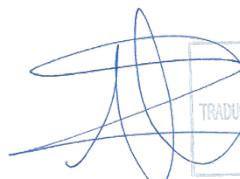
*Include - 19,811,000 euros corresponding to the integration of the results of Nordex SE.*

### Income taxes paid

At 31 December 2019, the income tax paid by ACCIONA totalled €43,990,000.

### Government subsidies received

At 31 December 2019, the amount of capital grants and operating subsidies received by the company totalled €643,000 and €6,023,000.



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# CORPORATE GOVERNANCE

## GOVERNANCE AND REPRESENTATIVE BODIES

ACCIONA guarantees the transparent management of all its business and operations. The Corporate Governance Policy complies with the CNMV's Good Governance Code, and its implementation is the result of the meticulous and rigorous work of the Board of Directors. Its members aim to contribute real value to the company and stay in constant contact with investors and shareholders.

### 2019 KEY MILESTONES

- Formulation of a specific sustainability training programme for board members

### 2020 MAIN CHALLENGES

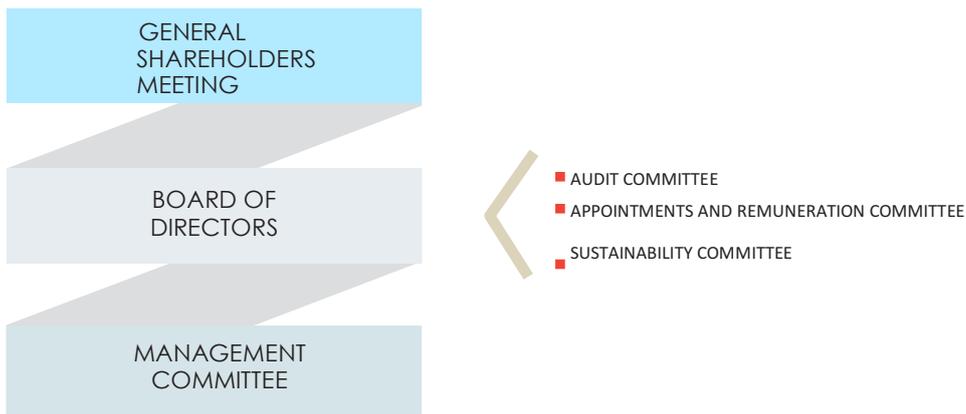
- ▶ Analysis and study of the modifications to the Good Corporate Governance Code, and adaptation of measures, if necessary.

## CORPORATE GOVERNANCE

One of ACCIONA's commitments in the area of corporate governance is to strive for continuous improvement and greater transparency, efficiency and rigour in the operation of its governing bodies. This factor is decisive for the generation of trust and long-term commitment between ACCIONA and its stakeholders.

The organization is governed by the recommendations set out in the Code of Good Governance for Listed Companies of the Spanish National Securities Market Commission (CNMV), as well as domestic and international best practices in this area.

### Governance structure at ACCIONA



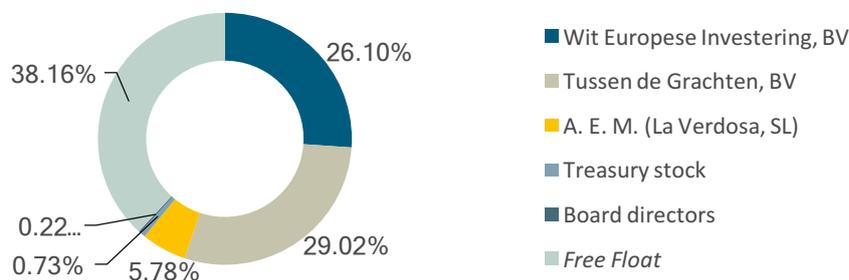
**i** **MORE INFORMATION.** For details on the governing bodies: <https://www.acciona.com/shareholders-investors/corporate-governance/governance-and-executive-boards/>



## SHAREHOLDERS AND THE GENERAL MEETING

As of the date of this *Report*, the share capital of the parent consisted of 54,856,653 fully subscribed and paid in ordinary shares with a par value of €1 each.

### Shareholdings as of the date of this report



The change in shareholding structure with respect to last year is due to the reduction in share capital through the redemption of treasury stock carried out by the Board of Directors on 28 March 2019, by delegation of the General Shareholders' Meeting (GSM) in 2018.

The company's bylaws contain no restrictions or maximum limits on the exercise of voting rights by shareholders. Nor are there any legal or statutory limitations on the acquisition or transfer of shares, without prejudice to the pre-emptive acquisition rights, which are reciprocally granted to significant shareholders declared to the company.

Ever since 2011, ACCIONA has had an electronic shareholders' forum prior to the Shareholders' Meeting in order to guarantee and facilitate communications with all shareholders, including minority shareholders, pursuant to the terms of the Spanish Companies Act. Proposals for adding to the agenda announce in the notice of the Shareholders' General Meeting, applications to join such proposals, initiatives aimed at achieving a sufficient percentage to exercise a minority right provided for by law, and offers and requests for voluntary representation are published there. ACCIONA also establishes permanent channels of communication with its shareholders and investors through its Investor Relations department.

In addition, ACCIONA makes available to shareholders, on the occasion of the call to the Shareholders' Meeting, and through its web site, a system for remote electronic or mail-in voting in order to facilitate the exercise of voting rights.

At the General Meeting of Shareholders held on 30 May 2019, various issues were discussed which including the following (i) the approval of a gross dividend of €3.5 euros per share, paid on 1 July 2019; (ii) the appointment of a new independent director; and (iii) the approval of the Non-Financial Information Statement and the Sustainability Report for the 2018 financial year. All resolutions were approved with favourable vote of at least 88.52% of the voting capital in attendance at the Meeting.

## BOARD OF DIRECTORS

The Board of Directors is the highest governance and representative body, with the exception of certain matters which are reserved for the General Meeting of Shareholders. Composed of a group of professionals with diverse knowledge, origins, experiences, nationalities and gender, its purpose is to contribute real value to the company, working every day from a position of integrity and transparency in the most efficient and effective way.

The mission of ACCIONA's Board of Directors is to promote the corporate interest by representing the company and its shareholders by administering its assets, managing its business and overseeing its operations.

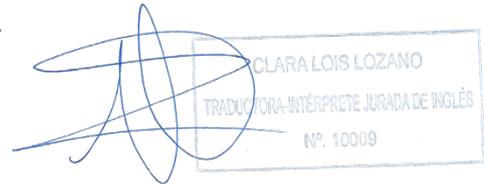
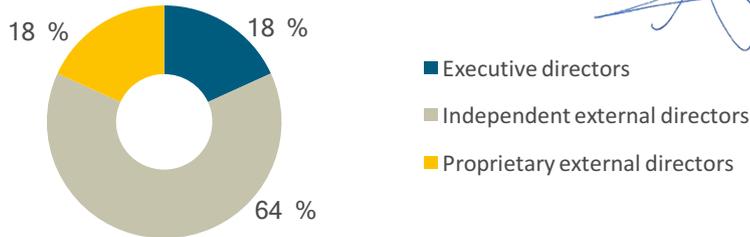
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In 2018, ACCIONA approved a Director Selection Policy that ensures that proposals for the appointment or re-election of directors are based on a prior analysis of the needs of the Board of Directors, taking into account their diversity in terms of composition, origins, nationalities and gender.

Board members serve for three-year terms and may be re-elected one or more times. The Board of Directors of ACCIONA has eleven members:

- Nine are external. Of these, seven are independent directors and two are proprietary directors.
- Two of the eleven members are executive directors.

**Breakdown of the Board according to the nature of the position**



Three women sit on the Board, representing 27.27% of the total number of members, the same percentage as the year before.

The Appointments and Remuneration Committee has been promoting the incorporation of female directors for some time now. At present, the percentage of women on ACCIONA's Board of Directors is close to 30%.

**Board of Directors in 2019**

Member	Profile	1st appointment (year)	Committees of the Board of Directors to which he/she belongs
José Manuel Entrecanales Domecq	CEO	1997	
Juan Ignacio Entrecanales Franco	Executive Vice-Chairman	1997	
Juan Carlos Garay Ibargaray	Lead Independent director	2013	Audit Committee (member) Appointments and Remuneration Committee (Chairman)
Javier Entrecanales Franco	Proprietary director	2011	Sustainability Committee (member)
Daniel Entrecanales Domecq	Proprietary director	2009	Sustainability Committee (Chairman)
Javier Sendagorta Gómez del Campillo	Independent director	2018	Appointments and Remuneration Committee (member)
Ana Sainz de Vicuña Bemberg	Independent director	2015	Audit Committee (Chairwoman)
Jerónimo Marcos Gerard Rivero	Independent director	2014	Appointments and Remuneration Committee (member)
José María Pacheco Guardiola	Independent director	2018	Sustainability Committee (member)
Karen Christiana Figueres Olsen	Independent director	2017	Audit Committee (member)
Sonia Dulá	Independent Director	2019	
Jorge Vega-Penichet López	Non-member Secretary	2006	

## Attendance at meetings of the Board of Directors / Committees in 2019

	Board of Directors	Audit Committee	Appointments and Remunerations Committee	Sustainability Committee
Quorum	93.63%	83.33%	100%	100%
No. of meetings	10	8	4	4

To guarantee the quality and efficiency of its management, every year the Board of Directors evaluates its operation, including the performance and contribution of each director and the diversity in composition and expertise. The Chairman, Vice-Chairman and Lead Independent Director evaluate the performance of the functions and positions of each director, based on the report submitted to them by the Appointments and Remuneration Committee. The evaluation of the Committee's functions and the members' position is also based on the reports of each individual Committee.

The evaluation is carried out by means of individual forms that are completed anonymously by each director. Once completed, the Audit Committee and the Appointments and Remuneration Committee analyse the results and issue the corresponding reports to the Board of Directors.

In compliance with recommendation 36 of the Code of Good Governance for Listed Companies, ACCIONA conducts evaluations with the support of external consultants every three years, the last one having been done in 2017 and the next one planned for 2020.

The Board of Directors of ACCIONA, at the proposal of the Nomination and Remuneration Committee, has a Lead Independent Director. The Regulations of the Board of Directors, in compliance with Best Corporate Governance Practices established in the Code of Good Governance for Listed Companies and the Corporations Act, ascribe the following functions to the Lead Independent Director:

- a) To chair the Board of Directors in the absence of the Chairman and the Vice-Chairmen, if there is one.
- b) To coordinate and meet with non-executive directors. To echo their concerns.
- c) To maintain contacts with investors and shareholders to ascertain their views and concerns, particularly in relation to the corporate governance of the company.
- d) To direct the evaluation of the Chairman by the Board of Directors.
- e) To coordinate the Chairman's succession plan.
- f) To request the scheduling of Board of Directors meeting or the inclusion of new items on the agenda of a meeting already convened.

As a result of the greater interaction between the Supervisory Committees, at least two joint meetings of the Audit and Sustainability Committees have been instituted to deal with matters related to non-financial information. In 2019, these joint meetings were held in February and July.

### MANAGEMENT COMMITTEE

The Management Committee is made up of a multidisciplinary group of eleven professionals with extensive international expertise. This Committee is the link between the Board of Directors and the rest of the company.



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## REMUNERATION POLICY

A new remuneration policy for directors for 2018, 2019 and 2020 was approved as a separate item on the agenda at the Shareholders' Meeting on 18 May 2017, in accordance with Article 529 novodecies of the Spanish Companies Act and Article 31.5 of ACCIONA' Articles of Association. Both establish the obligation to approve the directors' remuneration policy at least every three years as a separate agenda item. The new guidelines are published on ACCIONA's website<sup>19</sup>.

The company's remuneration policy, including that of members of the Board of Directors who perform executive functions, is governed by the following principles:

- Consistency with business strategy.
- Corporate governance and transparency.
- Balanced design.
- Internal equity.
- Alignment with market practice.

The Annual Report on Directors' Remuneration for 2019, approved by the Board of Directors, which includes the remuneration policy for its members, details the compensation received by each individual director (see Annual Report on Directors' Remuneration 2019<sup>20</sup>. Section C.1).



<sup>19</sup> Remuneration policy available at [https://accionacorp.blob.core.windows.net/media/3127729/directorremuneration\\_policy.pdf](https://accionacorp.blob.core.windows.net/media/3127729/directorremuneration_policy.pdf)

<sup>20</sup> More information at <https://mediacdn.accionacorp.com/media/3544931/accionacorp-irc-2019.pdf>

## ETHICS AND ANTI-CORRUPTION

### COMPLIANCE AND INTEGRITY

ACCIONA's ethical principles are enshrined in a Code of Conduct that unequivocally rejects illicit business practices of any kind or inappropriate behaviour in the workplace. The company has specific training focused on the Code of Conduct for all employees, accessible in seven languages.

#### 2019 KEY MILESTONES

- Updating the risk and control matrices of the Corporation, Infrastructure and Energy.
- Implementation of a Compliance Department for Infrastructure.

#### 2020 MAIN CHALLENGES

- ▶ Updating the risk and control matrices of the Other Businesses.
- ▶ Obtain dual UNE 19601 and ISO 37001 certification for Infrastructure and Construction in Spain.

### FIGHT AGAINST CORRUPTION, BRIBERY AND MONEY LAUNDERING

The specific policies established by ACCIONA to fight corruption and bribery, as well as money laundering, are as follows:

- Anti-Corruption Policy: approved in 2013, this policy establishes the Group's clear and explicit position against any corrupt or criminal act, which extends to all persons are part of the company in their professional performance.
- Crime Prevention and Anti-Bribery Policy: approved by the Board of Directors in April 2018, it reinforces the Group's commitment to zero tolerance of illegal activities, through permanent monitoring measures for prevention and detection, effective communication and awareness mechanisms for all employees and a business culture based on ethics and compliance.

The above policies are based on international standards and were implemented by the company through corporate provisions and instructions regulating aspects such as: donations and sponsorships, hiring of business consultants, interaction with public officials, international trade sanctions, rules on gifts and hospitality or personnel selection and the ACCIONA Bonus.

The rules deriving from these policies apply to all companies that are part of ACCIONA, to all its employees and to third parties that are related to the Group.

The Anti-Corruption Rules were approved by the Board of Directors in 2016. They provide specific guidelines to avoid improper conduct, and are applicable and mandatory for each and every employee and all groups associated with ACCIONA (including agents, intermediaries, advisors, consultants and suppliers). The Anti-Corruption Rules have been accepted by 17,150 employees.



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### Organization and management model

The company, in the process of running its business, maintains relations with public administrations and participates in infrastructure bidding processes in various countries. It is therefore necessary to analyse the public corruption risks for each project, based on the country involved and the importance of the operation in question. This notwithstanding, control policies and measures have been implemented to avoid or identify possible cases of corruption.

The General Directorate of Compliance supervises the operation and effectiveness of the procedures, controls and internal commitments established to ensure that obligations, whether legal or voluntary, of an ethical, organisational, environmental or social nature are complied with, and that the related risks are identified, prevented and mitigated. In 2019, the Compliance Department reported to the Audit Committee of the Board of Directors on four occasions.

ACCIONA has adopted and implemented an Organization and Management Model for the Prevention of Crime and Anti-Corruption (MPDA), the characteristics of which are as follows:

- It is designed in accordance with the Group's organizational structure, assigning specific criminal compliance risks and their corresponding controls to each department.
- Internal controls have been associated with each risk to mitigate, to some extent, the probability of involving a criminal risk.
- These internal controls have a series of characteristic attributes, among others, the corporate area or department responsible for them and the description of the specific control activity.
- The MPDA includes supervisory measures pertaining to the Group's Internal Financial Reporting Control System (SCIIF) appropriate for preventing the commission of certain crimes.

The main activities carried out in 2019 to improve the Model include:

- Updating of the control matrices for the Corporation, Infrastructure and Energy areas following the risk review in 2018.
- Creation of a Compliance Department for the Infrastructure Division.
- Organization of biannual Infrastructure Compliance Committees.
- Start of work to obtain dual ISO 37001 and UNE 19601 certification for the Infrastructure and Construction businesses.
  - Expansion of the compliance model for the Innovation Project Development corporate standard.
  - Revision of the Donation and Sponsorship Regulations.
  - Development of the International Trade Sanctions Standard.
  -



### ANTI-CORRUPTION GUIDELINES

The company strictly forbids:

1. Offering or accepting bribes to or from civil servants or private individuals.
2. Offering or accepting facilitation payments to initiate or expedite administrative proceedings.
3. Offering or accepting gifts and hospitality to or civil servants or any other third party in violation of these Guidelines.
4. Making political contributions on behalf of the group.
5. Obtaining preferential treatment by using sponsorship or donations as a means of obtaining it.

6. Using the company's business relationships and contacts for one's own benefit or that of a third party.
7. Establishing business relationships with third parties without performing the minimum due diligence of getting to know them.

### Anti-money laundering

In terms of money-laundering within the group, Inmobiliaria and Bestinver are bound by the terms of 2 of Law 10/2018 and have the internal control bodies and procedures required by current regulations. In addition, ACCIONA has imposed a company-wide obligation on all employees to pay special attention to cases where there are indications of a lack of integrity on the part of the persons or entities with which they have business relations. Except in rare cases, cash payments are not permitted and require explicit authorization with traceable supporting documentation. Furthermore, the group controls payments and due diligence procedures, suppliers and business partners.

In 2019, in addition to the mandatory training courses for the staff of the regulated entities, a classroom course on the Prevention of Money Laundering Risk was launched and attended by a total of 50 employees. This course is available in an online version, which has been used by 172 employees.

## CODE OF CONDUCT

The Code of Conduct sets out the values that should guide the behaviour of all ACCIONA companies. Its aim is to reinforce the type of business conduct that is accepted and respected by all employees and managers.

By complying with it, the company undertakes to carry out its activities in accordance with the laws in force in each of the places where it does business, always based on the highest international standards. Among others: the United Nations Universal Declaration of Human Rights, the Conventions of the International Labour Organization (ILO), the ILO Declaration on Fundamental Principles and Rights at Work, the OECD Guidelines for Multinational Enterprises and the United Nations Global Compact.

The company documents the acceptance of the Code which has already been accepted by 20,853 employees.

The Code of Conduct addresses a variety of issues, from the ethics and compliance model to the basic principles of action or guidelines for behaviour relating to respect for human rights, to the prevention of money laundering.

Compliance with and control of this corporate standard is carried out through:

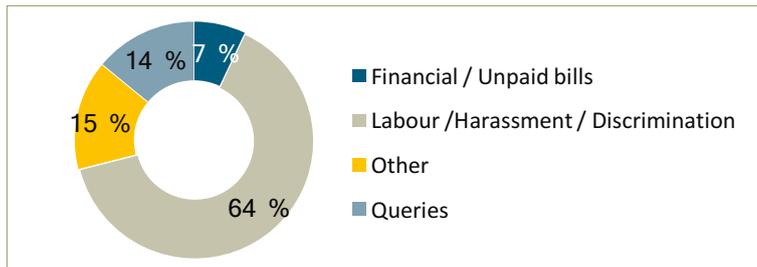
- The Code of Conduct Committee: a body that analyses reports of non-compliance.
- Ethical Channel: allows for confidential reporting of irregular conduct related to any alleged breach of the Code of Conduct. The mailbox is available to the company's employees, suppliers and contractors.
- Protocol for action in situations of harassment: through the Ethical Channel, the Commission assesses the case and establishes the necessary actions. With this protocol, ACCIONA makes clear its intention to adopt whatever measures are necessary to prevent harassment at work.

The messages received through the Ethical Channel have increased thanks to more intense communication with employees and greater awareness. In 2019, 100 reports were received through this channel (20% more than in 2018). Of those, 71 cases were investigated, 24 by an external examiner and 47 by an internal examiner. The remaining reports were dismissed, either ex officio because they do not fall within the competence of the Code of Conduct Committee, or after having received additional information from the corresponding department.

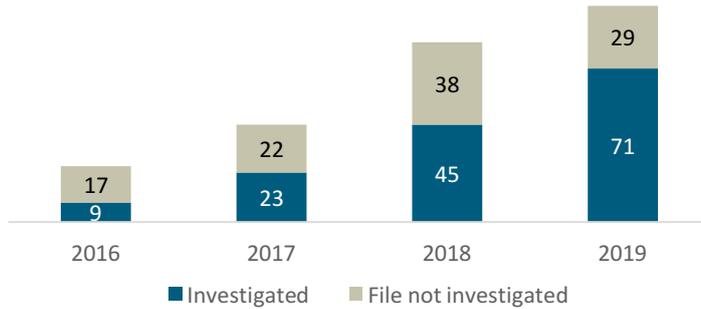


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Types of reports



Processing of reports

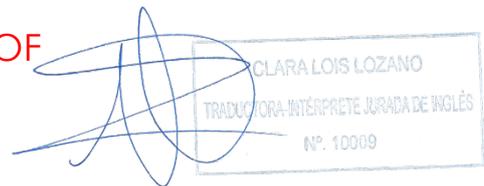


\* File not investigated: as the issue is not regulated by the Code of Conduct (anonymous non-financial, purely labour, organisational or functional complaints) notwithstanding the fact that in a large part of the complaints filed, a preliminary investigation is conducted without appointing a specific examiner.

None of the reports received refers to the giving or offering of bribes or any other type of remuneration or similar consideration, to any public or private person or entity in order to illegally obtain or retain a contract or business advantage for the group.

Two ongoing training activities continued in 2019. On the one hand, 170 directors and manager completed the Anti-Corruption Course which has been attended by a total of 1,962 directors and managers since 2016. On the other hand, 1,505 employees completed the Code of Conduct course which is available in 7 languages. Since 2017, 10,500 ACCIONA employees have taken the latter course. In June, a seminar was offered on "International Business Development and Corruption" with the help of a prestigious law firm. Six sessions were also held on the criminal liability of directors, executives and legal entities, attended by a total of 300 employees.

**170 DIRECTORS AND MANAGERS COMPLETED THE ANTI-CORRUPTION COURSE AND 1,505 EMPLOYEES COMPLETED THE CODE OF CONDUCT COURSE.**



Training per country in the Code of Conduct and Anti-Corruption Courses (no. of employees)

Country	Code of Conduct	Anti-Corruption
Spain	814	97
Australia	266	39
Mexico	90	7
Chile	81	3
Peru	48	2

USA	43	0
Other	163	22
<b>Total</b>	<b>1,505</b>	<b>170</b>

#### EXAMPLES OF COMMUNICATIONS WITH EMPLOYEES ON COMPLIANCE ISSUES

Both the Code of Conduct and the Corporate Policies and Standards of Conduct on Anti-Corruption have been communicated to employees and published on the company's intranet and website. In addition, both standards require mandatory reading and acceptance by employees. The corporate principles for the development of the policies and, in particular, those referring to the prevention of corruption and bribery are accessible in both Spanish and English on the intranet.

The communication work on both the Code of Conduct and on issues related to its compliance has involved the publication of 30 internal memoranda with relevant anti-corruption information, specifically on issues such as gifts, bribes, intermediaries and agents, interaction with civil servants and the importance of the Ethical Channel for reporting irregularities. An internal communication campaign was also carried out at a global level on the Anti-Corruption Performance Standards.

#### CONTRIBUTIONS TO FOUNDATIONS AND NON-PROFIT ORGANISATIONS

As part of the UNE 19601 and ISO 37001 certification process, the Corporate Standard for Donations and Non-Commercial Sponsorships was developed and approved. The purpose of this corporate standard is to establish a framework for action that enables the group to ensure that non-commercial donations and sponsorships to charitable or non-profit organisations are not used to disguise illegal payments to civil servants or other persons in violation of the company's Anti-Corruption Performance Standards. Donation and sponsorships by ACCIONA must not give rise to the slightest doubt as to their suitability or appropriateness and must certainly not involve a breach of any applicable law or regulation. These rules are binding on all group companies and employees, as well as on third parties acting on their behalf. Similarly, ACCIONA follows a policy of strict neutrality and does not make donations to any political party, candidate or foundation that could be construed as a political contribution under the terms of the Code of Conduct.

Contributions to foundations and non-profit organizations are made by properly analysing the entity receiving the donation or sponsorship, as well as its reputation and financial transparency.

Finally, all contributions are made as part of ACCIONA's Social Action Plan, which aims to align 100% of social aid with the company's objectives through medium to long-term sustainable projects in all the locations where it operates.

In 2019, ACCIONA contributed €2,119,835 to associations or organizations for the promotion of sustainability and trade associations.

#### Contributions to associations for the promotion of sustainability and trade associations

Organizations	Contribution	Featured entities
Entities promoting sustainability and global dialogue	€822,913	World Economic Forum and UN Global Compact
Entities for the technical development of ACCIONA's business	€385,513	CEOE and Círculo de Empresarios
Industry associations	€911,409	SEOPAN and Wind Europe
<b>TOTAL</b>	<b>€2,119,835</b>	

**i** **MORE INFORMATION** in the "Social Action Plan" section under "Social Impact"



## THIRD-PARTY DUE DILIGENCE

The group has implemented a tool, PROCUR-e 3P, to facilitate the process of identifying and learning about the third parties with which it interacts (partners, consultants and agents). The main advantages of this process are:

- It allows the company to do an initial analysis of the third party with whom ACCIONA has or intends to have a commercial or corporate relationship.
- It improves the risk management of projects thanks to more in-depth knowledge of the third parties with whom ACCIONA interacts.
- Complies with the requirements of due diligence on third parties.

126 third parties registered with the programme in 2019. A total of 454 partners, consultants and agents have already been assessed by PROCUR-e 3P. This has allowed for adequate knowledge of who the third party is, who runs the company, the possible relations of these persons with public officials, possible litigation involving corruption, money laundering, fraud or use of tax havens, among other issues.

In addition, ACCIONA has developed a platform that acts as a digital notary, ensuring that all departments involved in the hiring of commercial consultants carry out the mandatory procedures established in the internal regulations. Blockchain technology has been used for this purpose. With this technology, ACCIONA applies protocols and control mechanisms that minimize the risk of employees and collaborators engaging in illegal or unethical behaviour. 29 third parties were registered in blockchain in 2019.

USING BLOCKCHAIN,  
ACCIONA IS ABLE TO CERTIFY  
THAT THE MANDATORY  
PROCEDURES FOR HIRING  
COMMERCIAL CONSULTANTS  
ARE CARRIED OUT

Finally, there were 83 reports on third parties. In some cases, it was recommended not to have relations with the company in question or with its shareholders, while in other additional information was requested.

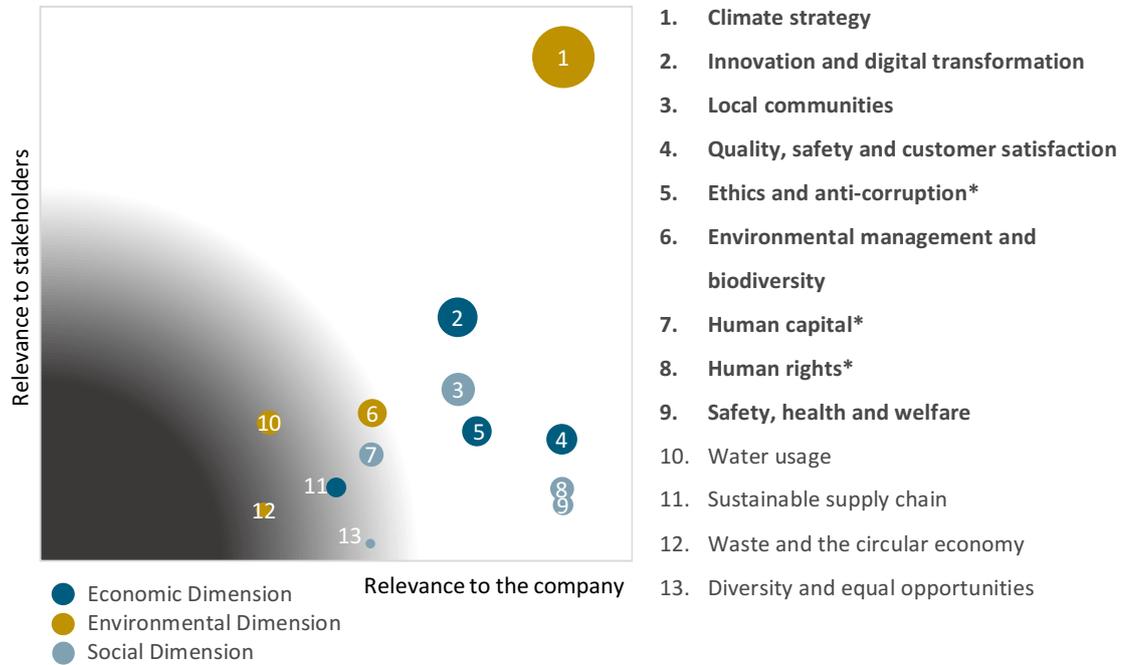


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# THE ENERGY BUSINESS

The following matrix shows the results of the materiality analysis, from which the table of contents of the chapter is generated. More information on how this matrix is obtained can be found in section titled "Materiality analysis".

## Materiality Analysis for Energy



\* Performance on Ethics and Anti-Corruption, Human Capital and Human Rights are described in the previous chapters at a consolidated level.

Energy is the world's largest operator dedicated to producing electricity exclusively from renewable sources.

<b>1,629</b> EMPLOYEES	<b>10,117 MW</b> RENEWABLE INSTALLED CAPACITY	<b>22,994 GWh</b> PRODUCED
WITH ASSETS IN <b>16</b> COUNTRIES ON FIVE CONTINENTS	<b>€1,976 million</b> SALES	<b>€845 million.</b> EBITDA

## 2019 highlights for all three dimensions

ECONOMIC	SOCIAL	ENVIRONMENTAL
The rate of satisfied customers is 98%.	Implementation of Social Impact Management in 22 projects in 10 countries	Production of 100% renewable energy through 5 renewable technologies
55% of the suppliers are local.	The accident frequency rate for employees and contractors has been reduced by 3%.	More than 13 million tonnes of CO <sub>2</sub> avoided
A total of €75.5 million in innovation.	More than 213,700 beneficiaries of social initiatives.	7 new LCAs developed for renewable production plants

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Presence of the energy business in 2019



INVESTING EXCLUSIVELY IN RENEWABLE ENERGY

The most remarkable characteristic of Energy is its firm commitment to the production of energy exclusively from renewable sources. This is the basis of the business model, which promotes a positive impact and brings intrinsic value to the fight against climate change.

Investment in renewable energies, thanks to its technical and economic competitiveness, contributes to reducing the CO<sub>2</sub> emissions that cause climate change, and is the best sustainable energy solution in the long term.

Due to the nature of its activity, Energy is not a relevant emitter. However, it participates in the achievement of the group's carbon-neutrality objective by offsetting 100% of its generated emissions (30,477 tCO<sub>2</sub>e in 2019).

**GREENEST ELECTRICITY COMPANY IN THE WORLD FOR THE FIFTH CONSECUTIVE YEAR**

ACCIONA has once again validated its position as the world's "greenest" electricity generation company, occupying the New Energy Top 100 Green Utilities ranking since 2015. This ranking is drawn up annually by Energy Intelligence, an independent consultancy firm specialized in energy markets.

The ranking selects one hundred of the largest electricity companies in the world and classifies them according to their CO<sub>2</sub> emissions and their installed capacity in renewable technologies (excluding hydroelectric), to determine their degree of involvement in the transition to a low-carbon electricity system.

The consultancy firm highlights the prominence of the European market in the ranking (with 6 companies from the continent in the top 10), the ratio of GHG emissions below 440 kgCO<sub>2</sub>/MWh for all the companies evaluated and the growing evolution of installed renewable power which has tripled in the last eight years.



### Avoided emissions per country through renewable electricity generation in 2019

Countries	Installed power (MW)	Production (GWh)	Avoided emissions (tCO <sub>2</sub> e)
Australia	435	1,234	1,081,251
Canada	181	479	345,470
Chile	542	735	574,851
Costa Rica	50	267	195,864
Croatia	30	82	43,338
USA	930	2,284	1,463,226
Egypt	186	329	159,085
Spain	5,678	12,791	6,043,527
Hungary	24	51	33,430
India	164	396	355,922
Italy	156	257	126,668
Mexico	1,144	2,864	1,663,956
Poland	101	244	200,238
Portugal	165	405	236,827
South Africa	232	538	537,119
Ukraine	100	40	39,172
<b>TOTAL</b>	<b>10,117</b>	<b>22,994</b>	<b>13,099,944</b>

Energy produces and sells exclusively renewable energy, helping to displace fossil fuels in the national electricity mixes. As part of the 2020 Sustainability Master Plan, this division has committed to investing \$2.5 billion over the period 2016-2020 in renewable generation to reach a total capacity of 10,500 MW. In 2019, ACCIONA reached 10,117 MW of installed capacity and avoided the emission into the atmosphere of a total of 13.1 million tonnes of CO<sub>2</sub>.

With over 20 years' experience in the sector, it is present in the main renewable technologies, covering activities that encompass the entire value chain: development, engineering and construction; operation and maintenance; and energy marketing.

#### REDUCING CARBON FOOTPRINT AND ENVIRONMENTAL IMPACTS THROUGH PROCESSES BASED ON LIFE CYCLE ANALYSIS (LCA)

ACCIONA believes it is important to have indicators that reflect the performance of its facilities throughout their life cycle in an objective, detailed and quantitative manner, and this can include environmental criteria from the design stage.

To facilitate simplified LCAs, the company has integrated a new tool into the process of diagnosing and analysing these indicators, which has made it possible to identify specific lines of improvement for each type of project and to reduce their environmental impact.

Thus, for example, the change of foundations at the Palmas Altas wind farm (2019) has reduced emissions from CO<sub>2</sub>e by 20% for every kWh generated with respect to Mt. Gellibrand (2018) and 23% compared to Bannur (2017). This measure alone will reduce tCO<sub>2</sub>e by 27,900 in the project's life cycle.

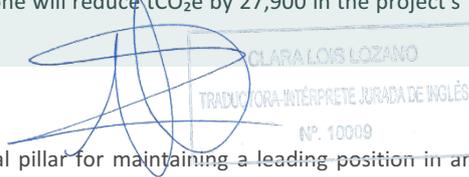
#### INNOVATION IN RENEWABLES

In the energy business, innovation is a fundamental pillar for maintaining a leading position in an increasingly competitive sector. The accredited figure for innovation in renewables in 2019 is €75.4 million.

In turn, the savings realized by operational improvements in processes amount €5.6 million.

#### Evolution of R+D+i in Energy

	2016	2017	2018	2019
R+D+i Energy (millions of euros)	73.3	66.4	61.8	75.4



## ENERGY TECHNOLOGY MANAGEMENT

The Energy Technology Department is located in Madrid and is the core of ACCIONA's renewable energy innovation activity, where most of the strategic lines of research are carried out: wind, solar, electric storage and grid integration. The energy innovation team is distributed among the energy centres in Pamplona, Madrid and Mexico. ACCIONA tests, characterizes and integrates the best technologies available on the market and collaborates with various manufacturers on new products to improve the cost and reliability of the energy generated

Among the key milestones in innovation undertaken in 2019, the following deserve special mention:

### Blockchain to energy

- Gradual implementation of the GREENCHAIN technology that allows the group to provide customers with traceability of the renewable origin of electricity generation. This means that it is possible to check anywhere in the world and in real time that 100% of the electricity supplied is clean.

### On-shore wind area

- Life Extension: WINDBRAIN project aimed at developing and applying predictive maintenance methodologies based on big data and neural networks.
- Power maximization through innovative control strategies that maximize the power curve in the AW1500 and AW3000 fleet and study, implement and validate noise reduction in wind turbines with different brands of blades.
- Development of a tool that generates automatic alarms for detecting and monitoring thunderstorms and lightning observation (THOR), thus increasing the safety of the company's employees and assets.
- Use of 3D printing to manufacture spare parts, avoiding international logistics.

## HYBRIDIZATION OF ORGANIC SOLAR PANELS WITH WIND TOWERS

This project consists of covering the tower of a wind turbine at the Breña wind farm (Albacete) with flexible organic photovoltaic modules to meet the internal consumption of the turbine's auxiliary systems. This is a revolutionary global solution in the field of hybridization between wind and photovoltaic energy that will allow ACCIONA to study both the behaviour of the organic panels - an emerging photovoltaic technology - and their application to improve wind turbine efficiency.

### Photovoltaic solar area

- Start of construction on the floating PV plant in the Sierra Brava reservoir (Cáceres) with a power of 1,125MW.

## INNOVATION IN PHOTOVOLTAIC GENERATION

ACCIONA has created a hub or innovation centre at its El Romero Solar plant (Atacama, Chile) with the aim of testing new photovoltaic technologies to increase the efficiency and performance of solar installations. Specifically, the centre is studying the mechanical and energy behaviour of bifacial crystalline technology in split-cell and thin-film cadmium telluride (CdTe) modules, all of which are in the development phase and are expected to mark the future evolution of photovoltaic energy.

## CONTRIBUTION TO SOCIETY

Energy contributes to improving society with its projects as a leading company in the transition to an energy model based on renewables. The positive impacts it has achieved have a very broad social dimension: effects on people, on the lives of communities or on the generation of wealth and employment in the region. More than 213,700 people have benefited from the different initiatives undertaken by this division in 2019.

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The company uses three basic tools to manage and measure these impacts: Social Impact Management, measurement of socio-economic and environmental impact, and social investment associated with projects.

**SOCIAL IMPACT MANAGEMENT**

ACCIONA uses its own Social Impact Management (SIM) methodology to understand, starting in the bid or design phase, the social risks that its operations or services can pose in the catchment areas where its projects are carried out. The goal is to generate positive impacts and minimize negative ones on the local communities and environments where it works.

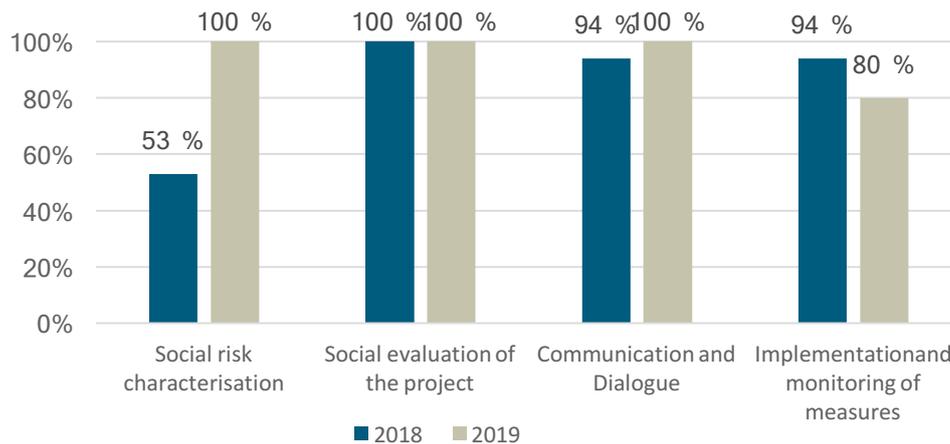
**i** **MORE INFORMATION** in the section on "ACCIONA's Social Impact Management" under "Social Impact"

In 2019, Energy implemented Social Impact Management at 22 wind farm and photovoltaic plant projects in 10 countries.

**Evolution of the implementation of the SIM methodology by Energy**

	2016	2017	2018	2019
Number of projects	18	13	17	22

**Level of implementation of each phase of the SIM methodology in Energy projects** (% of total Energy division projects with SIM)



In addition, external audits were carried out on two wind projects in Australia to assess the degree of implementation of the SIM methodology.

In order to provide a complaint mechanism for communities and other stakeholders, Energy has set up dedicated communication channels at 100% of its projects and a public form on its website for individuals or groups wishing to submit queries and/or suggestions regarding the company's projects (<https://www.accion-energy.com/sustainability-innovation/health-and-safety/>).

**SOCIO-ECONOMIC IMPACT OF PROJECTS**

To detect and measure the socio-economic and environmental benefits generated by Energy projects from start to finish, the division uses the economic model based on input-output tables (analysis of the relationships between different industries). Through this tool it obtains quantitative results of the direct, indirect and induced impact of its activities on the employment figures and contribution to the GDP of each country, as well as the impact on environment and communities.



In 2019, Energy prepared specific socio-economic impact studies for the entire life cycle of 14 projects. As of the beginning of 2020, there are plans to measure the socio-economic impact of all Energy assets from 2019.

### SOCIAL INVESTMENT ASSOCIATED WITH PROJECTS

Another way for Energy to manage its contribution to society is by developing social projects in the communities where it operates. For example:

- Support for nutritional programs for children.
- Vaccination campaigns.
- Improvements to basic infrastructure.

### PROJECTS WITH NOTABLE SOCIAL ACTIONS

#### SOCIAL ACTIONS AT THE BANNUR WIND FARM (INDIA)

##### Social impact management

The project's area of influence studied during the construction period. Information was obtained from 83 families, as well as from local authorities, regarding the basic needs situation. With this information, it was possible to plan a medium-term social action intervention in collaboration with a local social entity starting in 2017. The following actions from this initiative are noteworthy:

- Regular participation by ACCIONA staff in meetings in the various communities which involved local and regional authorities, children, parents and volunteers.
- Direct dialogue with members of the community that help to identify different needs.
- Local media coverage of the company's initiatives in the area.

##### Socio-economic impact

Socio-economic impacts focus on the local contribution to GDP and employment generation during all phases of a project's life.

- Contribution to GDP: €95,965,000,000.
- Job creation: 4,029 jobs (over the entire life cycle of the project).
- Emissions avoided: 227,798 tCO<sub>2</sub> per year.
- Water savings: 438,544 m<sup>3</sup> of water per year.
- Improved air quality: 1,971 tons of SO<sub>2</sub> and NO<sub>x</sub> avoided per year.

##### Social action

Since 2017, a project has been underway in collaboration with Pratham NGO, an organization dedicated to improving the quality of education in India. Some highlights from 2019 include:

- Continued support for the 1,394 children with whom ACCIONA worked the year before in order to continue accompanying them in their improvement and learning process.
- Competitions to discourage school dropouts and encourage the involvement of parents in the educational process.
- Weekly skills building sessions for public school teachers.

This initiative was chosen by the United Nations Global Compact as an example of good practices to be disseminated by networks on the 4th anniversary of the approval of the Sustainable Development Goals.



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## SOCIAL ACTIONS AT MORTLAKE WIND FARM (AUSTRALIA)

### Social impact management

The following strategies have been key in fostering a positive relationship:

- Forum made up of land owners, neighbours, local businesses, emergency services, council members and builders to ensure that they represent the different interests of the community.
- Distribution of communication materials: quarterly newsletter, press releases and a fortnightly update on the state of construction.
- Community information centre located in the largest population centre.
- Follow-up meetings with neighbours and land owners.
- Site visits with local schools, universities and community groups

### Socio-economic impact

The aim is to contribute significantly to the community in particular and to the growth of the country in general and to generate employment throughout the project's life cycle.

- Contribution to GDP: €139.13 million.
- Job creation: 371 jobs (over the entire project life cycle).
- Emissions avoided: 691,405 tCO<sub>2</sub> per year.
- Water savings: 1,018,347m<sup>3</sup> of water per year.
- Improved air quality: 4,620 tons of SO<sub>2</sub> and NO<sub>x</sub> avoided per year.

### Social action

The following actions in 2019 merit special mention:

- Shared benefits programme: the initiative not only supports the projects of local groups, but also develops a programme of benefits for the community and promotes local economic activity.
- Community investment: in addition to disseminating the contribution of renewable energy to society, the company works to build a positive relationship with different stakeholders. One of the highlights is the lookout point installed on Mount Noorat with information panels to provide information on how green energy works. Also noteworthy is the agreement signed for post-doctoral grants to researchers in related areas.

## SUPPLY SECURITY AND QUALITY TO BUILD CUSTOMER TRUST

The Control Centre for Renewable Energy (CECOER), part of the Energy business, guarantees the maximum availability and quality of energy, in a predictable manner and in compliance with the regulations in force in each one of the countries where it operates. It does so through control, supervision and 24/365 operation.

### ENERGY CERTIFICATIONS

- 100% MW installed certifiable<sup>21</sup> are ISO 9001 and ISO 14001 certified.
- 100 % of the marketing and sale of renewable energy with guarantee of origin accredited by the CNMC.



<sup>21</sup> Certifiable power is any installation that is operational one years after commissioning and owned by ACCIONA.

**LONG-TERM AGREEMENTS**

There are three factors that make corporate purchasing of green energy a powerful tool for the transition to a decarbonized economy: the competitiveness of renewable technologies, the interest of companies in securing an energy supply at a stable price over time, and corporate climate change policies.

In this area ACCIONA continued in 2019 to reinforce its strategy of selling renewable energy to large corporate customers who wish to reduce their carbon footprint with new agreements for long-term renewable supply.

**Power Purchase Agreements (PPA)**

Three corporate PPAs were signed in 2019: with ECONNESA in Chile, with PREH in Mexico and with VIVA ENERGY in Australia for the long-term sale of renewable energy.

**PPAS OFFER CUSTOMERS  
BETTER RISK COVERAGE IN  
THE FACE OF ELECTRICITY  
MARKET VOLATILITY,  
COMPETITIVE PRICES AND  
A RELIABLE ELECTRICITY  
SUPPLY.**

Energy also develops turnkey projects for customers under Engineering, Procurement and Construction (EPC) contracts, in addition to managing the operation and maintenance of renewable plants.

**CUSTOMER RELATIONS AND SERVICES AT THEIR DISPOSAL**

Green Energy Developments, a subsidiary of ACCIONA, manages the sale of 100% of the renewable energy produced at the Group's facilities. It also handles the sale of renewable energy of other independent producers, who benefit from the Group's technical capacity and experience, adapted to customer needs. Green Energy has a long history of selling energy in wholesale markets.

In addition to energy sales, customers receive support and advice for the most convenient cost-effective contracting modality. The associated services include invoice downloading and 24/7 telephone service, plus the possibility of consulting usage history and price forecasts. The company has a CRM system that manages the relationship with the customer, contributes to the provision of the service and effective follow-up. The 2019 customer segmentation is intended to ensure better customer relationship management. In Spain, 58% see the group better than the rest of the electricity companies and 42% see it at the same level.

**Customer satisfaction and loyalty**

The division's overall rate of customer satisfaction is 98%.

**Evolution of customer satisfaction**

	2016	2017	2018	2019
Satisfied customers	94%	100%	100%	98%

*Includes the subsidiaries Green Energy Spain and Portugal, Solar, Energía México and Energía Chile.*



With regard to complaint handling, Energy has implemented a system for prioritizing complaints in order to process manage them more quickly. The division received 52 B2B complaints, 92% of which were resolved. Solar has resolved 74% (23 in total) in an average time of 24 hours. The Energy business received no complaints from any customer - either public or private - in the following countries: Australia, India, Mexico, Costa Rica, South Africa, Ukraine, the United States and Canada.

### GREENCHAIN: TRACEABILITY OF THE RENEWABLE ORIGIN OF ELECTRICITY WITH BLOCKCHAIN

ACCIONA's Greenchain project traces the renewable origin of its electricity generation with blockchain technology, so that customers who wish to do so can check in real time that 100% of the electricity supplied is clean. This system increases their confidence and favours the growth of these types of contracts.

### CONTINUOUS IMPROVEMENT

Over the past year, 885 Energy employees participated directly in 14 improvement groups, generating 98 lessons learned. The Think Quality project stands out, whose goal is to reinforce the quality function throughout the value chain, completing a diagnosis of the situation and a programme of actions. Cross-cutting initiatives have also been developed on the cost of faulty quality, the governance model and the definition of key indicators, among others.

The Best Value project continues to make the projects more economically competitive. Measures such as the prefabrication of buildings and foundations or the robotic pre-assembly of structures have succeeded in reducing energy costs beyond the division's objectives.

### ENVIRONMENTAL IMPACT MANAGEMENT

ACCIONA's environmental management is based on the principle of improving environmental performance. Having robust management systems and a structure of responsibilities adapted to each country where the company does business is fundamental to achieving high quality standards of environmental management.

With this goal in mind, the different areas establish specific actions to reduce their impact on the environment.

The Energy business, as part of the system for managing and controlling the environmental aspects of the business, includes the acoustic impact during both the project design phase and during the operation of the installations using any type of technology. In the design phase, to prevent environmental noise risks and in the operation phase, to verify compliance with applicable regulations, as well as the implementation of technological improvements that reduce the acoustic effects, with special emphasis on particularly sensitive areas.

### PROTECTION AND CONSERVATION OF BIODIVERSITY

The Energy division has its own wildlife conservation initiatives, some examples of which in 2019 were as follows:

#### TAGGING OF BONELLI'S EAGLES

The Bonelli's eagle is an endangered bird of prey. 75% of the European population is in Spain. Direct persecution, electrocution and collisions with power lines are some of the threats it faces.

In order to understand the species' habitat and potential risks, six Bonelli's Eagles (3 pairs) were fitted with GPS/GSM transmitters in collaboration with environmental authorities and the University of Valencia. These emitters have provided more than 7 million locations to date. The monitoring is expected to last 3 years.



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### MEASURES TO MINIMISE THE RISK OF COLLISION OF THREATENED BIRDS IN THE TAHIVILLA PARKS (CÁDIZ)

The livestock operations that takes place in and around the Tahivilla Parks attract numerous birds such as the common Egyptian vulture, a species catalogued as Vulnerable in the national catalogue and Endangered in the regional one, because of the water in the livestock drinking troughs and the organic remains generated.

To learn how endangered species use space, flight notes are taken and sightings are mapped (616 Egyptian Vulture flights in 2019).

In addition, 70 structures have been located that can attract wildlife (feeding grounds and water points) to reduce the number of Egyptian Vultures reaching the area.

Finally, supplementary feeding has been provided in the vicinity of the nests during breeding to minimise the birds' movements around the wind turbines.

### WORKER'S HEALTH IN THE ENERGY BUSINESS

Energy maintains an Integrated Management System for the entire business that establishes the minimum health and safety requirements to be taken into account in any of its companies and countries. In 2019, this system was certified according to the ISO 45001 standard for 100% of the activity. The division has aligned its Health and Safety Policy with the reforms required by this standard.

The health and safety strategy of ACCIONA's Energy area is based on excellence (zero accident target), continuous improvement and employee support.

**100% OF THE ENERGY  
ACTIVITY IS CERTIFIED IN  
ACCORDANCE WITH ISO  
45001**

Energy's occupational health and safety risks arise from two of its main activities: construction and operation & maintenance of renewable energy facilities.

#### IDENTIFICATION AND MANAGEMENT OF OCCUPATIONAL RISK

The identification and assessment of possible risks in the working environment and control measures to minimize the likelihood of occurrence are documented in specific procedures for each of the facilities. Risk analysis determines the critical points at each centre and the associated preventive actions, which affect not only the own employees but also those of the division's contractors and collaborators.

In addition, the facilities have their own emergency plans with guidelines for how to proceed in emergency situations. Employed or subcontracted personnel can report any hazardous situation they detect by sending an e-mail to [safety.energy@acciona.com](mailto:safety.energy@acciona.com) or using the occupational risk prevention management tool.

As a good practice to be highlighted, the Energy division publishes safety alerts on its website for incidents from which lessons have been learned that are of interest to the sector (<https://www.acciona-energia.com/sustainability-innovation/health-and-safety/>).

Energy has changing rooms and showers on its premises which allows workers to take part in sports on a daily basis and fosters work-life balance.



The Energy business chairs the Global Wind Organization (GWO) for the promotion of occupational health and safety standards in the wind energy sector worldwide. This platform promotes safe working environments based on the technical qualifications of the professionals working in the sector, especially in countries where the level of training is lower.

**THINK SAFE: PROMOTING A CULTURE OF PREVENTION**

The THINK SAFE programme aims to improve the culture of prevention among employees through an innovative learning system in which the students' active participation makes them more aware of their safety.

The plan was launched in 2017 and by 2019 it had reached 100% of the workforce in Spain and 90% of the international workforce.

Whilst the frequency rate decreased in 2019, the severity rate increased with respect to the previous year.

No cases of professional disease were detected in the division and there were no fatal accidents. In addition, the hygiene risk is minimal and the incidence of occupational disease is zero.

**Evolution of accident indicators for Energy employees**

	Severity Rate				Frequency rate			
	2016	2017	2018	2019	2016	2017	2018	2019
Energy	17.1	7.9	17.7	19.4	0.5	0.4	0.5	0.4

Severity rate (no. of days lost due to occupational accidents/hours worked) x 200,000.  
 Frequency rate: (no. of accidents with work loss/hours worked) x 200,000.

Among the objectives defined by Energy for the year 2019, the following deserve special mention:

- A programme of ergonomic improvements in maintenance and construction operations to be implemented within two years.
- A road safety programme to be implemented in two years, starting with five pilot plants, with the aim of obtaining certification according to the ISO 39001 standard in 2021.
- Define and implement a programme for the prevention and protection of workers from wild animals.

**ACT SAFE AND BUILD SAFE PROJECTS**

With defined action plans which are ready to be launched in the next two years and three years respectively, both initiatives share the same structure and mode of operation, although each has its own particularities.

- Projects led by the respective O&M and I&C Directorates. The H&S's function is to support this leadership.
- Both have received the advice of the expert health and safety consultant DUPONT.
- Both are based on a diagnosis made by DUPONT regarding the situation of the O&M and I&C services within the Bradley Preventive Culture curve. From there, it was possible to identify where the company is and where it wants to be in two years' time.
- Action plans were defined to achieve the goal of health and safety excellence in all activities of ACCIONA's Energy division (both O&M and I&C).
- Both projects have their own Management and Execution Committees, with the active participation of management-level personnel in both departments.
- There are common actions such as the development and implementation of a "Preventive Observations" programme, a "Personal Action Plan" programme and a "Life Saving Standards" programme.
- There are also individual actions, such as "Risk Factor" training within O&M or a "Learning from Major Incidents" programme within I&C.

*(Handwritten signature)*  
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**Road safety**

The Energy division has developed a new worldwide Guide (internal procedure) with the minimum requirements that must be met when employees use vehicles for work purposes.

In addition, road safety awareness initiatives have been developed in Mexico, Chile and Spain. These programmes include extraordinary and specific courses, communication campaigns for employees, reinforcement of vehicles, road inspections and enhanced compliance controls (use of mobile radars or breathalyser tests).

**HEALTH AND SAFETY IN THE ENERGY SUPPLY CHAIN**

Energy's occupational safety policy establishes that the requirements to prevent risks are the same for its own employees as for its subcontractors. At the time of contracting, all suppliers must undergo an assessment of their performance in this area. The company's contract is thus contingent upon effective implementation. Energy has measures in place that cover all phases of the process, from tendering to completion:

- Limiting the frequency rates of suppliers and contractors in tenders.
- Personalization of tasks and periodic compliance assessments.
- Warning letters and fines for reiterated misconduct.
- Final occupational health assessment by the manager and the procurement area with a view to future tenders.

In addition, the division periodically organizes "meeting points" with suppliers to share experiences and agree on health and safety actions to be taken.

In 2019, accident rates for Energy contractors increased slightly, although none of them resulted in fatal accidents.

**Evolution of accident indicators for Energy contractors**

	Severity Rate				Frequency rate			
	2016	2017	2018	2019	2016	2017	2018	2019
Energy	46.7	3.6	22.0	24.4	1.9	1.1	0.6	0.8

*Severity rate (no. of days lost due to occupational accidents/hours worked) x 200,000.*

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



## THE INFRASTRUCTURE BUSINESS

The table below shows the results of the combined materiality analysis for the division's four business units, from which the table of contents for the chapter is generated. More information on how this table is obtained can be found in the section titled "Materiality analysis".

### Infrastructure materiality analysis

CHAPTER	MATERIAL ISSUES	INFRASTRUCTURE			
		Construction	Concessions	Agua	Services
Employees	Diversity and equal opportunities				V
	Human capital	V	V	V	V
	Safety, health and welfare	V	V	V	V
Risks and opportunities of the climate emergency	Climate strategy (except Bestinver)	V	V	V	V
Environmental impact	Environmental management and biodiversity	V		V	
	Water usage			V	
	Waste and the circular economy	V			V
Innovation	Innovation and digital transformation	V	V	V	V
Customers	Quality, safety and customer satisfaction	V	V	V	V
Social impact	Local communities		V		
Respect for human rights	Human rights				
Supply chain	Sustainable supply chain		V		V
Tax disclosures / Corporate governance / Ethics and anti-corruption	Ethics and anti-corruption	V	V	V	V

Note: performance on Diversity and Equal Opportunity, Human Capital, Human Rights, Sustainable Supply Chain and Ethics and Anti-Corruption are described in the previous chapters at a consolidated level.

The Infrastructure division has extensive experience in the development and implementation of complex projects and services around the world. Its activities are focused on four main lines of business: Construction, Concessions, Water and Services. The Industrial business line was incorporated into Construction at the end of 2019, but it is still broken out in some of the indicators.

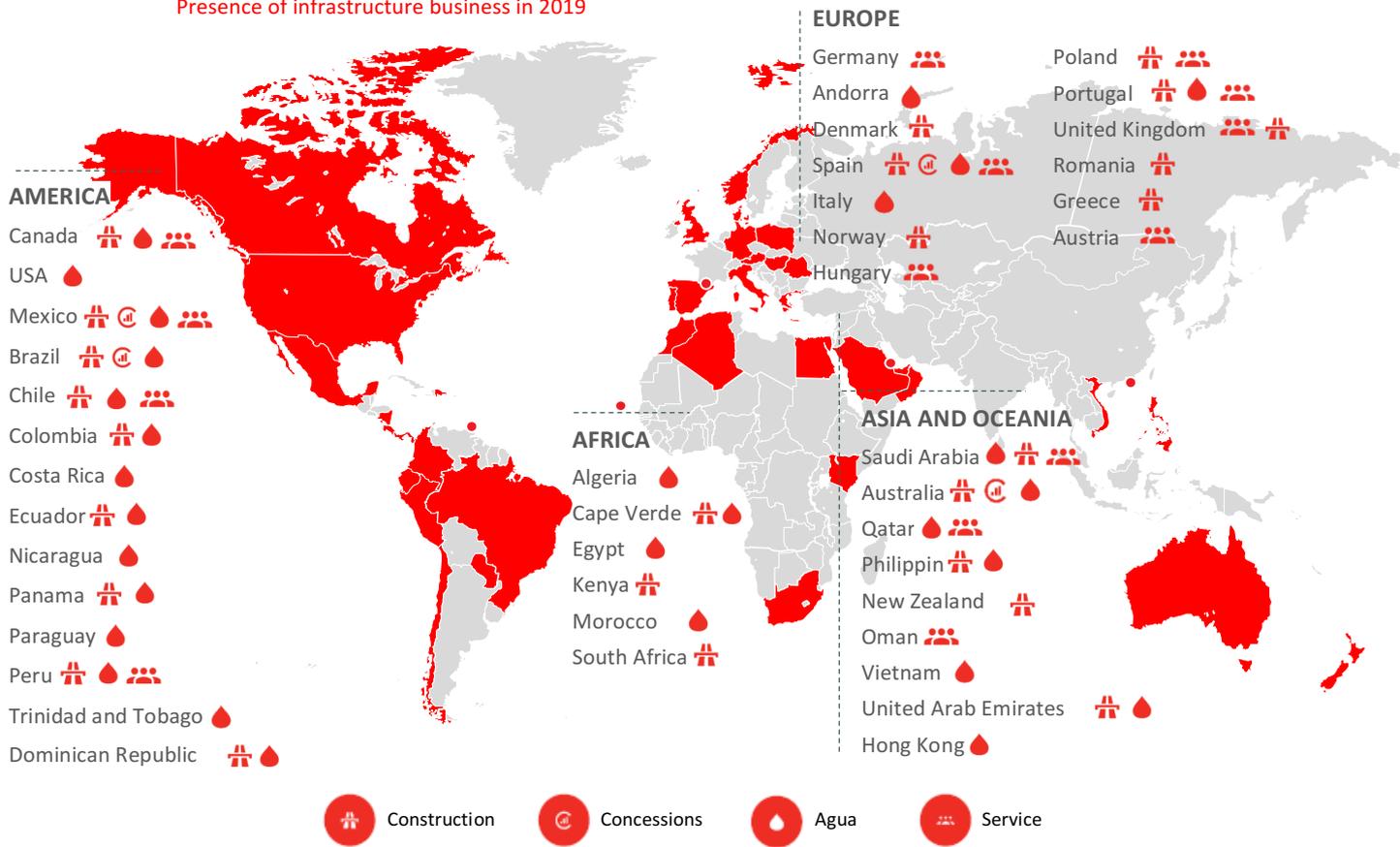


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2019 highlights for all three dimensions

ECONOMIC	SOCIAL	ENVIRONMENTAL
98% customer satisfaction rate for Infrastructure overall.	Implementation of Social Impact Management in 102 projects in 22 countries.	1,030 hm <sup>3</sup> of desalinated, purified drinking water.
96.5% of suppliers are local.	Decrease in accident rates for employees: 3 % for severity and 4% for frequency.	More than 50% of water treated in countries or areas with water stress
A total of €149.6 million in innovation.	Socio-economic impact measured in the Power to Green Hydrogen project in Mallorca (Spain).	100% of emissions generated are offset (134.127 t CO <sub>2</sub> e).

Presence of infrastructure business in 2019

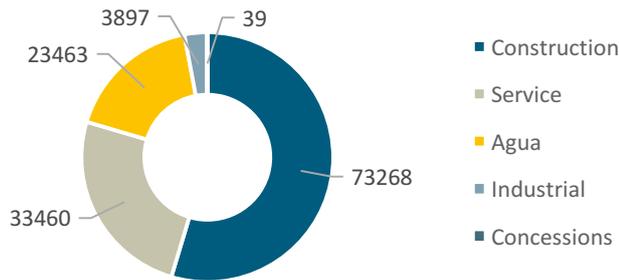


CLIMATE CHANGE

The Infrastructure Division's priority is to respond to the global demand for sustainable infrastructure. The division implements energy efficiency solutions at its own locations and those of its customers, optimising consumption and reducing the associated CO<sub>2</sub> emissions.


  
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Emissions generated by the division in 2019 (tCO<sub>2</sub>e)



The Infrastructure division participates in achieving the goal of carbon neutrality for all groups by offsetting 100% of the emissions generated, which were 134,127 tCO<sub>2</sub>e in 2019.

The Infrastructure business has developed different solutions in the area of climate change mitigation and adaptation, such as:

**FLEET OF ELECTRIC MOTORBIKES FOR SHARED MOBILITY INCREASES FIVEFOLD**

Following last year's successful launch of the service in Madrid, ACCIONA began operating in 2019 in Valencia, Gandía, Barcelona, Seville, Lisbon and Zaragoza.

The motorcycles, with features equivalent to 125cc, are powered by rechargeable batteries and offer three driving modes: the Standard "S" mode, with a speed of up to 50 Km/h for city use; the Custom "C" mode, which allows the motorcycles to reach 80 Km/h, and the "X" mode, which reaches 100 Km/h.

By the end of 2019, ACCIONA had a fleet of more than 5,000 motorcycles powered by renewable electricity which, as alternatives to private vehicles, save more than 700 tCO<sub>2</sub>e per year. The maintenance team recharges the motorcycles by changing the batteries at night, with a fleet of vehicles that are also 100% electric.

**EFFICIENCY PLAN FOR THE MANAGEMENT OF THE INTEGRAL WATER CYCLE**

ACCIONA has initiated a three-year project to optimize the management of the integral water cycle which, in its first year in operation, has already yielded significant environmental benefits: it has reduced energy consumption by 16 GWh/year and prevented the emission into the atmosphere of 1,622 tonnes of CO<sub>2</sub>.

The plan involves an investment of 2.3 million euros, covers all the water treatment plants and services managed by ACCIONA in Spain and will continue in 2020 and beyond in the companies in which ACCIONA has an interest in Spain and abroad.

The plan includes the implementation of remote control systems based on GIS and mathematical models, the use of Business Intelligence and Artificial Intelligence and the use of acoustic pre-locators, correlators and smart-balls.

**MADRID CITY COUNCIL AND ACCIONA JOIN FORCES TO IMPROVE ENERGY CONSUMPTION AT 400 MUNICIPAL BUILDINGS**

The contract, which has a term of four years and is valued at approximately €17 million, includes the creation of a municipal Energy Management System, which will allow the real time monitoring and analysis of energy consumption at the buildings in order to detect and correct inefficiencies.



Through energy audits, ACCIONA will identify and implement energy-saving projects, whose consumption will be monitored in real time at the company's control centre using Big Data and Machine Learning techniques.

The City Council's objective is to reduce energy consumption in these buildings by 50%.

### RESILIENT ROADS WITH THE CAPACITY TO ADAPT TO CLIMATE CHANGE

The effects of climate phenomena account for between 30% and 50% of road maintenance costs in the European Union (between €8 and €13 billion euros per year), a figure that will be increased by the effects of climate change in Europe.

Through its infrastructure maintenance business, ACCIONA participates in the European CLARITY and PANOPTIS projects with the aim of creating an integrated management tool that guarantees a resilient road network, with the capacity to adapt to different adverse climate situations, avoid traffic interruptions and maximize time of use.

The company participates in the CLARITY project as an end user on the A-2 motorway where it passes through Guadalajara (Spain) (a section maintained by ACCIONA), in the development of a cloud-based Integrated Climate Services Information System (CSIS).

As part of the PANOPTIS project, the company has deployed various monitoring, inspection and management technologies on the same section of the highway: structural and corrosion sensors coupled with early warning systems or computer vision and artificial intelligence technologies for pavement inspection.

### ADAPTING TO CLIMATE CHANGE BY MINIMIZING THE RISK OF HEAT STROKE

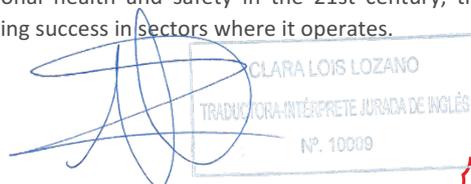
Because of climate change, the frequency and duration of extreme heat events to which employees working outdoors are particularly vulnerable are lengthening. To prevent ACCIONA's road maintenance workers from being stricken by the dreaded heat stroke is the aim of the ZERO IoT device, the pilot phase of which was carried out on the A2 motorway concession in Torija at the beginning of the summer.

The device consists of a bracelet and a sensor, which measures both the worker's pulse and the environmental aspects that can affect them: temperature, humidity, etc. The device creates and detects risk patterns in real time, warning the employee when he or she needs to cool down to avoid possible problems.

## HEALTH AND SAFETY AT INFRASTRUCTURE

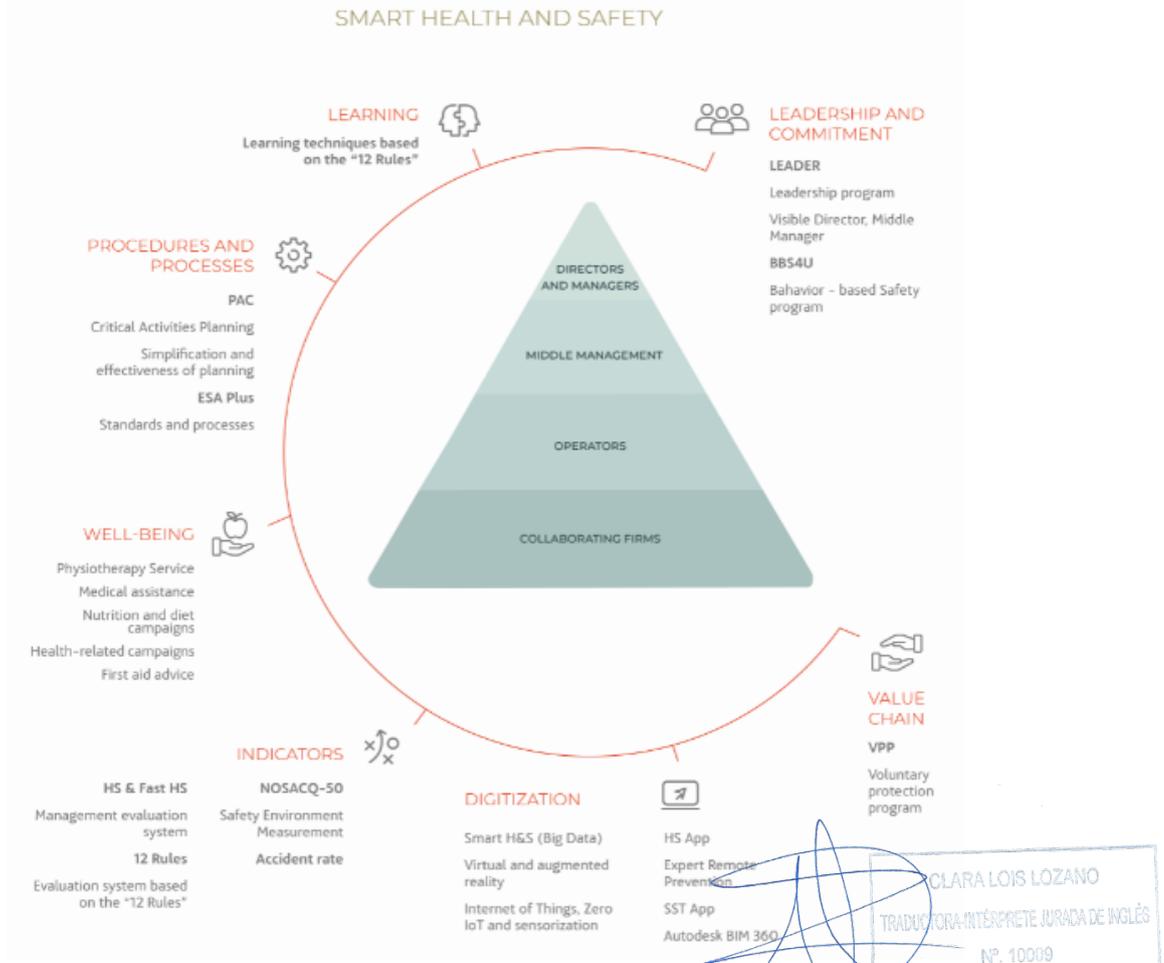
For ACCIONA's Infrastructure division, the sustainable development goals (SDG) allow it to tackle the greatest challenges to humanity from a global and transversal perspective, where the solutions to some problems will help to solve others. In its relationship with society, the company assumes the need to collaborate in improving people's quality of life: the group's commitment is to create a safe, attractive, inspiring and successful working environment.

The group is working on a model of reference within the culture of excellence in Health and Safety at Work through by creating and improving efficient working conditions, guaranteeing health and safety in the workplace with the aim of creating a healthy environment, improving the well-being of all employees at work, helping to reduce the number of on-the-job accidents and occupational diseases and influencing the entire value chain, especially in collaborating companies. All of this places an increase importance on the human factor by strengthening the relationship between positive behaviour and the management of occupational health and safety in the 21st century, through innovative programmes which are already having success in sectors where it operates.



The model provides a new order of things leading to the consolidation of a new culture of prevention, as evidenced by its visible leadership programmes, safety based on positive behaviour and reinforcements, voluntary protection programmes aimed at suppliers and collaborating companies, high safety standards, or the new critical activity planning models based on intuition, simplicity and documentary economy, where simplification is key. A profound technological transformation has resulted in a revolutionary digital management model for preventive management, such as remote assistance in streaming, IoT, virtual and augmented reality, and especially the development of predictive tools.

**Intelligent prevention. Cultural transformation.**



Most noteworthy among the many advances in health and safety at work in 2019 are:

- Launch of the new Participate! campaign to encourage the participation and consultation of workers (own and subcontracted) in all of the division's businesses.
- Migration to ISO 45001 certification has begun, reaching 36.14% of companies with more than 150 workers which is 10% over the 2019 target.
- Improved control over suppliers through the implementation of Remote OHS with a total of 40 visits in all businesses in the platform countries: Mexico, Chile, Brazil, Canada and Australia. Supplier control has also evolved with the establishment of BBS4U programs (at 15 locations) and PPV (at 21 partner companies) on projects in the platform countries of Mexico, Chile, Brazil, Canada and Australia that can meet the requirements.
- Implementation of Health and Safety Committees for effective integration at all hierarchical levels of the company.
- The "You're not alone on the road" campaign to publicize the risks of working on roads. It was sponsored in collaboration with ACEX (Association of Conservation and

Exploitation Companies), the General Directorate of Traffic and the Ministry of Development.

- Occupational Health and Well-being Programme.
- Emotional gym: workshops on understanding and managing emotions for construction employees.
- Courses on road safety, efficient driving, use of measuring equipment, good posture, nutrition, diabetes, heat stroke, eye health, first aid, injuries, chronic illnesses, tobacco, alcohol and drugs.

### PROJECT ZERO IOT

The ZERO IoT project, in which Agua and Construction businesses participate, is based on the "Internet of Things" (IoT), which connects different wearable devices such as wristbands or smartbands and sensors in real time with smartphones, beacons, and tablets. This system provides early detection with alerts of risk situations that can lead to real incidents for both workers and supervisors.

Zero IoT functions as a "Zero Accident" program for workers. It allows the parameterization of the "shields" based on the working conditions, with the aim of identifying unforeseen risks in order to avoid them or, in the case of an emergency situation, intervene as quickly as possible.

### CRITICAL ACTIVITY PLANNING (CAP)

ACCIONA's Infrastructure division has designed and implemented a tool that makes it possible to describe the methodology to be followed in planning critical project activities. The mechanism is based on a document that contains the keys to carrying out the necessary preventive actions for particularly difficult tasks.

In 2019, the following types of work were added to the tool:

- Drainage and urbanization work.
- Power facilities (Thermosolar, Wind Turbines and Photovoltaic).
- Wastewater treatment and desalination plants (WWTP, DWTP, IDAM, Distribution Networks, etc.).
- Ships, tanks and reservoirs.
- Dams.

Under this model of preventive management, communication and response to incidents are fundamental. The established communication channel ([pri.infraestructuras@acciona.com](mailto:pri.infraestructuras@acciona.com)) has expedited the management of these incidents.

Severity and frequency rates are down by 3% and 4% respectively.

Evolution of accident indicators for Infrastructure employees

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	Severity Rate				Frequency rate			
	2016	2017	2018	2019	2016	2017	2018	2019
Infrastructure	111.3	142.4	165.5	160.5	4.0	4.8	5.0	4.8
▪ Construction	64.5	53.9	49.2	62.5	1.9	1.6	1.1	1.9
▪ Concessions	64.2	111.9	139.5	191	2.3	2.7	3.1	6.5
▪ Agua	108.8	119.0	172.7	153	4.1	4.4	4.4	3.7
▪ Services	126.5	194.4	212.0	188.7	4.5	6.8	6.7	5.7
▪ Industrial	0	5	0	5.6	0	0.5	0	0.7

Severity rate (no. of days lost due to occupational accidents/hours worked) x 200,000.  
Frequency rate: (no. accidents with loss of work/hours worked) x 200,000.

\* Until 2015 Concessions was part of the Construction area.

Following on from the work in previous years, a series of road safety initiatives was implemented in 2019 to prevent the incidence of occupational accidents while commuting or on work-related travel. In the Water and Service divisions, 17 courses were offered on this subject (12 theoretical-practical and 5 theoretical), in which 161 workers received a total of 1,057 hours of training. Even so, the accident data shows that considerable effort will be required in this area in the coming years.

#### Evolution of commuting accidents involving Infrastructure personnel (with and without sick leave)

	2016	2017	2018	2019
Infrastructure	178	158	148	296
▪ Construction	13	9	10	31
▪ Concessions	4	9	3	4
▪ Agua	14	0	1	10
▪ Services	146	140	133	248
▪ Industrial	1	0	1	3

#### Evolution of work-related travel accidents (internal employees)

	2016	2017	2018	2019
Infrastructure	100	15	9	19
▪ Construction	0	4	6	13
▪ Concessions	0	3	0	0
▪ Agua	62	2	0	2
▪ Services	38	5	3	4
▪ Industrial	0	1	0	0

#### HEALTH AND SAFETY IN THE INFRASTRUCTURE SUPPLY CHAIN

In almost all prevention activities ACCIONA has the full collaboration of contractors, subcontractors and suppliers since they participate in the company's regular management system procedures. Generally speaking, the accident rates of Infrastructure contractors increased in 2019.

#### Evolution of accident indicators for Infrastructure contractors

	Severity Rate				Frequency rate			
	2016	2017	2018	2019	2016	2017	2018	2019
Infrastructure	29.5	19.1	18.6	23.1	1.9	0.9	0.9	1.0
▪ Construction	30.4	15.8	16.1	19.2	2.0	0.8	0.8	0.8
▪ Concessions	71.4	16.9	32.3	116.9	2.8	0.7	0.9	3.6
▪ Agua	12.3	43.9	30.7	22.1	1.6	2.0	1.9	0.9
▪ Services	0.0	1.6	0.0	35.7	0.0	0.8	0.0	3.1
▪ Industrial	6.8	19.8	10.6	29.2	1.0	0.8	0.6	1.1

Severity rate (no. of days lost due to occupational accidents/hours worked) x 200,000.  
Frequency rate: (no. accidents with loss of work/hours worked) x 200,000.

21 AGREEMENTS WERE REACHED WITH SUPPLIERS UNDER THE VOLUNTARY PROTECTION PROGRAMME (VPP).



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In addition to their participation in practically all the usual preventive activities (risk identification, definition of controls, inspections, training, information, behaviour-based security programmes, etc.), specific processes have been developed that focus on suppliers. On the one hand, ACCIONA's corporate procedure defines the situations that trigger the risk alarm in OHS by means of the accident rates provided by suppliers or the health and safety criteria in the technical protocols for audits. There are also voluntary programmes that seek to improve suppliers' OHS, such as the VPP (Voluntary Protection Program), with 22 agreements signed in 2019.

## INNOVATION AT THE SERVICE OF SUSTAINABILITY

Infrastructure is at the forefront of R&D&I, applying specific solutions with a heavy technological component to solve the problems of each of its activities. In 2019, the figure accredited by the division totalled €149.4 million. The continuous improvement of processes thanks to innovation has resulted in verified savings of €19.4 million.

**Evolution of R&D&I figures by business in Infrastructures** (millions of euros).

Business	2016	2017	2018	2019
Infrastructure	119.9	142.4	161.8	149.4
▪ Construction	63.8	78.2	73.4	64.7
▪ Agua	35.6	19.7	20.7	15.3
▪ Services	2.6	3.5	0.6	0.1
▪ Industrial	18	41.0	67.1	69.3

Infrastructures has two Technology Centres in Spain: the Construction Technology Centre and the Water Technology Centre. The innovation function is also present with the development of projects in the other Infrastructure businesses.

### CONSTRUCTION TECHNOLOGY CENTRE

Located in Madrid, it is dedicated to the improvement of construction processes as well as the incorporation of new technologies and efficient construction materials, which gives ACCIONA a competitive edge over other companies in the sector.

In 2019, the Construction Business Technology Centre focused on its three main lines of action.

- Improving the environmental aspects of construction projects
- Including developments for the digital transformation of construction, and
- Providing innovative solutions for the use of materials such as concrete

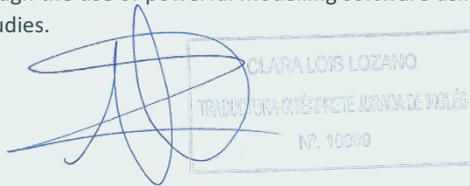
Different platforms have been developed to control processes such as the tunnel construction or earthworks; methodologies based on the circular economy have been used to reduce raw materials on the projects, and the centre has included its own developments that allow it to reduce execution times, for example, in the tunnel construction.

### WATER TECHNOLOGY CENTRE

This Technology Centre ranges from the most basic laboratory activities to pilot studies and industrial scale-up. It is made possible through the use of powerful modelling software using fluid dynamics and for carrying out structural studies.

The strategic lines are:

- Desalination and new technologies
- Water purification and reuse, and
- Drinking water and water chemistry



In addition to the facilities at the Water Technology Centre (Barcelona), ACCIONA has a series of demonstration plants located in water treatment plants operated by the Water business, where experiments are conducted under real conditions that supplement those conducted at the Technology Centre.

Some of the projects that have contributed to cost savings or revenue generation for the Infrastructure Division in 2019 are as follows:

#### Innovation in Construction and Engineering

- The use of an inspection system based on geo-radar technology for underground works (such as the Quito Metro). This led to a significant reduction in the time needed to perform this work, with the consequent cost savings.
- The design of a reverse osmosis desalination plant with a regulation system that does not need control valves. The tanks are connected and work as one thanks to the innovative design of the filling pipes, which also allows the process to be automated. In addition, the land occupancy is reduced thanks to the land gained from the sea.
- Development of an earthmoving platform with GPS technology for all works that require it, in order to measure and optimize the productivity of resources, in particular, machinery and subcontractors.

#### Innovation in Service

- New last mile service, where the business line already has more than 60 delivery vehicles and a high growth in the number of deliveries and turnover.
- With 6,000 motorcycles in seven cities, the group is in the process of rolling out the motosharing service internationally to other cities, thus consolidating ACCIONA as one of the benchmarks in sustainable mobility.

#### Innovation in Agua

- The DIGEST-UP project studies the use of substances obtained from the purification process itself as additives in the pre-treatment of secondary sludge. Laboratory and pilot scale experiments have shown that this achieves a 57% increase in biogas production and a 45% increase in methane content, improving the energy efficiency of anaerobic digestion.
- The STARNIT project is evaluating the use of sludge treatment by-products to optimize nitrogen removal in the main water treatment line, thus reducing energy demand and sludge production.
- The LIFE-DREAMER project has succeeded in increasing the percentage of water recovery in seawater desalination systems from 50% to 75% in reverse osmosis (RO) treatment plants. The conversion rate in the desalination process has been increased from 45-50% to 75%, with 70% of dissolved organic carbon contained in reverse osmosis washing currents being eliminated, minimizing the final discharge. All these improvements contribute to reducing the specific energy consumption of the desalination process.

## COMMITMENT TO CUSTOMERS AND PROCESS QUALITY

Infrastructures has Quality Management Systems (ISO 9001) and Environmental Management Systems (ISO 14001) certificates, as well as other certifications which guarantee its technical capacity, competitiveness and processes.



**Main Infrastructure certifications in 2019**

<b>CONSTRUCTION</b>	<b>ISO 9001 and ISO 14001:</b> 100% of the activities in several countries (Spain, Chile, Brazil, Mexico, Colombia, Canada, etc.)
	<b>Distinction of Socially Responsible Company ESR®</b> in Construction Mexico and <b>PBQP-H certification (Brazilian Program of Quality and Productivity of the Habitat)</b> in Brazil.
	<b>Green and Gracious Builder Scheme in Singapore</b> (new 2019).
<b>CONCESSIONS</b>	<b>ISO 9001 and ISO 14001:</b> 90% of directly managed concessions.
	<b>ISO 27001:</b> in Gran Hospital Can Misses (Ibiza, Spain).
	<b>ISO 39001:</b> Sociedad Concesionaria A2 section 2 and Autovía de la Plata.
<b>AGUA</b>	<b>ISO 9001 and ISO 14001:</b> 100% of the water treatment activities in Spain, Italy, Australia (100% Chile in ISO 9001) 100% of the integral management services in Spain.
	<b>ISO 50001:</b> at fifteen centres, two new ones: Lluçmajor WWTP and Ciudadela WWTP.
<b>SERVICES</b>	<b>ISO 9001 and ISO 14001:</b> Urban and Environmental Services activity in Spain and Mexico; Renewable Energies Operation and Maintenance (EROM); cleaning of trains and railway stations; passenger boarding bridge handling and driving activities at airports in Spain and Chile; Health Care and provision of energy services (ESCO); Facility Services in Spain, Portugal and Mexico.
	<b>ISO 22001:</b> 100% of Facility Services
	<b>ISO 50001:</b> 100% of the energy services and Facility Services
	<b>ISO 179002:</b> Quality Management Systems for Health Transport Companies for the Healthcare business (new in 2019)
	<b>EMAS:</b> certified Environment, dedicated to the management of landscaping and public spaces and environments, 50% owned by ACCIONA (new in 2019).

**CUSTOMER RELATIONS AND SERVICES AT THEIR DISPOSAL**

Taking into account the diversity of Infrastructure customers, communication with them is managed through a wide variety of channels ranging from face-to-face service to websites for each one of the division's businesses.

The company also carries out various actions to strengthen links with its customers. In 2019, the Forwarding business held the "First Project Cargo Conference", whose main objective was to resolve the most common doubts when contracting an international transport operation. The conference was a resounding success in terms of attendance and participation.

In the Entorno subsidiary, the relationship with the customer, through the Service Managers, has been aimed at planning the control of the services provided, changes in frequency and special events. In the Healthcare business, ACCIONA held monthly contract monitoring meetings with the customer, dealing with a range of issues: work organisation, presentation of the new incident management tool, etc.

**Quality of water supplied to the customer**

Agua's customers have at their disposal different channels for managing claims, complaints, suggestions and incidents, such as customer websites and virtual offices in the Water Service concessions, among others.

**CUSTOMER SATISFACTION AND LOYALTY**

The percentage of customers satisfied with Infrastructure's services increased from 96% in 2018 to 98% in 2019.

**Infrastructure customer satisfaction**

	2018	2019
Construction*	100%	100%



Concessions**	100%	100%
Agua	100%	100%
Services***	86%	99%
Industrial	100%	93%
<b>Infrastructure</b>	<b>96%</b>	<b>98%</b>

\* Includes works in Spain and AMISA

\*\* Includes Novo Hospital de Vigo, Hospital Infanta Sofia, and A2-Tramo 2

\*\*\* Includes: AFS Spain, AFS Portugal, Mexico, Environment, Healthcare, Mobility and EROM.

Some noteworthy indicators in the area of customer satisfaction during the year are:

- In 86% of the surveys received by Construction and in 90% of those received by Water, the customers stated that they would award the project to the company again.
- Facility Services' customer satisfaction in Spain increased from 3.26 to 3.95 out of 5.
- The customers of the Lisbon motorsharing service gave ACCIONA a score of "excellent", based on the NPS indicator (Result = 52%, the indicator ranges from -100 and +100, any figure greater than 1% is good and a value  $\geq 50$  is excellent).

In this regard, the way ACCIONA's is viewed compared to its competitors is also significant. For example, 70% of customers consulted by Construction consider the business "better or much better" than its competitors.

### TOOLS FOR IMPROVEMENT

Infrastructure launched 23 improvement groups in 2019 and has identified 350 lessons learned with the aim of documenting, sharing knowledge and identifying innovative solutions.

Notable among these is the case of the MECA group for improving the efficiency of the integral water cycle. To that end, the group focuses on identifying improvement opportunities in each area and estimating the net impact on the income statement. Once it is decided to implement any of the changes, they are monitored to verify effectiveness.

The Service business has thoroughly analysed the backoffice app to adjust the user incident reporting in the Mobility business. Various applications have been modified to improve the user experience, as well as the customer service procedure.

In terms of lessons learned, Construction has identified a total of 19 (2 in Engineering, 5 in Spain and 12 in Australia). Some of the most significant ones included:

- Alternative to foundation reinforcement using self-drilling micropiles.
- Soil stabilization using cement mixed with ash.
- Protection of test cylinders for in-situ concrete control.

### Improving the procedures of the process management system

The division continues to make progress in the implementation of process management models and the revision of process maps. For example:

- Construction has implemented an IT tool for the application of the GPP (General Project Plan) for projects in the execution phase, which covers all activities by management areas, including the responsibilities associated with each one of them and the characterization of the risks of each project.
- Water has prepared a new map of strategic, corporate and business processes, standardizing different areas of the organization. This allows for greater organizational and operational efficiency and increases the capacity for adaptation and flexibility in the face of change.



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## ENVIRONMENTAL IMPACT MANAGEMENT

The division's environmental management is based on the principles of improving environmental performance. All businesses have environmental targets that are reviewed annually in line with the Sustainability Master Plan 2020 (SMP 2020).

### PROTECTION AND CONSERVATION OF BIODIVERSITY

Infrastructure's activities can have adverse effects on biodiversity as a result of their operations. Therefore, all areas identify and evaluate possible alterations in each phase of the projects they execute, with the aim of implementing the necessary prevention and correction measures.

#### SEA TURTLE PRESERVATION IN BRAZIL

As part of the environmental actions established for construction sites in Brazil, ACCIONA launched a campaign for monitoring and preserving sea turtles in the *Caretta-caretta* species. Considering that all sea turtle species are protected in Brazil, the *Caretta-caretta* is classified as vulnerable by the International Union for the Conservation of Nature and is included in Appendix I of the Convention on International Trade in Endangered Species (CITES). It is also listed as endangered on the National List of Brazilian Fauna Species.

These campaigns consisted of the safe release of offspring after spawning season on Grussaí beach, since both the loss of beaches suitable for laying eggs and the introduction of exotic predators are seriously affecting the populations of *Caretta-caretta*, a species already with a low reproduction rate.

#### BIODIVERSITY CONSERVATION IN MADRID'S HISTORICAL PARKS

ACCIONA is responsible for the comprehensive conservation of Madrid's eight most emblematic parks, which are either classified as Assets of Cultural Interest or include representative elements that are over a century old. These parks, as well as leisure spaces, constitute small ecosystems with their own particular fauna and flora, whose balance must be maintained.

The company has developed various initiatives, such as studies of nocturnal birds of prey in the Quinta de los Molinos and El Capricho parks; and studies of lepidoptera (butterflies) in the Dehesa de la Villa, to promote the preservation of these species.

Four species of bats have also been observed in the Parque del Oeste, all included on the List of Wild Species under Special Protection. The installation of nesting sites to facilitate their refuge and reproduction has been proposed as a conservation measure. Finally, it has also been observed that the pintojo toad, another protected species, has grown in number at the Parque del Oeste at the majority of census points thanks to the measures adopted in 2017.

## CIRCULAR ECONOMY: SUSTAINABLE USE OF RESOURCES AND WASTE MANAGEMENT

The Infrastructure Division's activities and different business lines include key elements of the circular economy, such as the efficient use of materials and the minimisation and recovery of waste.

In its different lines of business, it promotes the creation and monitoring of procedures aimed at minimising, separating, reusing, recycling and recovering waste. Similarly, the use of renewable materials is encouraged to replace virgin materials.



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### NESS ENERGY PROJECT: CONSTRUCTION AND OPERATION OF A WASTE TO ENERGY PLANT

In August 2019, ACCIONA was awarded a 20-year contract for the engineering, procurement, and construction (EPC) and operation and maintenance (O&M) of the NESS Energy Project waste-to-energy plant in Aberdeen (Scotland). This facility will have the capacity to sustainably and fully treat 150,000 tonnes of waste per year, generating electricity for the national grid and heating for the inhabitants of the Torry district.

The project, with a budget of around €400 million, responds to the need to manage non-recyclable waste (MSW) in Aberdeen, Aberdeenshire and Moray in accordance with regulations that will be updated in 2021 and that will prohibit the dumping of waste in the country. This project is part of ACCIONA's commitment to cutting-edge technologies that contribute to sustainability and environmental protection, particularly the modernization of cities and the circular economy.

### REUSE OF EARTH AND RUBBLE ON SITE

Excavated earth and rubble are the most common types of waste generated by ACCIONA. They are the focus of much of its 2016-2020 Waste Management Plan. In 2019, a significant amount of this type of waste has been recovered from the company's construction sites. The following cases must be highlighted:

- The rehabilitation of the neighbourhood market in the Legazpi district (Madrid). Nearly all of the earth and debris removed was used for restoration and filling at other sites.
- The remodelling of the railway facilities at the Canfranc station (Huesca). All the material used to clean up the esplanade was reused as selected soil, prepared subgrade, drainage material and sub-ballast, generating a saving of almost €200,000 in material.
- The construction of the Olivo Arena sports centre (Jaén). The more than 2,000 tonnes of debris generated are taken to a recycling plant.

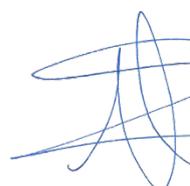
### RECOVERY OF PLANT DEBRIS FROM PARKS AND GARDENS MANAGED BY ACCIONA

Waste of plant origin generated by the parks and gardens maintenance services is the most significant waste in this line of business. The way it is treated exemplifies the company's commitment to circularity.

94% of the plant-based waste generated in this business last year, a total of 5,187 tonnes, was reused as compost or as an element to promote the retention of organic matter and water from the soil.

	2016	2017	2018	2019
TOTAL resources (tonnes)	11,954,024	8,548,722	17,389,443	10,894,748
Recycled or renewable* resources (%)	14%	21%	29%	9%
TOTAL Non-hazardous waste (tonnes)	12,552,224	12,073,759	9,566,294	3,752,589
Non-hazardous waste (%)	37%	43%	58%	75%

\*Recycled or renewable: biomass, certified wood (FSC or similar), soil, aggregates, steel, cardboard and recycled paper.

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## MANAGEMENT OF WATER RESOURCES

Through the management of the integral water cycle ACCIONA meets the needs of millions of people around the world by responding to one of the greatest environmental challenges facing humanity: access to water and sanitation. In 2019, the treatment plants managed by ACCIONA Water desalinated, treated and purified 1,030 hm<sup>3</sup> of water (519 hm<sup>3</sup> in water-stressed countries), while the water supplied from primary networks and groundwater sources amounted to 42 hm<sup>3</sup>.

**Evolution of the volume of water managed** (hm<sup>3</sup>)

	2016	2017	2018	2019
Desalinated water	196	296	318	455
Drinking water	218	199	26	123
Treated wastewater	358	279	445	453
<b>TOTAL</b>	<b>772</b>	<b>775</b>	<b>790</b>	<b>1,030</b>

### COMPLEXWAT PROJECT FOR THE TREATMENT OF INDUSTRIAL EFFLUENTS

The treatment of industrial wastewater is a challenge given its variety and complexity. ACCIONA has dedicated a line of research to the water treatment from mining and metallurgy and from the washing of membranes in desalination plants, among other industrial sectors, in order to improve the quality of treated effluents (in discharges) or to facilitate the reuse of water (in regeneration).

To separate the contaminants from the complex waters, physical-chemical techniques are being used such as dissolved air flotation (DAF) and electro-chemical systems (electro-coagulation, electro-oxidation, etc.).

These types of solutions are open to collaboration with universities and research centres or the end user industries themselves.

### Infrastructure's water usage

The use of water for internal consumption decreased in 2019 compared to 2018 by approximately 1M m<sup>3</sup>, mainly due to a lower intensity of use in the Construction business, while the consumption of recycled and reused water and rainwater rose to 44% of the division's total, mainly due to a WWTP in Egypt using more process water.

### RAPID SYSTEM FOR REPAIRING WATER DISTRIBUTION LEAKS

According to data from the National Institute of Statistics, leaks, breaks and breakdowns in the supply network can waste up to 16% of the volume distributed and account for up to 65% of the total volume of unrecorded water.

Therefore, early repair of leaks in the network is a high priority to prevent waste. ACCIONA has developed an innovative system that consists of building, in situ, a new carbon fibre pipe inside the old one, which makes it possible to do the repairs without having to open trenches and also reduces disturbances to road traffic and other inconveniences.

## WATER TREATMENT IN WATER-STRESSED REGIONS

ACCIONA is once again contributing to ensuring access to drinking water in water-stressed areas and to environmental sustainability in areas with low levels of sanitation, through the construction, operation or maintenance of drinking water, desalination and water treatment plants. In 2019, more than 50% of the treated water was generated in water-stressed areas of the world.

### SHUQAIQ 3 DESALINATION PLANT

ACCIONA continues to respond to the demand for water treatment infrastructure in regions with water stress or projected shortages due to climate change.

ACCIONA will be present throughout the construction of the Shuqaiq 3 desalination plant project in Saudi Arabia: as an investor partner, as the sole EPC (turnkey) contractor and as the leading and majority partner in its operation and maintenance for 25 years. The project has a budget of nearly €750 million.

The facility, which will be completed in 2021, will be one of the largest desalination plants in the country, will incorporate reverse osmosis technology and will have a treatment capacity of 450,000 cubic meters per day to serve a population equivalent to 2 million people.

## CONTRIBUTION TO SOCIETY

Infrastructure contributes to the improvement of society with its projects. The benefits it generates leave a positive mark on the life of communities through access to drinking water, modernization of communications, promotion of the local market and generation of employment. More than 600,000 people have been benefited this year from the initiatives of the Infrastructure projects.

Three types of actions are being developed to manage and measure these impacts: Social Impact Management, measurement of socio-economic and environmental impact, and social investment associated with projects.

### SOCIAL IMPACT MANAGEMENT

Through its own Social Impact Management (SIM) methodology, ACCIONA determine out from the outset what social risks its projects, operations and services pose to the catchment areas of its projects. By following this procedure, the company can have positive impacts and minimize negative ones on the local communities and environments where it operates.

In 2019, Infrastructure worked on 102 projects in 22 countries where social impact management was implemented. The types of projects vary: from the construction of metro lines, linear infrastructure, hospitals or tunnels, to building or comprehensive water management and cleaning services.

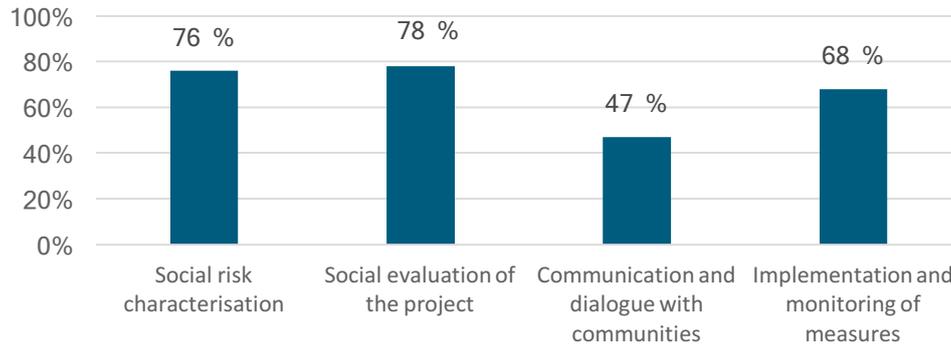
Evolution of the implementation of SIM methodology at Infrastructure (no. of projects)

	2016	2017	2018	2019
Construction	44	55	47	55
Agua	17	26	10	15
Service	3	6	24	32

**i** **MORE INFORMATION** in section "ACCIONA's Social Impact Management" under "Social Impact"



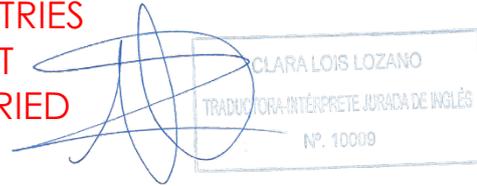
Status of implementation of the phases of the Social Impact Management methodology by Infrastructure (% of total Infrastructure projects with SIM)



To evaluate the degree of implementation of the SIM methodology, external audits were carried out on 6 infrastructure projects.

The division currently establishes channels for suggestions and complaints in each business line and on those projects where the customer requires or allows it. In 2019, 71% of the projects where SIM was implemented have such channels (web forms, e-mails, phone numbers, suggestion boxes, community service offices), through which the stakeholders affected by a specific project were able to ask questions and/or make suggestions.

INFRASTRUCTURE HAS 102 PROJECTS IN 22 COUNTRIES WHERE SOCIAL IMPACT MANAGEMENT IS CARRIED OUT



PROJECTS WITH REMARKABLE SOCIAL ACTIONS

**SOCIAL ACTIONS AT LA PRADERA PUMPING STATION (ECUADOR)**

**Social impact management**

The project is financed by the European Investment Bank and is therefore subject to requirements such as the development of a Community Relations Plan under which a community information office is set up along with a system for complaints and consultations, citizens' assemblies in collaboration with the customer, community meetings, home visits and the distribution of posters and information sheets on the project.

Worth highlighting as a result of social impact management:

- 30% increase in workers' salaries over the salaries of each professional category of public employment.
- 60% of qualified manual labour hired locally.
- 65% of services arranged locally.
- Employee training on the code of conduct and good environmental practices.

**Social action**

- Education in environmental practices for schoolchildren.
- Volunteer initiatives.
- Support for community members through several local organizations.

## SOCIAL ACTIONS ON THE PUHOI-WARKWORTH HIGHWAY (NEW ZEALAND)

### Social impact management

There were several different initiatives:

- Appointment of a team to maintain a proactive and constant dialogue, plan and implement the events and social initiatives, inform about the works and handle queries or complaints from neighbours or affected parties.
- Publication of a monthly bulletin with information about the project: work plans, traffic rerouting, and ways of contacting the project.
- Organization of informative visits and meetings about the project.
- Surveys of stakeholders to detect areas for improvement.

Worth highlighting as a result of social impact management:

- Work with the Maori culture, such as placing a stone of cultural interest under the advice of cultural advisors and supporting festivals related to this culture.

### Social action

- Support for sports camps for children and adults.
- Talks at area schools.
- Sharing detailed information about Aboriginal culture with all stakeholders in the area.

## SOCIO-ECONOMIC IMPACT OF THE PROJECTS

The Infrastructure division measures the socio-economic and environmental impact of some of its projects in order to identify and reinforce the benefits generated throughout their life cycle. Using an econometric model based on input-output tables (analysis of the relationships between different industries), the company obtains quantitative results of the direct, indirect and induced impact of its operations in terms of job creation and contribution to the country's gross domestic product (GDP). This tool allows the company to learn about other positive effects of its work on the environment and the communities in which it operates.

In 2019, the division calculated the socio-economic impact of the Power to Green Hydrogen project in Mallorca (Spain). The project consists of the creation of the largest hydrogen plant in Europe, produced thanks to a photovoltaic park, for use as fuel in the transport sector.

The results are:

- Photovoltaic plant:
  - €6.87 million contribution to local GDP during the construction phase (1 year).
  - Creation of 85 local jobs-year\* during the construction phase (1 year).
- H<sub>2</sub> plant by PEM electrolysis (Proton Exchange Membrane):
  - €20.82 million contribution to local GDP during the construction phase (2.5 years).
  - Creation of 237 local jobs-year\* during the construction phase (2.5 years).
- Positive carbon footprint in operation phase:
  - Emissions reduction of approximately 10,000 tCO<sub>2</sub>e/year.

\*Jobs-Year: full-time equivalent job for one year.



## OTHER BUSINESSES

ACCIONA is also involved in other types of business such as financial services for fund management and brokerage services through Bestinver, the production of high-quality wines by Grupo Bodegas Palacio 1894 and housing development through Inmobiliaria.

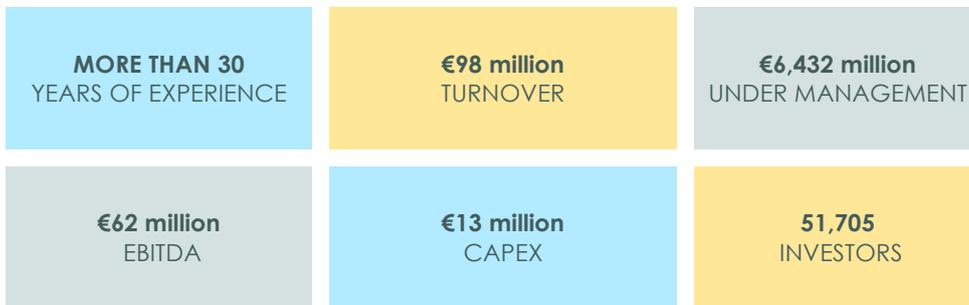
### OTHER BUSINESSES IN 2019



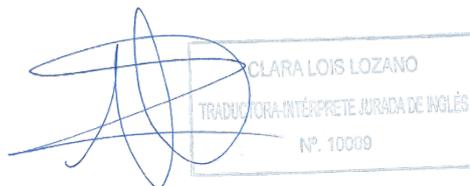
*These data include Bestinver, ACCIONA Producciones y Diseño (APD), Grupo Bodegas Palacio 1894 and Inmobiliaria. APD does not have a specific section in this chapter as it was separated from Service in 2019 and does not have its own materiality analysis.*

### BESTINVER'S SUSTAINABILITY PERFORMANCE IN 2019

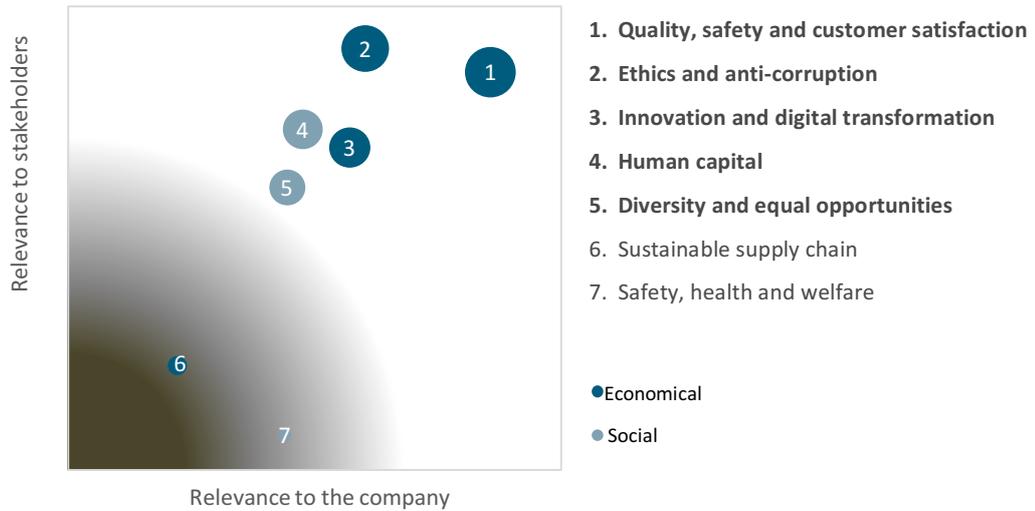
Bestinver is a leading company in management services for investment funds, pension funds and other collective investment institutions. Bestinver focuses on delivering attractive and sustainable returns through the construction of robust portfolios. Alignment of interests is fundamental, as both investors and managers co-invest with the same objective: to obtain the best possible returns over the long term. Bestinver's investment philosophy is defined in a simple way: "to obtain returns by investing in undervalued companies through fundamental analysis, appropriate risk management and a long-term time horizon shared by investors and managers".



Below is Bestinver's 2019 materiality matrix, which determines the relevance of the identified issues to stakeholders and/or the business. The chapter describes the sustainability performance of the business in terms of high relevance issues, but only if there is business-specific information not already addressed in previous chapters.



Bestinver's Materiality Analysis



INVESTOR SATISFACTION

To increase the satisfaction of its customer base on an ongoing basis, Bestinver maintains a large investor relations team in charge of informing them at all times of the status of their portfolios, as well as facilitating operations in the management of their investment and pension funds.

Bestinver has a private area for customers where they can carry out online operations and an "Investing School" section which discusses the essential concepts of investing in investment funds and pension plans.

In 2019 Bestinver held two conferences for its customers. The first one, in Barcelona, was attended by 394 people, who reviewed the performance and positioning of portfolios and answered participants' questions; the other one, in Madrid, was attended by 564 people. The fund manager held another 18 meetings in various Spanish cities, attended by 1,978 people.

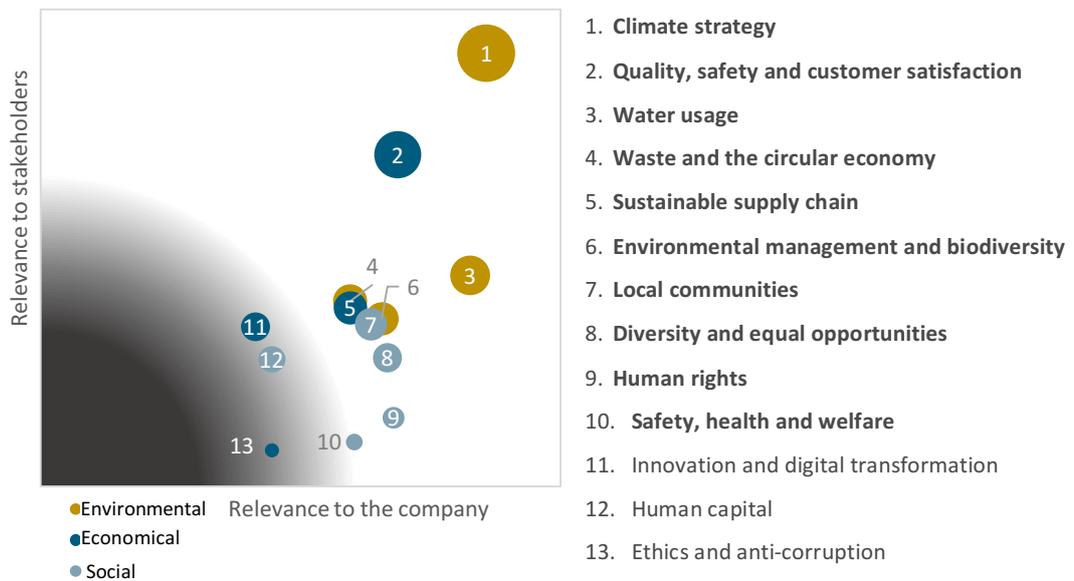
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## SUSTAINABILITY PERFORMANCE OF GRUPO BODEGAS PALACIO 1894 IN 2019



Below is materiality matrix of Grupo Bodegas Palacio 1894 for 2019 which determines the relevance of the identified issues to stakeholders and/or the business. The chapter describes the sustainability performance of the business in terms of high relevance issues, but only if there is business-specific information not already addressed in previous chapters.

### Grupo Bodegas Palacio 1894's Materiality Analysis



### CLIMATE STRATEGY

Since 2015, ACCIONA's wine group has been consuming only electricity from renewable sources, and in 2019 it has emitted only 274 tCO<sub>2</sub>e. Furthermore, like the rest of the company's businesses, Grupo Bodegas Palacio 1894 is a carbon-neutral company which has offset the emissions generated by its operations.

The company's wineries and vineyards continue to make progress with measures to reduce energy use. Among the measures carried out in 2019, the following are worthy of note:

- A 25% reduction in electricity consumption per litre bottled at the Peñascal winery thanks to the adaptation of wine temperatures to seasonality, thus optimising the refrigeration method.
- The installation of electric vehicles charging stations for customers and the general public.

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## COMMITMENT TO QUALITY AND FOOD SAFETY

Grupo Bodegas Palacio 1894 strives to ensure the quality and safety of the products offered to customers and to promote responsible consumption. It participates in initiatives such as Wine in Moderation, a project of the European wine sector that promotes moderation and responsible drinking to prevent excessive or inappropriate consumption of alcoholic beverages.

### CERTIFICATIONS

- ISO 9001 and ISO 14001: 100% of wine production at Bodegas Peñascal, Viña Mayor, Caserío de Dueñas and Bodegas Palacio
- Wineries for Climate Protection: the only specific certification for the wine sector in the field of environmental sustainability and the fight against climate change. This seal requires actions to improve processes that reduce emissions and increase energy efficiency.
- ISO 22000: food safety management system at Bodegas Peñascal, Viña Mayor, Caserío de Dueñas and Bodegas Palacio.

Improving the quality of the Group's products and services has a direct impact on the satisfaction of customers and consumers. The effort to improve the Route to Market, with changes in the approach of the sales team or the launch of more modern product ranges, in addition to the presence in the HORECA channel (hotels, restaurants and cafeterias), have led to 100% of the customers in this market segment recommending Grupo Bodegas Palacio 1984. For the end-consumer and food channels, the recommendation level this year is 99.7 % and 100 % respectively, and the overall satisfaction rate is 100%.

Grupo Bodegas Palacio 1894 gained 15 new customers in different countries during 2019. The Direct Online Channel has been transformed to optimize the customer relationship model. Improvements have been made to complaint handling by including a complaint handling flowchart in the customer satisfaction procedure.

At the end of the year, Grupo Bodegas Palacio 1894 has no record of any fines related to the safety or quality of its products.

## ENVIRONMENTAL MANAGEMENT: WATER, CIRCULAR ECONOMY AND BIODIVERSITY

### Circular economy

Several notable measures were undertaken in this area last year:

- Treatment with trichoderms instead of sulphur to fight wood diseases, thus reducing the consumption of chemical products and improving the structure of the soil.
- The use of natural treatments with pheromones to fight pests, avoiding the use of pesticides.
- An 86% reduction in the amount of sewage sludge from the Peñascal treatment plant through the implementation of an O2 monitoring system.

### Reduction of water consumption

Water consumption is one of the most important environmental variables in winemaking. In 2019, Bodegas Palacio was responsible for 15% of ACCIONA's total water consumption. In particular, the ownership of more than 500 hectares of vineyards makes water management a strategic issue.

Therefore, in 2019 the company continued to implement measures aimed at reducing water consumption in the vineyards. Among others:

- At Viña Mayor, new grape varieties that are more resistant to drought have been introduced by regrafting an additional 1.42 hectares. The irrigation schedule has also been adjusted to minimize evaporation and evapotranspiration and the pruning system in certain areas has been modified to favour the microclimate and avoid thermal stress.



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- In Caserío de Dueñas, a study was conducted using drone flights to evaluate soil texture and moisture, water stress and plant vigour.

### Biodiversity

In the past year, Grupo Bodegas Palacio 1894 continued to implement measures for the protection and conservation of biodiversity:

- The creation of green corridors around the perimeter of the Viña Mayor plots that serve as a refuge for insectivorous birds and auxiliary fauna.
- Installation of bird houses for insectivorous birds (robins, tits and coals) and small birds of prey (owls) to nest.

### CONTRIBUTION TO SOCIETY

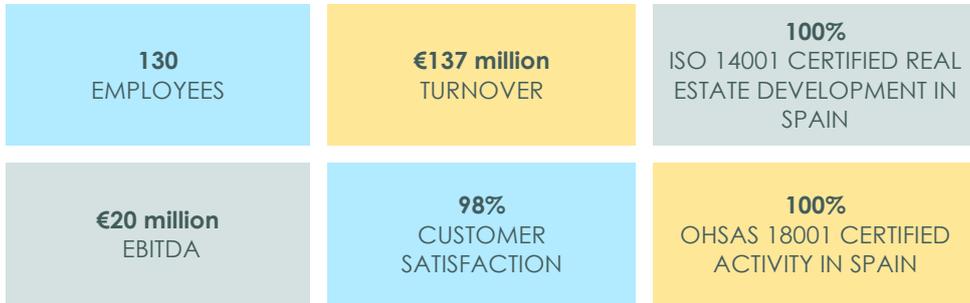
For the fifth year running, Grupo Bodegas Palacio 1894 participated in the Gastronomix cuisine social project. The aim is to offer a training opportunity in the hotel and catering industry to 50 young people from vulnerable backgrounds and prepare them for the job market.

The group is responsible for bringing the culture of wine to the 50 young people in an educational, professional and responsible way. Among other activities, the group of wineries gave a wine masterclass at the school, educating students on the essential concepts such as proper conservation and service, as well as the basic rules of wine pairing and, in short, giving students tools and techniques to apply in their daily lives.



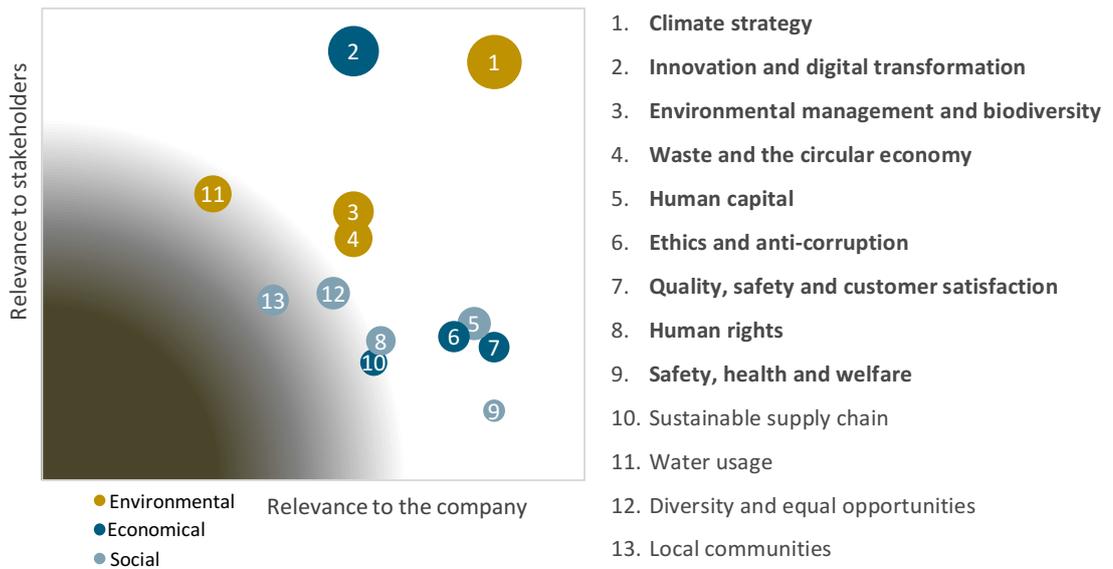
## INMOBILIARIA SUSTAINABILITY PERFORMANCE IN 2019

With more than 30 years of experience in the sector, the real estate division is a leader in residential development and management in Spain, having built more than 13,000 homes throughout Spain, Portugal, Poland and Mexico.



Below is materiality matrix of Inmobiliaria for 2019 which determines the relevance of the identified issues to stakeholders and/or the business. The chapter describes the sustainability performance of the business in terms of high relevance issues, but only if there is business-specific information not already addressed in previous chapters.

### Inmobiliaria materiality analysis



### ENVIRONMENTAL MANAGEMENT: ECO-EFFICIENT HOUSING

For years, ACCIONA has been committed to having all new developments certified with the BREEAM sustainable seal, aspiring to the qualification of "good" or higher in all of them.

This prestigious method of evaluating sustainability provides tools and procedures to measure, analyse and weigh the levels of sustainability in the design, execution and maintenance of new buildings. The certificate applies to both the design and construction phases in ten categories: management, health and well-being, energy, transport, water, materials, waste, ecological use of soil, pollution and innovation.

In 2019, Inmobiliaria delivered 5 residential developments with this certification (94% of the homes are rated "Very Good") and has another 11 underway.



Thanks to the improvement brought about by the sustainability seals, BREEAM-certified homes have higher quality standards than those available on the market. Lower consumption and maintenance requirements make them a more attractive investment. Accreditation of the building's construction quality makes it easier for customers to obtain mortgages with better conditions and thereby speed up the sales and/or rental operations.

### IMPROVING THE CUSTOMER'S EXPERIENCE AND SATISFACTION

In 2019, Inmobiliaria worked on the implementation of its CRM which will be complete in 2020. The purpose is to improve customer segmentation. Similarly, the company has a new tool, integrated into the private area for customers on its website, which centralizes complaints that reach the after-sales department, as well as information on their contracts, invoices, supplies, services in their area, etc. In 2019, a private area for customers was set up where they can register their complaints. The customer satisfaction rate was 98%.

Inmobiliaria was present at the Salón Inmobiliario Internacional de Madrid (SIMA), where the first 100% paperless stand in the history of the fair was presented. Visitors could access the company's entire offering by means of and a series of digital supports (virtual and augmented reality, LED screens, QR codes, tablets, etc.), including a specific sustainability corner. They were also able to receive information on sales promotions on their mobile phones, introducing sustainable mobility with the purchase of a home for the first time.

THE NEW  
INMOBILIARIA CRM WILL  
IMPROVE CUSTOMER  
SEGMENTATION

### SUPPLY CHAIN GOOD PRACTICES

Before it starts any project and in relation to the BREEAM certification for all promotions, Inmobiliaria holds a meeting with the suppliers where they are informed of the planned scope of the project in terms of sustainability. This way, the designer considers the requirements to be met in areas such as energy, water, sustainable materials, pollution, health and welfare, etc. before starting the design work.

### HEALTH AND SAFETY

Inmobiliaria's security management is integrated into the entire organizational structure of the company. It is certified according to OHSAS 18001 and is being adapted to ISO 45001. At all fixed locations, there is a liaison with Prevention Services which carries out health and safety monitoring. This allows a real integration of the preventive functions in each work centre.

The circle of influence of the prevention culture includes not only the employees but also the customers. Information on the residence's risks and instructions on prevention and how to proceed in the event of an emergency have been incorporated into the residence hall contracts. In addition, awareness-raising talks are offered to all staff at the beginning of the school year.

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# MATERIALITY ANALYSIS

## FOCUS ON ESSENTIALS

ACCIONA operates on five continents with different activities, business models and stakeholders. The contents of this Report focus on an analysis of the most relevant issues.

This section details how ACCIONA has identified the priority issues for the company and its stakeholders on the sustainability agenda, and which ones have the greatest potential to impact the business.

This materiality analysis provides insight into the importance of issues related to the business strategy, determines stakeholder expectations and needs, and clarifies accountability planning. It combines the internal viewpoint of the different businesses and the external viewpoint of the stakeholders, applying the Global Reporting Initiative's (GRI) "Principles for defining report content" according to GRI Standard 101: Fundamentals.

**THE MATERIALITY ANALYSIS HAS BEEN ADAPTED TO EACH ONE OF THE BUSINESSES.**

On the occasion of the 2019 Sustainability Report, the relevant issues identified last year, which were based on the macro-trend analysis carried out during the design of the 2016-2020 Sustainability Master Plan, have been updated. This update was performed individually for each one of ACCIONA's business lines: Energy, Construction, Water, Services, Concessions, Bestinver, Grupo Bodegas Palacio 1894 and Real Estate.

## METHODOLOGY

(GRI 102-42; GRI 102-43)

1. Identification	2. Prioritisation	3. Validation
Review and update of the issues identified in the 2018 Materiality Analysis in order to renew them and standardise their definition across the different business lines.	Prioritization of issues based on a dual analysis: <ul style="list-style-type: none"> <li>External relevance of sector influencers, investors and the press.</li> <li>Internal relevance of the analysis of SMP 2020 and the consultation in 2018 of experts selected by the business sustainability managers.</li> </ul>	Review, validation and evaluation of the issues by the business through dialogue with its sustainability managers.
<b>Stakeholders consulted (GRI 102-40)</b>		
The stakeholders consulted for this report include competitors, public administrations and regulatory bodies, the media, employees, investors, analysts, local communities and the scientific community. These sources reflect the opinion of other ACCIONA stakeholders present in its sectors of activity, such as shareholders, partners and customers, among others.		

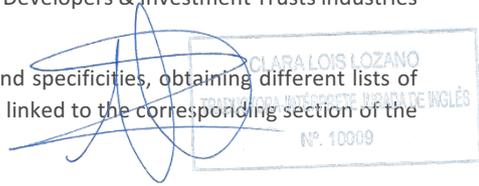
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1. IDENTIFICATION OF MATERIAL ISSUES

The 2019 Materiality Analysis updates the issues identified the year before using information sources that are the sources of reference for ACCIONA's sectors. These include the analyses of the Group's competitors, various think tanks and guidelines such as the Financial Stability Board, the Spanish Non-Financial Information and Diversity Act and the European Union's Technical Expert Group on Sustainable Finance. The sectoral materiality analyses of the Sustainability Accounting Standards Board (SASB) for the Renewable Resources & Alternative Energy, Water Utilities, Engineering & Construction Services, Services, Investment Banking and Brokerage, Alcoholic Beverages, Agricultural Products, Real Estate Services and Real Estate Owners and Developers & Investment Trusts industries were also taken into account.

All of these sources allow ACCIONA to identify nuances and specificities, obtaining different lists of issues for each business line. Below is a single list of topics linked to the corresponding section of the Report.



Section of the Report	Material issues	Definition of the issues
Employees	Diversity and equal opportunities	Measures that guarantee diversity and equal opportunities, from hiring people at risk of social exclusion to multiculturalism training. The actions taken to promote work-life balance and to reduce the wage gap are also taken into account.
	Human capital	Strategies and plans for attracting and retaining talent, as well as reducing employee turnover: performance evaluation processes, employee satisfaction surveys and investment in training and other tools for motivating commitment such as scholarships or target-linked incentives. Measures to promote training on key sustainability issues and to link employee remuneration to the company's sustainability performance are also assessed.
	Safety, health and welfare	Protecting the safety, health and welfare of workers requires a process of awareness and training, together with risk identification and mitigation measures. Aside from reducing occupational accidents, it is also important to identify suppliers that have health and safety certificates.
Risks and opportunities of the climate emergency	Climate strategy (except Bestinver)	Measures adopted by the company to contribute to the mitigation of climate change: establishing a policy on the subject, investing in renewable energy, promoting energy efficiency, reducing greenhouse gas emissions, using a carbon price or offsetting emissions; adapting projects or assets to external climate phenomena; and managing risks and opportunities arising from climate change. Today, the energy transition and its associated regulatory mechanisms are having a major impact on businesses.
Environmental impact	Environmental management and biodiversity (except Bestinver)	In order to guarantee adequate environmental management, it is necessary to develop an environmental policy, evaluate the vulnerability to environmental regulations, manage risks, establish compliance objectives and implement Environmental Management Systems in all activities. Managing the company's impact on biodiversity includes measures such as establishing policies, analysing the state of the affected ecosystems and developing actions to protect biodiversity.
	Water usage (except Bestinver)	Proper water management must include collection, usage and discharge. To achieve this, it is advisable to measure your water footprint and define objectives for reducing it.
	Waste and the circular economy (except Bestinver)	Good waste management includes updating policies, researching new ways to use waste and innovating in waste recycling. The circular economy promotes a shift towards an economy that is efficient in the use of material resources, based on an analysis of the complete life cycle of the products and services associated with the value chain.
Innovation	Innovation and digital transformation	Having a sustainable innovation roadmap leads to new business opportunities. This guide includes aspects such as investment in R&D, development of new technologies, digital transformation, setting measurable objectives and collaborating third parties.
Customers	Quality, safety and customer satisfaction	Establishing mechanisms to collect customer opinions in order to measure their satisfaction and manage the relationship with them. Guaranteeing the privacy and protection of customer data. Ensuring the quality and safety of the products.

Section of the Report	Material issues	Definition of the issues
Social impact	Local communities (except Bestinver)	The negative impact of the company's activity on local communities must be managed and that starts with dialogue. The effects on the environment include aspects such as population displacement, noise or dust generated, visual impact and public safety. The company's activities also have positive impacts, such as the generation of wealth, the creation of local employment or the hiring of local suppliers.
Respect for human rights	Human rights (except Bestinver)	Measures put in place to respect the human rights of stakeholders and mechanisms to address possible violations. Aside from the definition of a policy in this regard, training and awareness on the subject and risk assessment of projects and investments, including the supply chain, are also considered relevant.
Supply chain	Sustainable supply chain	Environmental, social and ethical criteria must also be applied to supplier management. This includes establishing policies, corrective measures in cases of non-compliance, risk assessment and identification of suppliers' water and carbon footprints. In this sector, local procurement and "green" procurement are considered relevant.
Tax disclosures / Corporate governance / Ethics and anti-corruption	Ethics and anti-corruption	As part of a company's good governance, it is necessary to establish an anti-corruption policy and a code of ethics or conduct, in addition to promoting legal compliance and integrity in tenders and bids. A high degree of transparency, efficiency and rigour in the operation of the governing bodies is decisive for the generation of trust and long-term commitment in the stakeholders. The trend among large listed Spanish companies is to provide more and more information in relation to transparency and tax contributions.

## 2. PRIORITISATION OF MATERIAL ISSUES

Issues are prioritized based on a double analysis of information sources:

- External relevance conferred by investors and prescribers:
  - Criteria and aspects evaluated in the Dow Jones Sustainability Index questionnaire.
  - Investors' expectations in terms of social, environmental and good governance criteria.
  - Analysis of relevant issues for stakeholders identified in the press and social networks
  - Consultation with international organisations and sectoral institutions carried out in 2018, considering the countries where ACCIONA is most active: World Wildlife Fund (WWF), Mexican Energy Association, Association of Renewable Energy Companies (APPA), American Wind Energy Association (AWEA), International Energy Agency (IEA), Canada Green Building Council, Australia Green Building Council, World Economic Forum, Water Association, Global Compact Chile, Canadian Water and Wastewater Association (CWWA), National Association of Water and Sanitation Companies of Mexico (ANEAS), International Facility Management Association and World Business Council for Sustainable Development (WBCSD).
- Internal relevance, based on internal documents and stakeholders:
  - Analysis of the 2020 Sustainability Master Plan.
  - Consultation with business sustainability managers: the experts selected by each business provided their views on the relevance of the issues identified in 2018.

## 3. VALIDATION OF MATERIAL ISSUES

In order to assess and validate the material issues, a dialogue is established with the sustainability managers of each one of ACCIONA's businesses, concluding with an evaluation in which the assessments from the previous phase are contrasted for consistency.



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## RESULTS OF THE ANALYSIS

### (GRI 102-47)

The issues that proved to be material for each one of ACCIONA's divisions are detailed below: Energy, Infrastructure (Construction, Concessions, Agua and Services) and Other Businesses (Bestinver, Grupo Bodegas Palacio 1894 and Inmobiliaria)

Several issues are relevant to all of ACCIONA's businesses: Climate strategy; and Quality, safety and customer satisfaction.

In addition, there are other issues that are important to all the main lines of business such as Ethics and anti-corruption; Human capital; Safety, health and well-being; and Innovation and digital transformation.

From here, a consolidated analysis determines the order and volume of content of the chapters. Although some issues may not be highly relevant on a consolidated basis, they are included if they are relevant to a particular business.

CHAPTER	MATERIAL ISSUES	CONSOLIDATED RESULT	ENERGY	INFRASTRUCTURE				OTHER BUSINESSES		
				Construction	Concessions	Agua	Services	Bestinver	Wineries	Inmobiliaria
Employees	Diversity and equal opportunities	✓					✓	✓	✓	
	Human capital	✓	✓	✓	✓	✓	✓	✓		✓
	Safety, health and welfare	✓	✓	✓	✓	✓	✓		✓	✓
Risks and opportunities of the climate emergency	Climate strategy (except Bestinver)	✓	✓	✓	✓	✓	✓		✓	✓
Environmental impact	Environmental management and biodiversity (except Bestinver)	✓	✓	✓		✓			✓	✓
	Water usage (except Bestinver)	✓				✓			✓	
	Waste and the circular economy (except Bestinver)	✓		✓			✓		✓	✓
Innovation	Innovation and digital transformation	✓	✓	✓	✓	✓	✓	✓		✓
Customers	Quality, safety and customer satisfaction	✓	✓	✓	✓	✓	✓	✓	✓	✓
Social impact	Local communities (except Bestinver)	✓	✓		✓				✓	
Respect for human rights	Human rights (except Bestinver)	✓	✓						✓	✓
Supply chain	Sustainable supply chain	✓			✓		✓		✓	
Tax disclosures / Corporate governance / Ethics and anti-corruption	Ethics and anti-corruption	✓	✓	✓	✓	✓	✓	✓		✓


  
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THE MAIN ISSUES RELEVANT  
TO ALL BUSINESSES ARE:  
CLIMATE STRATEGY,  
QUALITY, SAFETY AND  
CUSTOMER SATISFACTION

## DETERMINATION OF CONTENTS

### (GRI 102-46)

The GRI Content Index in this Report shows the complete list of identified issues, along with the associated GRI Standards and the coverage of each one. As seen in the previous section, all the issues are relevant to at least one of ACCIONA's businesses.

All GRI Standards associated with the issues are disclosed in this Report. For each individual business:

- the materiality matrix for that business is provided,
- reporting on the matters that are highly relevant to that business.



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## ABOUT THIS REPORT

### TRANSPARENCY AND ACCURACY

This report meets the requirements of Law 11/2018 on Non-Financial and Diversity Information. The information presented fulfils the criteria of comparability, materiality, relevance and reliability.

#### (GRI 102-46)

This *Sustainability Report* sets out the progress, results and status of ACCIONA's sustainability performance in 2019, as well as its management approach and the challenges it faces. The object of this *Report* is to provide, in a clear and rigorous manner, the most relevant information about the company as it relates to the most significant positive and negative impacts on its different stakeholders.

The report is based on the challenges described in previous years' sustainability reports and focuses on the progress made during 2019. This year, the content has been formulated to serve as the 2019 Non-Financial Information Statement. It includes information, both individual and consolidated, on all significant aspects of all group companies, as required by Law 11/2018<sup>22</sup> of December 28 on non-financial and diversity information.

THIS REPORT CONSTITUTES  
THE 2019 NON-FINANCIAL  
INFORMATION STATEMENT  
OF ACCIONA AND ITS  
GROUP COMPANIES

This *Report* also describes the company's annual progress in implementing the United Nations Global Compact's Ten Principles on human rights and labour rights, the environment, anti-corruption, and ACCIONA's contribution to the achievement of local Sustainable Development Goals (SDGs).

The information published in this document is supplemented by other company reports: the Consolidated Financial Statements and Directors' Report, the Annual Corporate Governance Report, the Integrated Report (GRI 102-45). The sustainability content is updated regularly on ACCIONA's website: [www.accionacom](http://www.accionacom).

The company addresses the main sustainability issues that concern its stakeholders, whether they involve a particular topic or a particular line of business. The first sections deal with the issues regulated in Law 11/2018, with a structure adapted to the Sustainability Master Plan and the Materiality Analysis. Following this, the reader will find the most relevant information on sustainability for the different divisions: Energy, Infrastructure and Other Businesses.

The report complies with the principles of comparability, materiality, relevance and reliability:



<sup>22</sup> The group companies that meet the requirements of article 49.5 of the Commercial Code are as follows: ACCIONA Facility Services S.A., ACCIONA Energy S.A., ACCIONA Construction S.A., ACCIONA Agua S.A., ACCIONA Medioambiente S.A., ACCIONA Servicios Urbanos S.L., ACCIONA Airport Services, S.A., Energías Renovables Operación Y Mantenimiento, S.L

## COMPARABILITY

The *Sustainability Report* is published annually and is prepared in accordance with the Reporting Principles included in Standard 101 of the Global Reporting Initiative (GRI). ACCIONA has followed the principles – as comparability, integrity and balance – described in this standard. This report has been prepared in accordance with GRI Standards: comprehensive option.

## MATERIALITY AND RELEVANCE

The 2018 Materiality Analysis, carried out by ACCIONA in keeping with the principles of GRI Standard 101, has made it possible to identify those economic, environmental and social issues that have the greatest impact on the company's activities.

As a result of this study, ACCIONA considers that the information contained in this *Report* is relevant for the company and its various stakeholders. The section titled "Materiality Analysis" describes the development process and methodology used to identify the contents of the document.

## RELIABILITY

To check the reliability of the data and the consistency of the information in response to GRI Standards, the company commissioned an external verification from KPMG Asesores S.L.

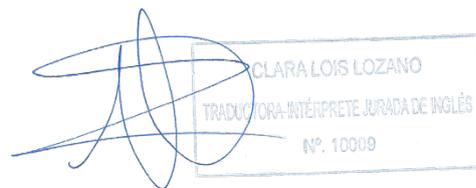
As in previous reports, ACCIONA aims to ensure that its reasonable level of assurance covers a large number of relevant indicators. As part of the verification process, this *Report* contains an *Independent Report* detailing the objective and scope of the review, the procedures used and the conclusions reached.

## SCOPE (GRI 102-46)

ACCIONA has been reporting on the non-financial performance of its businesses in Sustainability Reports since 2005. The company describes its activities, providing an overview by division and, where possible, by geographical area of operation.

Throughout the report, the scope of each one of the indicators shown is specified. Similarly, data from previous years is provided in order to facilitate a better understanding of the evolution of the company's performance.

The environmental data published in the *Report* are taken from ACCIONA's environmental reporting system, which is the point of reference for the centralised monitoring and control of the environmental indicators of the company's activities. The scope of the environmental data published encompasses all of ACCIONA's activities in Spain and internationally. The criterion for the consolidation of environmental information is based on the financial control scheme, as is defined in the GHG Protocol standard.



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## ANNEX OF ITEMIZED INDICATORS

### EMPLOYMENT

(102-8)

Breakdown of workforce by contract type and gender (number of employees)

	2018						2019					
	Temporary			Permanent			Temporary			Permanent		
	Men	Women	Total	Men	Women	Total	Men	Women	Total	Men	Women	Total
Energy	50	17	67	1,117	403	1,520	42	13	55	1,150	424	1,574
Infrastructure	8,665	3,268	11,933	15,836	7,826	23,663	8,232	3,366	11,599	17,311	8,129	25,440
▪ Construction	3,258	432	3,690	5,819	1,278	7,097	3,415	431	3,846	5,670	1,432	7,102
▪ Concessions	30	38	68	300	322	622	8	19	27	125	139	264
▪ Water	1,353	210	1,564	1,750	434	2,183	991	159	1,150	1,796	494	2,290
▪ Services	3,963	2,574	6,537	7,819	5,750	13,569	3,781	2,747	6,528	9,438	6,011	15,449
▪ Industrial	60	14	74	149	42	192	36	11	47	283	52	335
Other businesses*	84	68	152	644	565	1,209	69	64	133	478	420	898
<b>Total</b>	<b>8,798</b>	<b>3,354</b>	<b>12,152</b>	<b>17,598</b>	<b>8,794</b>	<b>26,392</b>	<b>8,343</b>	<b>3,443</b>	<b>11,786</b>	<b>18,940</b>	<b>8,973</b>	<b>27,912</b>

\* Incluye Bestinver, Corporativo, Grupo Bodegas Palacio 1894, Real Estate, APD and Trasmediterranea (up to deconsolidation in May 2018).

Breakdown of workforce by job category and age group (number of employees)

	2018				2019			
	< 31	31 - 50	> 50	Total	< 31	31 - 50	> 50	Total
Directors and managers	9	1,578	595	2,182	19	1,676	672	2,367
Technical staff	1,248	4,566	848	6,663	1,154	4,322	984	6,460
Support	223	864	275	1,362	245	723	237	1,205
Operators	3,652	15,264	8,867	27,783	4,898	15,484	8,794	29,176
Other*	69	256	228	554	134	234	122	491
<b>Total employees</b>	<b>5,201</b>	<b>22,529</b>	<b>10,814</b>	<b>38,544</b>	<b>6,451</b>	<b>22,439</b>	<b>10,809</b>	<b>39,699</b>

\* The "Other" category refers to personnel not included in any of the standard roles, most pertaining to managed joint ventures to which the model does not apply.

Number of employees by contract type and age range (%)

	2018		2019	
	Temporary	Permanent	Temporary	Permanent
< 31 years old	54%	46%	44%	56%
31 - 50 years old	31%	69%	28%	72%
> 50 years old	24%	76%	23%	77%

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## Number of employees by contract type and job category (%)

	2018		2019	
	Temporary	Permanent	Temporary	Permanent
Directors and managers	0%	100%	0%	100%
Technical staff	22%	78%	20%	80%
Support	18%	82%	20%	80%
Operators	37%	63%	33%	67%
Other	29%	71%	26%	74%



## Geographical breakdown of workforce (number of employees)

	2018			2019		
	Men	Women	Total	Men	Women	Total
Spain	13,534	8,206	21,740	13,619	7,251	20,870
Germany	316	63	380	26	452	478
Australia	984	216	1,200	922	204	1,126
Brazil	1,037	71	1,108	803	70	873
Canada	272	218	490	834	366	1,200
Chile	1,877	332	2,209	2,530	428	2,957
USA	146	25	172	154	28	182
Italy	338	41	379	297	135	432
Mexico	1,282	955	2,237	1,171	852	2,023
Norway	628	38	665	640	43	683
Poland	939	609	1,548	940	559	1,498
Portugal	979	775	1,753	923	1,019	1,942
Qatar	123	12	135	1,076	407	1,482
Ecuador	1,864	178	2,042	1,301	116	1,417
United Arab Emirates	455	74	529	375	96	472
Peru	706	92	798	644	83	727
Rest of the world	915	243	1,159	1,030	307	1,337
<b>Total employees</b>	<b>26,396</b>	<b>12,148</b>	<b>38,544</b>	<b>27,283</b>	<b>12,416</b>	<b>39,699</b>

## Breakdown by full time/part time and by men and women (number of employees)

	2019					
	Full time			Part time		
	Men	Women	Total	Men	Women	Total
Energy	1,001	294	1,295	191	143	334
Infrastructure	19,429	6,263	25,692	6,115	5,232	11,347
▪ Construction	5,950	1,166	7,116	3,135	697	3,832
▪ Concessions	118	126	244	15	32	47
▪ Water	2,181	447	2,628	606	206	812
▪ Services	10,877	4,468	15,346	2,342	4,289	6,631
▪ Industrial	302	55	358	17	8	24
Other businesses*	508	374	881	39	110	150
<b>Total employees</b>	<b>20,938</b>	<b>6,931</b>	<b>27,868</b>	<b>6,345</b>	<b>5,485</b>	<b>11,831</b>

\* Includes Bestinver, Corporate, Grupo Bodegas Palacio 1894, Inmobiliaria and APD.

**Breakdown of workforce by job category and gender** (number of employees)

	2018			2019		
	Men	Women	Total	Men	Women	Total
Directors and managers	1,756	426	<b>2,182</b>	1,885	482	2,367
Technical staff	4,424	2,239	<b>6,663</b>	4,444	2,016	6,460
Support	452	910	<b>1,362</b>	418	787	1,205
Operators	19,449	8,335	<b>27,783</b>	20,307	8,869	29,176
Other	315	238	<b>554</b>	229	261	491
<b>Total employees</b>	<b>26,396</b>	<b>12,148</b>	<b>38,544</b>	<b>27,283</b>	<b>12,416</b>	<b>39,699</b>

\* The "Other" category refers to personnel not included in any of the standard roles, most pertaining to Trasmediterranea and managed joint ventures to which the model does not apply.

**Breakdown of workforce by job category and full/part time status** (number of employees)

	2019					
	Full time			Part time		
	Men	Women	Total	Men	Women	Total
Directors and managers	81%	79%	81%	19%	21%	19%
Technical staff	74%	67%	72%	26%	33%	28%
Support	84%	70%	74%	16%	30%	26%
Operators	78%	51%	70%	22%	49%	30%
Other	61%	62%	61%	39%	38%	39%
<b>Total employees</b>	<b>78%</b>	<b>56%</b>	<b>71%</b>	<b>22%</b>	<b>44%</b>	<b>29%</b>

**Breakdown of staff by age range and full/part time status** (number of employees)

	2019					
	Full time			Part time		
	Men	Women	Total	Men	Women	Total
< 31 years old	79%	66%	75%	21%	34%	25%
31 - 50 years old	79%	59%	73%	21%	41%	27%
> 50 years old	75%	46%	64%	25%	54%	36%
<b>Total employees</b>	<b>78%</b>	<b>56%</b>	<b>71%</b>	<b>22%</b>	<b>44%</b>	<b>29%</b>

**Average permanent contracts per year by age, gender and job category** (number of employees)

	Women				Men			
	< 31	31 - 50	> 50	Total	< 31	31 - 50	> 50	Total
Directors and managers	1	360	77	437	14	1,169	532	1,715
Technical staff	250	1,351	192	1,792	498	2,454	637	3,589
Support	77	492	153	722	76	180	91	347
Operators	518	2,678	2,858	6,053	1,591	7,464	3,909	12,963
Other	35	66	43	143	37	75	24	137
<b>Total employees</b>	<b>881</b>	<b>4,946</b>	<b>3,322</b>	<b>9,148</b>	<b>2,215</b>	<b>11,342</b>	<b>5,193</b>	<b>18,750</b>

\* The "Other" category refers to personnel not included in any of the standard roles, most pertaining to managed joint ventures to which the model does not apply.

## DISMISSALS

(401-1)

Dismissals by gender and job category (number of employees)

Group	2018			2019		
	Men	Women	Total	Men	Women	Total
Directors and managers	68	13	81	64	11	75
Technical staff	141	45	156	160	64	224
Support	6	26	32	11	26	37
Operators	693	281	1,058	804	338	1,142
Other	-	-	-	-	-	-
<b>Total</b>	<b>908</b>	<b>365</b>	<b>1,273</b>	<b>1,039</b>	<b>439</b>	<b>1,478</b>

Note: data as of 31/12/2019 for active personnel. Three categories of dismissals are considered for Spain (Dismissals on objective grounds, disciplinary grounds and collective layoffs). For the rest of the world, involuntary resignations, contract terminations and repatriations or deconsolidations are excluded).

Dismissals by job category and age range (number of employees)

	2018				2019			
	< 31	31 - 50	> 50	Total	< 31	31 - 50	> 50	Total
Directors and managers	0	38	43	81	0	54	21	75
Technical staff	33	119	34	186	46	141	37	224
Support	2	18	12	32	9	18	10	37
Operators	204	516	254	974	324	613	205	1,142
Other	-	-	-	-	-	-	-	-
<b>Total employees</b>	<b>239</b>	<b>691</b>	<b>343</b>	<b>1,273</b>	<b>379</b>	<b>826</b>	<b>273</b>	<b>1,478</b>

Note: data as of 31/12/2019 for active personnel. Three categories of dismissals are considered for Spain (Dismissals on objective grounds, disciplinary grounds and collective layoffs). For the rest of the world, involuntary resignations, contract terminations and repatriations or deconsolidations are excluded).

## NEW HIRES

(401-1)

New hires by age group (number)

	2018			2019		
	Men	Women	Total	Men	Women	Total
< 31 years old	4,377	1,916	6,293	4,816	2,381	7,197
31 - 50 years old	6,901	3,678	10,579	6,110	3,188	9,298
> 50 years old	2,364	1,508	3,872	1,763	1,334	3,097
<b>Total employees</b>	<b>13,642</b>	<b>7,102</b>	<b>20,744</b>	<b>12,689</b>	<b>6,903</b>	<b>19,592</b>

New hires by region (number)

	2018			2019		
	Men	Women	Total	Men	Women	Total
Spain	9,477	5,606	15,083	5,807	3,576	9,383
All others	4,165	1,496	5,661	6,882	3,327	10,209
<b>Total employees</b>	<b>13,642</b>	<b>7,102</b>	<b>20,744</b>	<b>12,689</b>	<b>6,903</b>	<b>19,592</b>

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## MATERNITY AND PATERNITY LEAVE

(401-3)

Employees with right to maternity/paternity leave (number of employees)

	2018			2019		
	Men	Women	Total	Men	Women	Total
Number of employees with the right to maternity/paternity leave	541	323	864	684	277	961
Number of employees who took maternity/paternity leave	541	323	864	684	277	961
Number of employees who returned to work after taking maternity/paternity leave	541	318	859	682	277	959
Number of employees who returned to work after taking maternity/paternity leave and remained in their jobs twelve months after returning to work	516	315	831	662	277	939
Retention ratio*	0.95	0.99	0.97	0.97	1.00	0.98

*GRI has no specific definition for the ratio, so for the calculation of ratios, the number of employees remaining in their jobs on 31 December 2019 after having taken paternity/maternity leave in 2019 will be reported as part of the paternity/maternity leaves that took place in the same year (2019).*

## TRAINING

(404-1)

Training received by job category and gender

		2019				
		Directors and managers	Technical staff	Support	Operators	Total
Total number of hours received	Men	75,044	111,248	4,045	237,550	427,887
	Women	30,196	69,193	12,735	32,961	145,385
	<b>Total</b>	<b>105,540</b>	<b>180,441</b>	<b>16,780</b>	<b>270,511</b>	<b>573,272</b>
Students	Men	1,765	3,708	268	12,345	18,086
	Women	421	1,809	638	3,628	6,496
	<b>Total</b>	<b>2,186</b>	<b>5,517</b>	<b>906</b>	<b>15,973</b>	<b>24,582</b>
Training hours per employee/year	Men	39.81	25.03	9.68	11.57	15.68
	Women	63.27	34.32	16.18	3.61	11.71
	<b>Total</b>	<b>44.59</b>	<b>27.93</b>	<b>13.93</b>	<b>9.12</b>	<b>14.44</b>


  
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## REMUNERATION

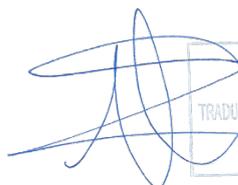
(405-2)

Total average remuneration broken down by gender, age and professional category (€)

Production and business development areas		2018			2019		
Gender	Professional category	< 31	31 - 50	> 50	< 31	31 - 50	> 50
Men	Directors and managers	60,031	90,714	129,546	59,316	90,110	127,610
	Technical and qualified staff	35,815	45,001	49,745	34,261	44,481	48,982
	Other personnel	18,919	25,284	26,356	15,792	21,410	24,337
Women	Directors and managers	N/A	70,260	85,385	N/A	69,628	88,481
	Technical and qualified staff	26,420	36,115	37,972	25,659	35,869	39,036
	Other personnel	12,930	16,279	16,530	14,499	16,872	17,326
Support Areas		2018			2019		
Gender	Professional category	< 31	31 - 50	> 50	< 31	31 - 50	> 50
Men	Directors and managers	56,979	90,968	151,770	52,146	102,890	154,037
	Technical and qualified staff	28,723	37,615	44,378	30,080	37,508	43,013
	Other personnel	12,643	16,895	26,167	15,047	18,524	32,216
Women	Directors and managers	57,054	80,605	118,639	57,000	82,270	124,685
	Technical and qualified staff	27,374	36,014	41,063	27,610	36,426	42,652
	Other personnel	18,015	24,198	28,919	17,858	23,329	29,558

Notes: Professionals with annual earnings of less than 3,000 euros who could not be annualised are not included in the statistical analysis. Bestinvest employees are not included in this table. It is worth noting the inclusion of the salaries of workers in more than 40 countries where ACCIONA does business. ACCIONA has defined remuneration policies for each one of the countries where it does business. Therefore, the average aggregate compensation figures for all countries taken together are not representative of the individual wage management policies of each business unit and country where ACCIONA operates.

The average total remuneration for directors who were not executive directors was €170,000 for men and €130,000 for women.



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**(102-38)**

Ratio between highest wage earner and average wage, by business line and country in 2019

	Spain	Mexico	Chile	Australia	Poland
Energy	4	9	6	2	27
Infrastructure	14	39	25	6	--
- Construction	8	5	15	6	--
- Concessions	11	--	--	--	3
- Agua	9	20	3	0	31
- Service	13	9	12	--	--
- Industrial	3	2	--	--	--
Other businesses	7	5	--	--	--
- Bestinver	5	--	--	--	--
- Bodegas	4	5	--	--	--
- Inmobiliaria	7	1	--	--	--

Note: Professionals with annual earnings of less than 3,000 euros who could not be annualised are not included in the statistical analysis. Bestinver employees are not included in this table.

**(102-39)**

Ratio between highest wage earner and average wage, by business line and country in 2018

	Spain	Mexico	Chile	Australia	Poland
Energy	31	20	11	2	3
Infrastructure	--	--	--	--	--
- Construction	16	6	17	4	10
- Concessions	15	--	--	--	--
- Agua	21	28	3	--	--
- Service	17	20	7	--	--
- Industrial	15	3	--	--	--
Other businesses	--	--	--	--	--
- Bestinver	96	--	--	--	--
- Bodegas	21	--	--	--	--
- Inmobiliaria	5	9	--	--	5

Note: For 2018, those professionals with annual earnings of less than €1,000 and cannot be analysed are not included in the statistical analysis.



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## WATER USE

(303-3, 303-4, 303-5)

Evolution of the use of water

	WATER USE AT ACCIONA (TOTAL)			
	2016	2017	2018	2019
<b>WATER TREATMENT AND DISTRIBUTION TO CUSTOMERS (m<sup>3</sup>)</b>				
Production at wastewater treatment plants discharged to surface water	325,332,637	251,550,688	416,580,208	236,658,413
Production at wastewater treatment plants discharged to the sea	33,140,000	27,855,000	28,771,011	196,014,190
Production at wastewater treatment plants for recycled water network	ND	ND	ND	20,749,799
Production of drinking water at drinking water treatment plants	217,740,000	199,310,999	26,456,455	122,557,216
Production of drinking water at desalination plants	196,141,575	296,122,571	318,210,247	454,509,684
Drinking water supply from primary network and groundwater sources	ND	ND	ND	42,268,959
<b>TOTAL</b>	<b>772,354,212</b>	<b>774,839,258</b>	<b>790,017,921</b>	<b>1,072,758,262</b>
<b>WATER FOR INTERNAL CONSUMPTION (m<sup>3</sup>)</b>				
On-site recycled/reused water	809,201	221,134	250,859	652,989
Recycled water from networks	70,499	509,153	448,458	492,621
Rainwater	23,802	17,182	13,796	33,825
Municipal drinking water	1,328,093	1,699,584	1,754,917	1,175,724
Surface water	3,330,316	3,660,073	927,457	649,654
Groundwater	445,822	941,973	894,841	654,501
<b>TOTAL</b>	<b>6,007,733</b>	<b>7,049,099</b>	<b>4,290,328</b>	<b>3,659,313</b>
<b>DISCHARGE (m<sup>3</sup>)</b>				
Discharge from desalination plants into the sea	255,811,944	392,051,821	479,707,216	511,008,634
Other discharge into the sea	34	2,266	45	0
Discharge to surface water	1,180,543	1,583,137	752,202	514,380
Discharge into the sewer system	105,278	567,985	702,042	5,540,678
<b>TOTAL</b>	<b>257,097,800</b>	<b>394,205,209</b>	<b>481,161,504</b>	<b>517,063,692</b>
<b>TRANSFERRED WATER (m<sup>3</sup>)</b>				
Surface water turbined in a hydraulic plant	28,096,964,103	20,993,303,451	30,742,510,000	22,811,220,000
Surface water for open-loop refrigeration	21,319,494	24,310,108	23,658,982	21,010,692
Other	6,731,882	950,217	0	1,130,191
<b>TOTAL</b>	<b>28,125,015,480</b>	<b>21,018,563,775</b>	<b>30,766,168,982</b>	<b>22,833,360,883</b>


  
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<b>WATER USE AT ACCIONA (IN AREAS WITH WATER STRESS)</b>				
	<b>2016</b>	<b>2017</b>	<b>2018</b>	<b>2019</b>
<b>WATER TREATMENT FOR CUSTOMERS (m<sup>3</sup>)</b>				
Production at wastewater treatment plants discharged to surface water	0	0	90,000,000	0
Production at wastewater treatment plants discharged into the sea	0	0	0	128,052,494
Production at wastewater treatment plant for recycled water network	ND	ND	ND	0
Production of drinking water at drinking water treatment plants	0	0	320,000	82,086,123
Production of drinking water at desalination plant	76,284,434	159,612,002	204,411,609	308,963,858
Supply of drinking water from primary network and undergrounds water	ND	ND	ND	0
<b>TOTAL</b>	<b>76,284,434</b>	<b>159,612,002</b>	<b>294,731,609</b>	<b>519,102,474</b>
<b>WATER FOR INTERNAL CONSUMPTION (m<sup>3</sup>)</b>				
On-site recycled/reused water	1,616	1,433	0	552,990
Recycled water from networks	0	0	0	0
Rainwater	35	0	14	18
Municipal drinking water	142,735	188,559	142,250	76,771
Surface water	0	0	0	0
Groundwater	1,756	715	18,188	1,372
<b>TOTAL</b>	<b>146,142</b>	<b>190,707</b>	<b>160,452</b>	<b>631,150</b>
<b>DISCHARGE (m<sup>3</sup>)</b>				
Discharge from desalination plants into the sea	115,106,968	233,854,200	343,059,693	317,310,367
Other discharge into the sea	0	0	0	0
Discharge to surface water	16	6	693	0
Discharge into the sewer system	25,774	223,682	283,451	4,788,562
<b>TOTAL</b>	<b>115,132,758</b>	<b>234,077,888</b>	<b>343,343,837</b>	<b>322,098,929</b>
<b>TRANSFERRED WATER (m<sup>3</sup>)</b>				
Surface water turbinated in a hydraulic plant	0	0	0	0
Surface water for open-loop refrigeration	0	0	0	0
Other	0	2,308	0	0
<b>TOTAL</b>	<b>0</b>	<b>2,308</b>	<b>0</b>	<b>0</b>


  
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## PRODUCTS AND SERVICES FOR PUBLIC AND PRIVATE-SECTOR CUSTOMERS

(102-6)

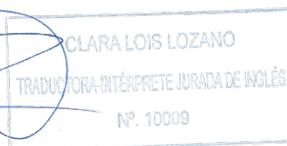
Products and Services	Public customers and private business-to-consumer (B2C) and business-to-business (B2B) customers in 2018
<b>ENERGY:</b> Sale of renewable energy, renewable technology EPC contracts, O&M of renewable technology plants, and PPA.	<b>Solar farms:</b> 2.789 customers. <b>Energy sales:</b> 21 public sector customers and 659 private sector B2B customers. <b>PPA:</b> 11 private B2B customers.
<b>INFRASTRUCTURE</b>	
- <b>Construction:</b> civil engineering, building, infrastructure maintenance, engineering, industrial plant O&M, electrical installations and heating & cooling.	<b>Projects awarded in 2019:</b> 90. <ul style="list-style-type: none"> <li>▪ <b>Public customers:</b> 56</li> <li>▪ <b>Private B2B customers:</b> 32</li> </ul>
- <b>Concessions:</b> Social infrastructures and transport infrastructures.	<b>Public sector:</b> 11 road concessions, 2 rail and 6 social infrastructure concessions.
- <b>Agua:</b> Management of water services, automation and control, construction and O&M of drinking water, wastewater treatment and desalination plants.	<b>Water services management:</b> <ul style="list-style-type: none"> <li>▪ 473,098 users of water services in Spain.</li> <li>▪ 1,406,276 users of sewer service in Spain.</li> <li>▪ 12 million users of comprehensive water services in Spain, Mexico and Peru.</li> </ul> <b>Construction:</b> 85% desalination and 15% treatment. <b>Plant O&amp;M:</b> <ul style="list-style-type: none"> <li>▪ 138 WWTPs, equal to 20 million inhabitants service.</li> <li>▪ 7 DWTPs, equal to 3 million inhabitants served.</li> <li>▪ 23 SWROs, equal to 23 million inhabitants.</li> </ul>
- <b>Servicios:</b> handling, cleaning, maintenance, forwarding, gardening, waste collection and treatment, events and museology, medical transport, motorbike sharing services, etc.	<b>Public customer:</b> 23%. <b>Private B2B customers:</b> 77%. <b>Users:</b> 5 million inhabitants served in the urban and environmental services, 7 million users of airport ground services, 197,400 users of <i>motosharing</i> and 108,293 medical transport.
<b>OTHER BUSINESSES</b>	
- <b>Bestinver:</b> Financial asset management services through investment funds, pension funds, and SICAVs. This activity is complemented by stock brokerage services.	<b>Private B2C customers:</b> 51,705 investors.
- <b>Grupo Bodegas Palacio 1894:</b> Production and marketing of wine.	<b>Public Customers:</b> 2 public sector companies in Canada. <b>Private B2B Customers:</b> 51 large retailers, 231 HORECA and 71 exporters. <b>Private B2C customers:</b> more than 3,000 consumers in direct sales channel.
- <b>Real Estate:</b> real estate development, management of rental assets.	<b>Private B2B customers:</b> 90% of turnover comes from residential assets for sale and 6% from property operations. <b>Private B2C customers:</b> the 4% of remaining turnover, from 1,170 customers' house in university residences.
- <b>ACCIONA Producciones y Diseño (APD):</b> museum projects, expositions, events and spaces.	<b>Internal events:</b> 16 private B2B customers. <b>External events:</b> 10 public customers and 8 private customers (2 B2B and 6 B2C). <b>International exhibitions and museums</b> <b>Middle East exhibitions and museums</b>

Acronyms: Operations and Maintenance (O&M), Power Purchase Agreement (PPA), Hotels Restaurants and Cafés (HORECA), Investment company with variable capital (SICAV), Engineering, Procurement and Construction (EPC), Wastewater Treatment Plant (WWTP), Drinking Water Treatment Plant (DWTP), Sea Water Reverse Osmosis (SWRO).



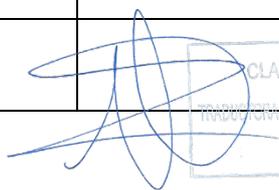
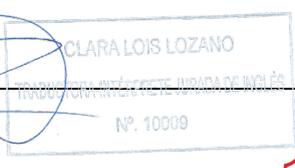
## GRI CONTENT INDEX

GRI Standard	Contents	Pages of Report <sup>23</sup>	Direct response or omission	External assurance
<b>GRI 101: Foundation 2016</b>				
<b>GENERAL DISCLOSURES</b>				
<b>GRI 102: General Disclosures 2016</b>				
1. Organizational profile				
102-1	Name of the organization		ACCIONA S.A.	✓
102-2	Activities, brands, products and services	12-13		✓
102-3	Location of headquarters	<i>Corporate Governance Report 2019 (p.1)</i>		✓
102-4	Location of operations	14-15		✓
102-5	Ownership and legal form	<i>Corporate Governance Report 2019 (p. 2-9)</i>		✓
102-6	Markets served	12-15		✓
102-7	Scale of the organization	8-10, 14-15		✓
102-8	Information on employees and other workers	30-31, 171-173		✓
102-9	Supply chain	102-114		✓
102-10	Significant changes to the organisation and its supply chain	102-104, 117-120 <i>Consolidated Financial Statements 2019 (Annex IV)</i>		✓
102-11	Precautionary principle or approach	61		✓
102-12	External initiative	93-94, 124		✓
102-13	Membership of associations	93-94, 96-98		✓
2. Strategy				
102-14	Statement from senior decision-makers	4-6		✓
102-15	Key impacts, risks and opportunities	16-18, 24-27, 54		✓
3. Ethics and Integrity				
102-16	Values, principles, standards and norms of behaviour	7-8, 122-127		✓
102-17	Mechanisms for advice and concerns about ethics	122-127		✓

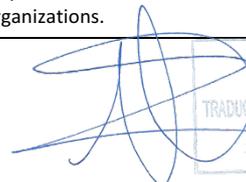
<sup>23</sup> The column titled "Pages of the Report" refers to the page numbers of the Report shown in red in the upper margin. It does not refer to the pagination of the Directors' Report in the lower margin.

4. Governance				
102-18	Governance structure	117-121 <i>Corporate Governance Report 2019</i> (p. 12-13)		✓
102-19	Delegating authority	19-21, 119		✓
102-20	Executive-level responsibility for economic, environmental and social topics	19, 119 <i>Corporate Governance Report 2019</i> (p. 14, 36-37)		✓
102-21	Consulting stakeholders on economic, environmental and social topics	95-98, 164-166		✓
102-22	Composition of the highest governance body and its committees	119 <i>Corporate Governance Report 2019</i> (p. 12-13)		✓
102-23	Chair of the highest governance body	117-121 <i>Corporate Governance Report 2019</i> (p. 12-13)		✓
102-24	Nominating and selecting the highest governance body	<i>Corporate Governance Report 2019</i> (p. 24-25)		✓
102-25	Conflicts of interest	<i>Corporate Governance Report 2019</i> (p. 40)		✓
102-26	Role of highest governance body in setting purpose, values and strategy	<i>Corporate Governance Report 2019</i> (p. 36-37)		✓
102-27	Collective knowledge of highest governance body	19		✓
102-28	Evaluating the highest governance body's performance	<i>Corporate Governance Report 2019</i> (p. 25-26)		✓
102-29	Identifying and managing economic, environmental and social impacts	19, 25-27, 54, 100, 164-168		✓
102-30	Effectiveness of risk management processes	25-27		✓
102-31	Review of economic, environmental and social topics	<i>Corporate Governance Report 2019</i> (p. 42-46)		✓
102-32	Highest governance body's role in sustainability reporting	19 <i>Board of Directors Regulations</i> (p.26-27)		✓
102-33	Communicating critical concerns	122-127		✓
102-34	Nature and total number of critical concerns	122-127		✓

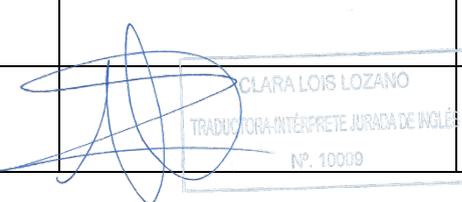


102-35	Remuneration policies	121 <i>Annual Report on Directors' Remuneration 2019 (Section A)</i>		✓
102-36	Process for determining remuneration	<i>Annual Report on Directors' Remuneration 2019 (Section A)</i>		✓
102-37	Stakeholders' involvement in remuneration	<i>Annual Report on Directors' Remuneration 2019 (Section A)</i>		✓
102-38	Annual total compensation ratio	177		✓
102-39	Percentage increase in annual total compensation ratio	177		✓
5. Stakeholder engagement				
102-40	List of stakeholder groups	95, 164		✓
102-41	Collective bargaining agreements	42		✓
102-42	Identifying and selecting stakeholders	95, 164		✓
102-43	Approach to stakeholder engagement	95, 164		✓
102-44	Key topics and concerns raised	95		✓
6. Reporting practice				
102-45	Entities included in the consolidated financial statements	<i>Consolidated Financial Statements 2019 (Annex I)</i>		✓
102-46	Defining report content and topic boundaries	168-170		✓
102-47	List of material topics	167		✓
102-48	Restatement of information		Historic CO <sub>2</sub> e data recalculated (as stipulated by the GHG Protocol), due to the fact that various centres with significant consumption are no longer attributable to ACCIONA according to energy-management responsibilities agreements and to the emissions apportioning criterion of publicly owned plants consolidated under a scheme of financial control, as per the GHG Protocol: Corporate Standard for U.S. Public Sector Organizations.	✓


  
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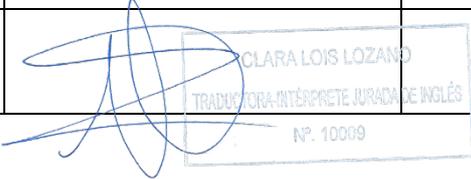


102-49	Changes in reporting		The definitions of material topics were standardized in this financial year so that they are the same for all businesses. There were no changes in scope.	✓
102-50	Reporting period		2019 (calendar year ending on 31 December)	✓
102-51	Date of most recent report		2018	✓
102-52	Reporting cycle		Annual	✓
102-53	Contact point for questions regarding the report		<a href="mailto:responsabilidadcorporativa@acciona.es">responsabilidadcorporativa@acciona.es</a>	✓
102-54	Declaration of reporting in accordance with GRI standards	170		✓
102-55	GRI table of contents	181-192		✓
102-56	External assurance	196	All of the information concerning the GRI Standards of this content index has been externally audited.	✓

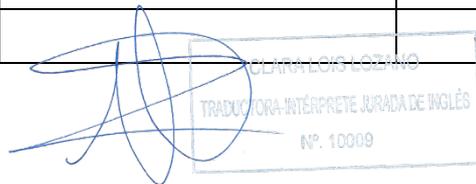
GRI Standard	Contents	Pages of Report <sup>24</sup>	Direct response or omission	External assurance
<b>MATERIAL TOPICS</b>				
<b>HUMAN CAPITAL</b>				
<b>(Section of Law 11/2018: Disclosures on social and staff-related matters)</b>				
<b>GRI 103: Management Approach 2016</b>				
103-1	Explanation of the material topic and its boundary	165-166	<ul style="list-style-type: none"> <li>• Within the organization</li> <li>• The organization contributes to the impact directly</li> </ul>	✓
103-2	The management approach and its components	30-39		✓
103-3	Evaluation of the management approach	30		✓
<b>GRI 401: Employment 2016</b>				
401-1	New employee hires and employee turnover	39, 174		✓
401-2	Benefits provided to full-time employees that are not provided to temporary or part-time employees	38		✓
401-3	Parental leave	175		✓
<b>GRI 404: Training and Education</b>				
404-1	Average hours of training per employee per year	34, 175		✓
404-2	Programmes for upgrading employee skills and transition assistance programmes	33-35		✓
404-3	Percentage of employees receiving regular performance and career development reviews	35-36		✓
<b>DIVERSITY AND EQUAL OPPORTUNITIES</b>				

<sup>24</sup> The column titled "Pages of the Report" refers to the page numbers of the Report shown in red in the upper margin. It does not refer to the pagination of the Directors' Report in the lower margin.

GRI Standard	Contents	Pages of Report <sup>24</sup>	Direct response or omission	External assurance
<b>(Section of Law 11/2018: Disclosures on social and staff-related matters)</b>				
<b>GRI 103: Management approach 2016</b>				
103-1	Explanation of the material topic and boundary	165-166	<ul style="list-style-type: none"> <li>• Within the organization</li> <li>• The organization contributes to the impact directly</li> </ul>	✓
103-2	The management approach and its components	39-42		✓
103-3	Evaluation of the management approach	30		✓
<b>GRI 202: Market Presence 2016</b>				
202-1	Ratios of standard entry level wage by gender compared to local minimum wage		ACCIONA's average minimum salary is higher than the official minimum wage. Applies to the entire group.	✓
202-2	Proportion of senior management hired from the local community		In 2019, 94 % of the total number of company executives internationally (outside of Spain) are local executives with a local contract.	✓
<b>GRI 405: Diversity and Equal Opportunity 2016</b>				
405-1	Diversity in governance bodies and employees	40-41, 118-119, 171-173		✓
405-2	Ratio of basic salary and remuneration of women to men	37, 176		✓
<b>SAFETY, HEALTH, AND WELLBEING</b>				
<b>(Section of Law 11/2018: Disclosure on social and staff-related matters)</b>				
<b>GRI 103: Management Approach 2016</b>				
103-1	Explanation of the material topic and its boundary	165-166	<ul style="list-style-type: none"> <li>• Within and outside the organization</li> <li>• The organization contributes to the impact directly</li> </ul>	✓
103-2	The management approach and its components	43-48		✓
103-3	Evaluation of the management approach	30		✓
<b>GRI 403: Occupational Health and Safety 2018</b>				
403-1	Occupational health and safety management system	43, 46-47		✓
403-2	Hazard identification, risk assessment, and incident investigation	43, 46		✓
403-3	Occupational health services	43, 46		✓
403-4	Worker participation, consultation, and communication on occupational health and safety	47		✓
403-5	Worker training on occupational health and safety	47-48		✓
403-6	Promotion of worker health	38, 46		✓
403-7	Prevention and mitigation of occupational health and safety impacts directly linked by business relationships	43, 137-139, 143-147		✓
403-8	Workers covered by an occupational health and safety management system	46-47		✓
403-9	Work-related injuries	43-45, 48		✓
403-10	Work-related ill health	46		✓

<b>CLIMATE STRATEGY</b> (Section of Law 11/2018: Disclosures on environmental matters)				
<b>GRI 103: Management Approach 2016</b>				
103-1	Explanation of the material topic and its boundary	165-166	<ul style="list-style-type: none"> <li>• Within and outside the organization</li> <li>• The organization contributes to the impact directly</li> </ul>	✓
103-2	The management approach and its components	49-55		✓
103-3	Evaluation of the management approach	49		✓
<b>GRI 302: Energy 2016</b>				
302-1	Energy consumption within the organization	59		✓
302-2	Energy consumption outside the organization	60		✓
302-3	Energy intensity	59		✓
302-4	Reduction of energy consumption	56-57		✓
302-5	Reductions in energy requirements of products and services	56-57		✓
<b>GRI 305: Emissions 2016</b>				
305-1	Direct (Scope 1) GHG emissions	56		✓
305-2	Energy indirect (Scope 2) GHG emissions	56		✓
305-3	Other indirect (Scope 3) GHG emissions	57		✓
305-4	GHG emissions intensity	57		✓
305-5	Reduction of GHG emissions	56-57		✓
305-6	Emissions of ozone-depleting substances (ODS)		Not applicable: ACCIONA does not use ozone-depleting gases in its facilities.	✓
305-7	Nitrogen oxides (NOX), sulphur oxides (SOX) and other significant air emissions	58		✓
<b>ENVIRONMENTAL MANAGEMENT AND BIODIVERSITY</b> (Section of Law 11/2018: Disclosures on environmental matters)				
<b>GRI 103: Management Approach 2016</b>				
103-1	Explanation of the material topic and its boundary	165-166	<ul style="list-style-type: none"> <li>• Within and outside the organization</li> <li>• The organization contributes to the impact directly</li> </ul>	✓
103-2	The management approach and its components	61-64, 67-71		✓
103-3	Evaluation of the management approach	61		✓
<b>GRI 304: Biodiversity 2016</b>				
304-1	Operational sites owned, leased, managed in or adjacent to, protected areas or areas of high biodiversity value outside protected areas	70		✓
304-2	Significant impacts of activities, products and services on biodiversity	70		✓
304-3	Habitats protected or restored	71		✓
304-4	IUCN Red List species and national conservation list species with habitats in areas affected by operations	70-71		✓

<b>WATER USAGE</b>				
<b>(GRI 303: Water and Effluents 2018)</b>				
<b>GRI 103: Management Approach 2016</b>				
103-1	Explanation of the material topic and its boundary	165-166	<ul style="list-style-type: none"> <li>• Within and outside the organization</li> <li>• The organization contributes to the impact directly</li> </ul>	✓
103-2	The management approach and its components	64-67		✓
103-3	Evaluation of the management approach	61		✓
<b>GRI 303: Water and Effluents 2018</b>				
303-1	Interactions with water as a shared resource	64-66, 153-154		✓
303-2	Management of water discharge-related impacts	64-65, 67, 71		✓
303-3	Water withdrawal	65-66, 178-179		✓
303-4	Water discharge	65-66, 178-179		✓
303-5	Water consumption	65-66, 178-179		✓
<b>WASTE AND THE CIRCULAR ECONOMY</b>				
<b>(Section of Law 11/2018: Disclosures on environmental matters)</b>				
<b>GRI 103: Management Approach 2016</b>				
103-1	Explanation of the material topic and its boundary	165-166	<ul style="list-style-type: none"> <li>• Within and outside the organization</li> <li>• The organization contributes to the impact directly</li> </ul>	✓
103-2	The management approach and its components	71-73		✓
103-3	Evaluation of the management approach	61		✓
<b>GRI 306: Effluents and Waste 2016</b>				
306-1	Water discharge by quality and destination	65-66, 178-179		✓
306-2	Waste by type and disposal method	72-73		✓
306-3	Significant spills	64		✓
306-4	Transport of hazardous waste	72-73		✓
306-5	Water bodies affected by water discharges and/or runoff	71		✓
<b>GRI 301: Materials 2016</b>				
301-1	Materials used by weight or volume	73, 152		✓
301-2	Recycled input materials used	73, 152		✓
301-3	Reclaimed products and their packaging materials	73, 152		✓
<b>INNOVATION AND DIGITAL TRANSFORMATION</b>				
<b>GRI 103: Management Approach 2016</b>				
103-1	Explanation of the material topic and its boundary	165-166	<ul style="list-style-type: none"> <li>• Within and outside the organization</li> <li>• The organization contributes to the impact directly</li> </ul>	✓
103-2	The management approach and its components	74-78, 130-131, 147-148		✓
103-3	Evaluation of the management approach	74		✓



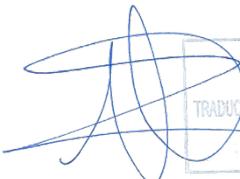
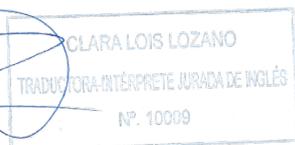
QUALITY, SAFETY AND CUSTOMER SATISFACTION <sup>1</sup>				
(Section of Law 11/2018: Consumers)				
<b>GRI 103: Management Approach 2016</b>				
103-1	Explanation of the material topic and its boundary	165-166	<ul style="list-style-type: none"> <li>• Within and outside the organization</li> <li>• The organization contributes to the impact directly</li> </ul>	✓
103-2	The management approach and its components	79-84		✓
103-3	Evaluation of the management approach	79		✓
<b>GRI 416: Customer Health and Safety 2016</b>				
416-1	Assessment of the health and safety impacts of product and service categories	83-84, 134-136, 148-150, 158, 160, 163		✓
416-2	Incidents of non-compliance concerning the health and safety impacts of products and services		In 2019, a total of 55 non-compliances (1.8% of the samples taken) were received in relation to certain water quality parameters in connection with the water treatment services of the Besós Consortium (Barcelona). A report was prepared for each non-compliance, pending the final decision of the Consortium. In the rest of ACCIONA's businesses, there is no evidence of any breach of regulations or voluntary codes relating to impacts on the health and safety of customers, consumers or users.	✓
<b>GRI 417: Marketing and Labelling 2016</b>				
417-1	Requirements for product and service information and labelling	84		✓
417-2	Incidents of non-compliance concerning product and service information and labelling		In 2019, a breach of product information and labelling regulations was detected in the United States (the alcohol content on the label was outside the tolerances allowed by US law), which led to the labels being changed. There was no fine or warning.	✓
417-3	Incidents of non-compliance concerning marketing communications		No notices were received in 2019 of incidents of non-compliance concerning voluntary marketing and communication codes or standards.	✓
<b>GRI 418: Customer Privacy 2016</b>				
418-1	Substantiated complaints concerning breaches of customer privacy and losses of customer data		In 2019, ACCIONA received only one complaint related to customer privacy: a user of the motosharing service filed a privacy complaint with the Spanish Data Protection Agency. This case was closed without any consequences for the company.	✓
<b>GRI 419: Socioeconomic Compliance 2016</b>				
419-1	Non-compliance with laws and regulations in the social and economic area		The company is not aware of any fines or penalties for non-compliance with social and economic laws or regulations. Furthermore, the products, projects and services provided by ACCIONA are not prohibited in any of the markets where it operates.	✓

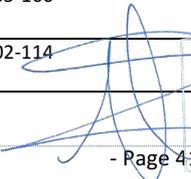


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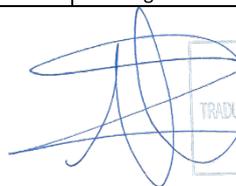


<b>LOCAL COMMUNITIES</b>				
<b>(Section of Law 11/2018: Company's commitment to sustainable development)</b>				
<b>GRI 103: Management Approach 2016</b>				
103-1	Explanation of the material topic and its boundary	165-166	<ul style="list-style-type: none"> <li>• Within the organization</li> <li>• The organization is linked to the impact through its business relationships</li> </ul>	✓
103-2	The management approach and its components	85-88		✓
103-3	Evaluation of the management approach	85		✓
<b>GRI 203: Indirect Economic Impacts 2016</b>				
203-1	Infrastructure investments and services supported	88-89		✓
203-2	Significant indirect economic impacts	88		✓
<b>GRI 204: Procurement Practices 2016</b>				
204-1	Proportion of spending on local suppliers	104		✓
<b>GRI 413: Local Communities 2016</b>				
413-1	Operations with local community engagement, impact assessments and development programmes	85-87		✓
413-2	Operations with significant actual and potential negative impacts on local communities	85-87		✓
<b>HUMAN RIGHTS</b>				
<b>(Section of Law 11/2018: Disclosures on respect for human rights)</b>				
<b>GRI 103: Management Approach 2016</b>				
103-1	Explanation of the material topic and its boundary	165-166	<ul style="list-style-type: none"> <li>• Within and outside the organization</li> <li>• The organization contributes to the impact directly</li> </ul>	✓
103-2	The management approach and its components	99-101		✓
103-3	Evaluation of the management approach	99		✓
<b>GRI 406: Non-discrimination 2016</b>				

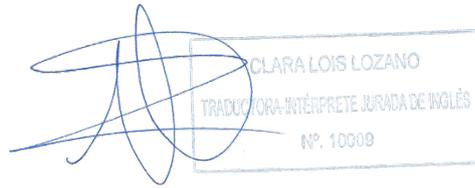



406-1	Incidents of discrimination and corrective actions taken		The Ethical Channel received 5 complaints of discrimination, 14 of work harassment and 4 of sexual harassment. All complaints were processed. In two of the discrimination complaints, the investigator confirmed that there were well-founded indications that the alleged perpetrators had abused their management and control powers. Steps were taken to ensure the rotation of all employees working for the service in question under equal conditions along with regular supervision by middle managers or corporate staff not associated with the service in question. With regard to work harassment, in most of those cases no such harassment was accredited. However, the measures proposed by the investigator have been adopted. These included training courses, team meetings to encourage respect, awareness-raising plans and management changes. When allegations of sexual harassment have proven to be true, the perpetrator was removed from the company, support was provided to the victim and training and awareness courses in interpersonal relations were offered to employees.	✓
<b>GRI 407: Freedom of association and collective bargaining 2016</b>				
407-1	Operations and suppliers in which the right to freedom of association and collective bargaining may be at risk	42, 99-101, 106-107, 111-112		✓
<b>GRI 408: Child labour 2016</b>				
408-1	Operations with suppliers at significant risks for incidents of child labour	24-26, 99-101, 107-111		✓
<b>GRI 409: Forced or compulsory labour 2016</b>				
409-1	Operations and suppliers at significant risk for incidents of forced or compulsory labour cases	24-26, 99-101, 107-111		✓
<b>GRI 410: Security practices 2016</b>				
410-1	Security personnel training in human rights policies and procedures	124-126, 99-101		✓
<b>GRI 412: Human rights assessment 2016</b>				
412-1	Operations that have been subject to human rights reviews or impact assessment	24-26, 99-101, 107-111		✓
412-2	Employee training in human rights policies and procedures	101		✓
412-3	Significant investment agreements and contracts that include human rights clauses or that underwent human rights screening	99-101, 107		✓
<b>SUSTAINABLE SUPPLY CHAIN</b>				
<b>(Section of Law 11/2018: Subcontracting and suppliers)</b>				
<b>GRI 103: Management Approach 2016</b>				
103-1	Explanation of the material topic and its boundary	165-166	<ul style="list-style-type: none"> <li>• Within and outside the organization</li> <li>• The organization is linked to the impact through its business relationships</li> </ul>	✓
103-2	The management approach and its components	102-114	 	✓

103-3	Evaluation of the management approach	102		✓
<b>GRI 308: Supplier environmental assessment 2016</b>				
308-1	New suppliers that were screened using environmental criteria	105-111		✓
308-2	Negative environmental impacts in the supply chain and actions taken	105-111		✓
<b>GRI 414: Supplier social assessment 2016</b>				
414-1	New suppliers that were screened using social criteria	105-111		✓
414-2	Negative social impacts in the supply chain and actions taken	105-111		✓
<b>ETHICS AND ANTI-CORRUPTION</b> (Section of Law 11/2018: Disclosures regarding the fight against corruption, bribery and tax disclosures)				
<b>GRI 103: Management Approach 2016</b>				
103-1	Explanation of the material topic and its boundary	165-166	<ul style="list-style-type: none"> <li>• Within and outside the organization</li> <li>• The organization contributes to the impact directly</li> </ul>	✓
103-2	The management approach and its components	122-127		✓
103-3	Evaluation of the management approach	122		✓
<b>GRI 205: Anti-corruption 2016</b>				
205-1	Operations assessed for risks related to corruption	122-127		✓
205-2	Communication and training about anti-corruption policies and procedures	125-126		✓
205-3	Confirmed incidents of corruption and actions taken		<p>The World Bank fined Ingeniería Especializada de Obra Civil, a group company, barring it from participating in projects financed by the Bank and other multilateral entities for 28 months. The fine was due to fraudulent practices and corruption carried at the Bolivian branch between 2012 and 2013. The agreement signed with the Bank recognizes the company's extensive cooperation and the corrective actions that were taken voluntarily. These actions included independent internal investigations, voluntary restrictions on tendering for new projects financed by the World Bank, and internal action against responsible employees.</p> <p>In recent years, there have been several investigations into cost overruns, settlements and claims arising from public contracts involving group employees. In some cases, they have been closed or are pending, while others are still under investigation or at an intermediate stage. In all cases, there are technical reports that support the correctness of the actions of the employees of the company that has been accused or is under investigation.</p>	✓


  
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GRI 206: Anti-competitive behaviour 2016				
206-1	Legal actions for anti-competitive behaviour, anti-trust, and monopoly practices		See footnote <sup>25</sup>	✓
GRI 201: Economic performance 2016				
201-1	Direct economic value generated and distributed	Consolidated Financial Statements 2019 (p. 5) 8, 15, 31, 92, 116		✓
201-2	Financial implications and other risks and opportunities due to climate change	53-55		✓
201-3	Defined benefit plan obligations and other retirement plans	Consolidated Financial Statements 2019 (Note 4.2.M)		✓
201-4	Financial assistance received from government	116		✓



<sup>25</sup> CNMC:

The Comisión Nacional de los Mercados y de la Competencia (CNMC) has asked ACCIONA Construcción, S.A. to provide certain information and data in relation to possible anti-competitive practices in the market for comprehensive maintenance of state roads to determine if there was bid-rigging in relation to tenders put out by the Ministry of Development. This request for information was made as a preliminary step prior to the initiation of disciplinary proceedings and was answered by informing the CNMC that the company in charge of road maintenance tenders and works is ACCIONA Mantenimiento e Infraestructuras S.A. and not ACCIONA Construcción, S.A. Other maintenance companies received similar requests. ACCIONA is confident that once the non-existence of the anti-competitive conduct described by the CNMC has been demonstrated, the case will be closed. Pending a decision to dismiss the case or bring proceedings.

G-7: Note on CNMC disciplinary proceedings against the seven leading Spanish construction companies:

On 11 October 2018, the CNMC agreed to open disciplinary proceedings against the seven leading Spanish construction companies, including ACCIONA Construcción. Based on the documentation gathered during its inspections, the CNMC deduced that these companies had engaged in anticompetitive conduct consisting of "agreements and exchanges of information between those undertakings with the object and/or effect of restricting competition, in the field of tenders issued by the various public authorities in Spain, for the construction and refurbishment of infrastructure and buildings. These agreements and exchanges would have had a particular impact on the preparation of their technical bids for these tenders and would have been implemented, among other things, by setting up a stable and formal group made up of the companies involved, called the G7, in which they decided on a weekly basis whether to bid jointly on the various parcels of the technical bids for the abovementioned public tenders".

It is the Company's understanding that such conduct, i.e., the joint procurement of technical, geotechnical and/or environmental reports in relation to joint tenders for public works, the sole purpose of which is to save on bid preparation costs, in no way constitutes anticompetitive conduct. The CNMC has initiated disciplinary proceedings by issuing a Statement of Facts, to which a response was submitted on 17-01-2020. Pending CNMC's Proposed Resolution.

## LAW 11/2018 CONTENT INDEX

Questions addressed by Spanish Law 11/2018 on the disclosure of non-financial and diversity information: material topics for ACCIONA and reporting criteria

		Section of the Sustainability Report	GRI Standards Reporting Criteria	Pages of the Report <sup>26</sup>
<b>General Topics</b>				
<b>Business Model</b>	Brief description of the Group's business model	The First Company of a New Sector	GRI 102-2 GRI 102-7	8-9
	Markets where it operates	The First Company of a New Sector	GRI 102-3 GRI 102-4 GRI 102-6	12-15
	Organizational objectives and strategies	The First Company of a New Sector	GRI 102-14	9-12
	Key factors and trends that could affect the future outlook	The First Company of a New Sector	GRI 102-14 GRI 102-15	7
<b>General</b>	Reporting framework	About this Report	GRI 102-54	169-170
<b>Management Approach</b>	Description of applied policies	Degree of fulfilment of commitments	GRI 103-2	19-20, 27
	Results of these policies	Degree of fulfilment of commitments	GRI 103-2	20-24
	Risks related to the aspects linked to the group's activities	Degree of fulfilment of commitments	GRI 102-15	24-27
<b>Environmental matters</b>				
<b>Environmental Management</b>	Current and foreseeable effects of the company's activities on the environment and, where applicable, on health and safety	Environmental impact	GRI 102-15	61
	Environmental assessment or certification procedures	Environmental impact	GRI 103-2	63-64
	Resources dedicated to the prevention of environmental risks	Environmental impact	GRI 103-2	62
	Application of the precautionary principle	Environmental impact	GRI 102-11	61
	Number of provisions and guarantees for environmental risks	Environmental impact	GRI 103-2	73
<b>Pollution</b>	Measures to prevent, reduce or repair carbon emissions (includes noise and light pollution)	Risks and opportunities of the climate emergency	GRI 102-46	56-58
<b>Circular economy and waste prevention and management</b>	Measures for prevention, recycling, reuse, other forms of recovery and disposal	Environmental impact	GRI 103-2 GRI 306-2	71-72
	Actions to combat food waste	Environmental impact	GRI 103-2 GRI 306-2	See note <sup>27</sup>
<b>Sustainable use of resources</b>	Water usage and water supply according to local constraints	Environmental impact and Annex of itemized indicators	GRI 303-5 (version 2018)	64-67, 178-179
	Consumption of raw materials and measures taken for more efficient use	Environmental impact	GRI 102-46	71-73
	Direct and indirect energy consumption	Risks and opportunities of the climate emergency	GRI 302-1	59-60
	Measures taken to improve energy efficiency	Risks and opportunities of the climate emergency	GRI 103-2 GRI 302-4	56-58
	Use of renewable energies	Risks and opportunities of the climate emergency	GRI 302-1	58-59

<sup>26</sup> The column titled "Pages of the Report" refers to the page numbers of the Report shown in red in the upper margin. It does not refer to the pagination of the Directors' Report in the lower margin.

<sup>27</sup> Due to the nature of ACCIONA's business and based on the materiality study, the information on "food waste" is not considered relevant to this report.

CLARA LOIS LOZANO  
TRANSCRIPTA E INTERPRETE JURADA DE INGLÉS  
N.º 10089

		Section of the Sustainability Report	GRI Standards Reporting Criteria	Pages of the Report <sup>26</sup>
Climate change	Important elements of greenhouse gas emissions generated as a result of the company's activities	Risks and opportunities of the climate emergency	GRI 305-1 GRI 305-2 GRI 305-3	49-53, 56-57
	Measures taken to adapt to the consequences of climate change	Risks and opportunities of the climate emergency	GRI 103-2 TCFD and NBG <sup>28</sup>	53-55
	Voluntary medium and long-term reduction targets set to reduce greenhouse gas emissions and the measures implemented to that end	Risks and opportunities of the climate emergency	GRI 305-4 GRI 305-5	51-52
Protecting biodiversity	Steps taken to preserve or restore biodiversity	Environmental impact	GRI 102-46	67-69, 71
	Impacts caused by activities or operations in protected areas	Environmental impact	GRI 102-46	70-71
<b>Social and personnel-related questions</b>				
Employment	Total number and breakdown of employees by country, gender, age, and professional category	People and Annex of Itemized Indicators	GRI 102-8 GRI 405-1	31, 171-173
	Total number and breakdown of types of employment contracts	Annex of Itemized Indicators	GRI 102-8	171-173
	Average by type of contract (indefinite, temporary and part-time) and by gender, age and professional category	Annex of Itemized Indicators	GRI 102-9	171-173
	Number of terminations by gender, age and professional category	Annex of Itemized Indicators	GRI 103-2	174
	Wage gap	People and Annex of Itemized Indicators	GRI 103-2 GRI 405-2	37-38, 176
	Disaggregated average salaries and their evolution by gender, age, professional category or equal value	People and Annex of Itemized Indicators	GRI 103-2 GRI 405-2	37, 40-41, 176
	The average compensation of directors and officers, including bonuses, allowances, indemnities, contributions to life insurance and pension plans, disaggregated by gender	Annex of Itemized Indicators	GRI 103-2 GRI 405-2	176
	Implementation of workplace disconnection policies	People	GRI 103-2	38-39
	Employees with disabilities	People	GRI 405-1	41
Organization of work	Working hours organisation	People	GRI 103-1	38-39
	Hours of absenteeism	People	GRI 403-9 (2018 version)	44-45
	Measures intended to promote work-life balance and co-responsible parenting by both parents	People and Annex of Itemized Indicators	GRI 401-2	38-39, 175
Health and safety	Health and safety conditions in the workplace	People	GRI 403-1 GRI 403-2 GRI 403-3 GRI 403-7 (2018 version)	43-48
	Workplace accidents, in particular frequency and severity, disaggregated by gender	People	GRI 403-9 GRI 403-10 (2018 version)	43-45, 48
	Occupational diseases, disaggregated by gender	People	GRI 403-9 GRI 403-10 (2018 version)	46
Labour relations	Dialogue in the workplace, including procedures to inform, consult and negotiate with employees.	People	GRI 103-1	42-43, 47
	Percentage of employees covered under collective bargaining agreement, by country;	People	GRI 102-40	42
	The balance of collective bargaining agreements, particularly in the areas of occupational health and safety.	People	GRI 403-3	43, 47
Training	Training policies implemented	People	GRI 103-2 GRI 404-2	33-35

<sup>28</sup> TCFD and NBG: The information on climate change included in the report is consistent in all material aspects with the recommendations made in June 2017 by the "Task Force on Climate Financial Disclosures" (TCFD) and the non-binding guide (NBG) for reporting climate information of the European Commission: "Guidelines on non-financial reporting: Supplement on climate-related information".



		Section of the Sustainability Report	GRI Standards Reporting Criteria	Pages of the Report <sup>26</sup>
	Total hours of training per professional category	People and Annex of Itemized Indicators	GRI 404-1	34, 175
<b>Accessibility</b>	Universal accessibility for people with disabilities	People	GRI 103-2	39-41
<b>Equality</b>	Measures taken to promote equal treatment and opportunities for women and men	People	GRI 103-2	40
	Equality plans (Chapter III of Organic Law 3/2007, of 22 March on effective equality of women and men)	People	GRI 103-2	40
	Measures adopted to promote employment, protocols against sexual and gender-based harassment, integration and universal accessibility for persons with disabilities	People and Ethics and anti-corruption	GRI 103-3	39-42, 124
	The policy against all types of discrimination and, where appropriate, diversity management.	People	GRI 103-4	39-40
<b>Information on respect for human rights</b>				
<b>Human rights</b>	Application of due diligence procedures in the area of human rights, preventing the risk of human rights violations and measures to mitigate, manage and repair possible abuses	Respect for human rights and Supply chain	GRI 102-16 GRI 102-17 GRI 412-1	99-101, 107
	Human rights violations reported	Respect for human rights	GRI 103-2 GRI 406-1	101
	Promotion of and compliance with the provisions of the fundamental conventions of the International Labour Organization regarding freedom of association and the right to collective bargaining, the elimination of job discrimination, the elimination of forced labour and the effective abolition of child labour.	People, Respect for human rights, Supply chain, Ethics and anti-corruption and GRI content index	GRI 103-2 GRI 406-1 GRI 407-1 GRI 408-1 GRI 409-1	42-43, 99-101, 107, 124, 190
<b>Disclosures on the fight against corruption and bribery</b>				
<b>Corruption and bribery</b>	Measures taken to combat corruption and bribery	Ethics and anti-corruption	GRI 103-2 GRI 102-16 GRI 102-17 GRI 205-2	122-127
	Measures for the prevention of money laundering	Ethics and anti-corruption and GRI content index	GRI 103-2 GRI 102-16 GRI 102-17 GRI 205-2	122-124, 127, 192
	Contributions to foundations and non-profit organizations	Ethics and anti-corruption	GRI 102-13 GRI 201-1	126
<b>Information about the society</b>				
<b>The company's commitment to sustainable development</b>	The impact of the company's operations on local employment and development	Social impact, the Energy Business and the Infrastructure Business	GRI 103-2 GRI 203-2	85-89, 131-134, 154-156
	The impact of the company's operations on local resident and the territory	Social impact, The Energy Business and The Infrastructure Business	GRI 413-1 GRI 413-2	85-89, 131-134, 154-156
	Relations with key members of local communities and modes of dialogue with them	Social impact	GRI 102-43 GRI 413-1	86-87, 95-96
	Partnership and sponsorships actions	Social impact	GRI 103-2 GRI 201-1	88-94
<b>Subcontracting and suppliers</b>	Inclusion of social, gender equality and environmental issues in the procurement policy	Supply chain	GRI 103-2	102-114
	Consideration of social and environmental responsibility relations with suppliers and subcontractors	Supply chain	GRI 102-9 GRI 308-1	102-114
	Supervision systems and audits and their results.	Supply chain	GRI 102-9 GRI 308-2	109-112
<b>Consumers</b>	Measures to promote consumer health and safety	Customers	GRI 103-2	83-84
	Complaint procedures, complaints received and complaint resolution.	Customers	GRI 103-2 GRI 418-1	80-83
<b>Tax information</b>	Profits earned country-by-country.	Tax information	GRI 201-1	115-116
	Corporate income tax paid	Tax information	GRI 201-1	115-116
	Public grants received	Tax information	GRI 201-4	115-116



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28046 Madrid

## **Independent Assurance Report on the Sustainability Report of ACCIONA, S.A. and subsidiaries for 2019**

((Free translation from the original in Spanish.  
In the event of discrepancy, the Spanish language version prevails.))

To the Shareholders of ACCIONA, S.A.:

In accordance with our engagement letter dated November 2019, we have reviewed the 2019 Sustainability Report of ACCIONA, S.A. (hereinafter the Parent) and subsidiaries (hereinafter the Group) for the year ended 31 December 2019 (hereinafter the Report).

### **Scope of our review**

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The scope of our review of the contents of the Report is as follows:

- a. We have performed a reasonable assurance review of the preparation and disclosure of the indicators included in the Report related to GRI 102-8, GRI 102-41, GRI 202-1, GRI 202-2, GRI 204-1, GRI 302-1, GRI 304-1, GRI 305-1, GRI 305-2, GRI 305-4, GRI 305-7, GRI 401-1, GRI 401-3, GRI 403-1, GRI 403-4, GRI 404-1, GRI 404-2, GRI 404-3, GRI 405-1, GRI 405-2, GRI 410-1, and GRI 412-2, and of the quantitative information derived from these indicators regarding the degree of compliance with the objectives of the 2020 Sustainability Master Plan (hereinafter PDS 2020) and the qualitative information regarding the degree of compliance with the objectives of PDS 2020, in accordance with the Comprehensive option of the Sustainability Reporting Standards of the Global Reporting Initiative (hereinafter the GRI Standards).
- b. We have conducted a limited assurance review of the preparation and disclosure of the remaining GRI indicators in the Report, which are not included in the list in the preceding point, and which are described in detail in the "GRI Content Index" of the Report, in accordance with the GRI Standards.
- c. Furthermore, pursuant to article 49 of the Spanish Code of Commerce, we have conducted a limited assurance review of the Consolidated Non-Financial Information Statement (hereinafter NFIS) of the Group for the year ended 31 December 2019, included in the Report, which in turn forms part of the Group's 2019 Consolidated Directors' Report.

The Report includes additional information to that required under the GRI Standards: Comprehensive option and under current commercial legislation on non-financial information, which we have not reviewed. Our work was limited exclusively to a review of the information identified in the "GRI Content Index" and "Law 11/2018 Content Index" tables included in this Report.



## **Responsibility of the directors and management of the Parent**

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Management of the Parent is responsible for the preparation and presentation of the Report in accordance with the GRI Standards: Comprehensive option, as mentioned for each topic included in the "GRI Content Index" table of the Report.

The directors of the Parent are responsible for the preparation and disclosures of the NFIS included in the Report. The NFIS has been prepared in accordance with current commercial legislation and with the criteria of the GRI Standards selected and the recommendations of the Task Force on Climate Financial Disclosures (hereinafter the TCFD) published by the Financial Stability Board in June 2017 for reporting on climate change, as indicated for each topic in the "Law 11/2018 Content Index" table of the aforementioned Report.

This responsibility also encompasses the design, implementation and maintenance of internal control deemed necessary to ensure that the Report is free from material misstatement, whether due to fraud or error.

The Parent's directors are also responsible for defining, implementing, adapting and maintaining the management system through which they obtain the necessary information to prepare the Report.

## **Our independence and quality control**

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We have complied with the independence and other ethical requirements of the Code of Ethics for Professional Accountants issued by the International Ethics Standards Board for Accountants (IESBA), which is founded on fundamental principles of integrity, objectivity, professional competence and due care, confidentiality and professional behaviour.

Our firm 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.

## **Our responsibility**

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Our responsibility is to carry out a review of the Report prepared by ACCIONA, S.A. and to express a conclusion on the basis of the work performed, within the different scopes determined in the section on "Scope of our review" in this Report.

We conducted our review engagement in accordance with the current Revised International Standard on Assurance Engagements 3000, "Assurance Engagements Other than Audits or Reviews of Historical Financial Information" (Revised ISAE 3000), issued by the International Auditing and Assurance Standards Board (IAASB) of the International Federation of Accountants (IFAC), and with the guidelines for assurance engagements on the Non-Financial Information Statement issued by the Spanish Institute of Registered Auditors (ICJCE).



### Reasonable assurance review of GRI indicators

The Reviewed ISAE 3000 requires that we plan and perform our procedures to obtain reasonable assurance about whether the indicators described in point a) of the “Scope of our review” section of this Report have been prepared and disclosed, in all material respects, in accordance with the GRI Standards.

Our reasonable assurance review is subject to our professional judgement and includes an assessment of the risks arising from material misstatement of these indicators, whether due to fraud or error.

In making these risk assessments, we have considered internal control relevant to the preparation and disclosure of the indicators with reasonable assurance, in order to design appropriate review procedures, but not to reach a conclusion on the effectiveness of the Group’s internal control over the preparation and presentation of the Report.

Our engagement included an assessment of compliance of the indicators with the criteria of the GRI Standards, gaining an understanding of the procurement of financial and non-financial information from its source, evaluating the reasonableness of the estimates drawn up by the Group and recalculating the indicators subject to a reasonable assurance review.

Reasonable assurance is less than total assurance.

### Limited assurance review of information

The Revised ISAE 3000 requires that we plan and perform our procedures so as to obtain limited assurance on whether:

- the indicators described in point b) of the section on “Scope of our review” of this Report have been prepared and presented, in all material respects, in accordance with the GRI Standards.
- the NFIS referred to in point c) of the section on “Scope of our review” of this Report has been prepared, in all material respects, in accordance with current commercial legislation, the criteria of the chosen GRI Standards and the TCFD’s recommendations for reporting on climate change.

The procedures selected depend on our knowledge of the various types of information included in the Report and other circumstances of the engagement, and our assessment of the areas in which material misstatements are likely to arise.

The procedures performed in a limited assurance engagement are different, owing to their nature and timing, from those used in a reasonable assurance engagement, and their scope is less. Consequently, the level of assurance obtained in a limited assurance engagement is substantially less than that which would have been obtained in a reasonable assurance engagement.

Our work on the information for limited assurance consisted of making enquiries of management and of the different units and areas in charge of the Group that participated in the preparation of the Report, reviewing the processes for compiling and validating the information presented in the Report, and applying certain analytical procedures and sample review tests, which are described below:

- Meetings with personnel of the Parent to gain an understanding of the business model, policies and management approaches applied, and the principal risks related to these matters, and to ascertain the existence of a sustainability strategy and policies to address risks and their application at all levels within ACCIONA, thereby obtaining the information necessary for the external review.

- Analysis of the scope, relevance and completeness of the content of the Report based on the materiality analysis performed by the Parent and described in the “Analysis of materiality” section, considering the content required by prevailing commercial legislation.
- Analysis of risks, including a search of media sources to identify material issues during the year covered in the Report.
- Review of information on the risks, policies and management approaches applied in relation to the material aspects presented in the Report for 2019, in accordance with the requirements of the GRI Standards on management approaches, and on the compliance with the recommendations made by the TCFD for reporting on climate change in the presentation of information on management’s approach to climate risks.
- Analysis of the processes for compiling and validating the data presented in the Report for 2019.
- Corroboration, through sample testing, of the information relative to the content of the Report for 2019 and whether it has been adequately compiled based on data provided by the information sources.
- Perusal of the information included in the Report to determine whether it tallies with our general knowledge and experience of ACCIONA’s performance regarding sustainability.
- Contrasting of the financial information reflected in the Report and that included in the 2019 consolidated annual accounts of ACCIONA, audited by independent third parties.
- Review of the reporting process for environmental information from the source through on-site visits and online reviews of ten work centres selected on the basis of a risk analysis and quantitative and qualitative criteria.
- Procurement of a representation letter from the Directors and management.

Our multidisciplinary team included specialists in reviews of financial performance and sustainability.

Under no circumstances may this Report be considered an auditor’s report.

## Conclusions

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Our conclusions are based on and subject to the matters described in this Report.

We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our conclusions.

### Conclusion of our reasonable assurance review of GRI indicators

In our opinion, the indicators included in the Report under the following denominations: GRI 102-8, GRI 102-41, GRI 202-1, GRI 202-2, GRI 204-1, GRI 302-1, GRI 304-1, GRI 305-1, GRI 305-2, GRI 305-4, GRI 305-7, GRI 401-1, GRI 401-3, GRI 403-1, GRI 403-4, GRI 404-1, GRI 404-2, GRI 404-3, GRI 405-1, GRI 405-2, GRI 410-1, and GRI 412-2, the quantitative information derived from these indicators regarding the degree of compliance with the objectives of the Sustainability Master Plan, and the qualitative information regarding the degree of compliance with the objectives of the Sustainability Master Plan, have been prepared and presented, in all material respects, in accordance with the GRI Standards, as described in point 102.54 of the “GRI Content Index” table of the Report.



### Conclusion of our limited assurance review of information

Based on the procedures performed and the evidence obtained, no matters have come to light that lead us to believe that:

- the indicators described in point b) of the section on “Scope of our review” and the “GRI Content Index” table of the Report have not been prepared and presented, in all material respects, in accordance with the GRI Standards: Comprehensive option, as described in point 102-54 of the GRI Content Index.
- the NFIS of ACCIONA, S.A. and subsidiaries for the year ended 31 December 2019 has not been prepared, in all material respects, in accordance with current commercial legislation and with the criteria of the GRI Standards selected and the TCFD’s recommendations for reporting on climate change, as indicated for each topic in the “GRI Content Index” table of the Report.

In a separate document, we will provide ACCIONA’s management with an internal report setting out our findings and the areas with scope for improvement.

### Use and distribution

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In accordance with the terms and conditions of our engagement letter, this Report has been prepared for ACCIONA, S.A. in relation to its 2019 Sustainability Report and should therefore not be used for any other purpose or used in any other context.

This Report on the Consolidated NFIS has been prepared in response to the requirement established in current commercial legislation in Spain, and thus may not be suitable for other purposes and jurisdictions.

KPMG Asesores, S.L.

*(Signed on original in Spanish)*

Patricia Reverter Guillot

27 February 2020

For the purposes of Royal Decree 1362/2007 of 19 October (article 8.1 b), the Directors of Acciona, S.A., now subscribe the following **declaration under their own responsibility**:

To the best of their knowledge, the Consolidated Financial Statements drawn up in accordance with the applicable accounting principles offer a true and fair view of the equity, financial situation and results of the issuer and the companies included in the scope of consolidation taken as a whole, and the Directors' report includes a faithful analysis of the business trend and results and of the position of the issuer and the companies included in the scope of consolidation taken as a whole, together with the description of the main risks and uncertainties faced.

**Formal note** added to state for the record that the Directors of ACCIONA, S.A. are aware of the entire contents of the Financial Statements and the Directors' Report corresponding to the 2019 financial year of Acciona, S.A. and its subsidiaries (Consolidated Group), as submitted to the Board of Directors and duly prepared by the Board at the meeting held on 27 February 2020, printed on 415 sheets, all of them signed by the Secretary and with the corporate Seal affixed and numbered as follows:

Cover Page.....	Page 1
Content.....	Pages 2 and 3
Consolidated Balance Sheet. ....	Page 4
Consolidated Income Statement. ....	Page 5
Consolidated Statement of Comprehensive Income.....	Page 6
Consolidated Statement of Changes in Total Equity.....	Pages 7 and 8
Consolidated Statement of Cash Flows.....	Page 9
Notes to the Consolidated Financial Statements.....	Page 10 to Page 191
Consolidated Directors' Report.....	Page 192 to Page 415

Therefore, in witness of the agreement herewith, this note is signed by all the members of the Board of Directors:

Mr. José Manuel Entrecanales Domecq  
Chairman

Mr. Juan Ignacio Entrecanales Franco  
Vice-Chairman

Mr. Javier Entrecanales Franco  
Member

Mr. Juan Carlos Garay Ibargaray  
Member

Mr. Daniel Entrecanales Domecq  
Member

Ms. Karen Christiana Figueres Olsen  
Member

Mr. Javier Sendagorta Gómez del Campillo  
Member

Mr. José María Pacheco Guardiola  
Member

Mr. Jerónimo Marcos Gerard Rivero  
Member

Ms. Sonia Dulá  
Member

Ms. Ana Sainz de Vicuña Bemberg  
Member

