

Authenticity

Authenticity

Customers

Sustainable transformational

innovation

Governance Transparency

Supply chain

Authenticity, transparency. We pursue a purpose

ACCIONA has deep commitment as an actor in the sustainable transformation of this decade.

KEY MILESTONES 2020	MAIN CHALLENGES 2021
> I'MNOVATION #Startups has held an event in Spain and another one in Chile to attract startups from 20 countries and pilot startups with 7 business units.	> Develop open innovation programmes promoting projects that deal always at least with one of the SDGs.
> Digital innovative technologies implemented that improve processes in the business in collaboration with the Digital Innovation HUB.	> Work with startups and cities in the search for regenerative solutions for citizens.
> Participation in sustainability forums renowned globally such as the World Economic Forum and Global Compact, among others.	> Reinforcement of the responsible sourcing strategy.
> Review and amendment of the Director Selection Policy.	 Adaptation of the Articles of Association and other governing rules to the changes in Draft that will amend the Corporate Enterprises Act.
> Dual UNE 19601 and ISO 37001 certification for Infrastructure and Construction obtained in Spain and ISO 37001 for Water obtained in Italy.	> Launch the process to renew the purpose, principles and promise, as well as the Code of Conduct.
> Gradual implementation and development of the KPIs of the corporate tax function.	> Obtain the UNE 19602 certification in tax compliance management systems for ACCIONA S.A.

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This area of work of the PDS 2025 arises with the ambition to prove that our commitment is authentic and that everyone in the group is aware of it and share it.

The values are recognisable and are present in everything the company does. ACCIONA's people acknowledge in the management trustworthy and reliable people, with values and commitment to the purpose. They are proud to work in the organisation and meet their need to contribute with their dedication and knowledge to improve the life of the people in the environment where they work.

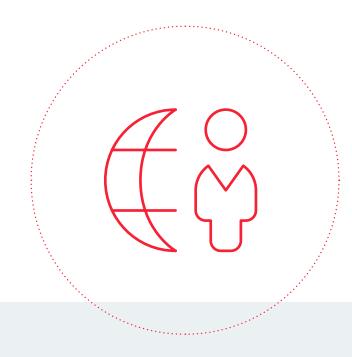
> Transformation leverages



Redefine the purpose, the promise and the principles of the company in a new Code of Conduct that relies on extensive participation as the basis for ACCIONA Way of Doing common to all the business.



Have quality and satisfaction indicators of information for customers, investors, employees and suppliers, verified by independent third parties, that promote annual improvement plans.



03

Extend a common virtual meeting place accessible to all people from ACCIONA and the development of informal networks of practitioners around the company's core commitments.

04

Establish immersion processes in corporate values, especially in onboarding and in inherent rotation businesses.

05

Programme of rules on the position of the company regarding its commitment and defence of more sustainable development models.

Authenticity

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 identifies the main stakeholders and outlines the company's principles for learning about the needs and expectations of its stakeholders. It thus facilitates the generation of shared value and the establishment of long-term relationships.

The relationship with local communities, suppliers and customers is dealt with in the following sections. The communication with the rest of stakeholders appears below.

Employees

The company manages information, collaborative dynamics and dialogue with employees through an internal communication area. The COVID-19 pandemic has required reinforcement of the information on measures of prevention, safety, health and work organisation, this being the topic that has generated the most interest.

In 2020, the interaction with the employees, especially by means of the most effective and preferred channels for the workers, has improved. Direct communications by means of e-mail and newsletters has increased in 88% compared to the previous year, until it reached 1,577 actions.

The global intranet, Interacciona, reached its maximum number of unique users per year with 13,327 people accessing the platform and viewing just over 5.4 million pages and 1,540 pieces of news. The intranet video channel has increased by 453% views. A tool was launched for the employees to share audiovisual content. In total, 118 videos have been generated.

Although in 2020 there was no global engagement survey (as this survey is conducted every two years and the plan is to have the survey in 2021), fourteen other surveys were taken in which around 9,000 employees took part.

As for meeting points, live broadcasts with participation, new digital solutions have been used, which increased by 45% the events up to 32 events held. Again, the topics that generated the most interest were those related to heald and prevention against COVID-19.

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 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. 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.

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.

In 2020, 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.

> 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. 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 Register¹³, where the interests it pursues, who defends them and the related budget are published in a transparent manner.

In 2020, the group's dialogue with the institutions and business associations focused primarily on contributing to public consultation processes and supporting policy development in the following areas:

Actions that apply to the whole group

Basic lines of action	Examples
/	↓
ncentives for non-polluting behaviour activities	 Contribution to the European Commission's public consultation on the EU Green deal and other initiatives, supporting public policies and rules focused on promoting rapid ecological transition.
	> Participating and contributing ideas for the debate on the elaboration process of the Climate Change and Energy Transition Act and implementation rules.
	 Support for measures to implement the national integrated energy and climate plan.
	> Proposals to improve taxation to implement the polluter pays' principle.

 $^{13 \}quad \text{More information at http://ec.europa.eu/transparencyregister/public/consultation/displaylobbyist.} do?id=451019811573-55&indexation=true\&locale=es#es$

Authenticity

To develop these policies, ACCIONA participates in sectorial associations at regional and national levels (e.g. AEE, APPA and UNEF), and also at European (WindEurope and CLG Europe) and international levels (GWEC). The company is an active participant and holds positions of responsibility in their governing bodies.

Action in the energy area

Basic lines Examples of action Development of an energy model > Stable regulatory framework to promote renewable based on increased penetration of renewable energies > Design of an appropriate system of auctions to grant incentives to renewable energies. > Regulation on access and connection of generators to electrical networks according to the national renewable energy goals. > New options enabled for greater integration of renewable energies into the grid and the market (hybridisation, storage, repowering, etc.). Electrification as an indispensable tool > Promotion of sustainable mobility based on electric vehicles with renewable energies. for the transition to a decarbonised economy > Active participation in the development of a methodology for charging, supporting a scheme that encourages electrification and eliminating costs that are not related to electricity. > Proposal for environmental taxation to encourage the consumption of electricity (preferably renewables) as opposed to fossil fuels. > Participation in the development of a road map of hydrogen, supporting renewable hydrogene as a subsidiary vector of direct electrification.

To promote its positions in these areas, the company collaborates with associations such as SEOPAN, in the field of infrastructure; the Business Association for the Development and Promotion of Electric Vehicles, AEDIVE; 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.

Basic lines of action	Examples
Development of regulatory rameworks conducive to green public procurement	 Regulatory proposals aimed at enhancing the consideration of sustainability criteria in public procurement. Recommending incentives to public procurement for electrity supply from renewable energies.
Support for policies that favour energy saving and efficiency	Proposals aimed at providing incentives for the adoption by public entities of energy efficiency and renewable energy measures.
	 Regulatory proposals aimed at facilitating the participation of energy service companies in improving processes with the ob- jective of achieving greater energy efficiency.
Policies to ensure the sustainability of the urban water cycle management sector	Analysis of weaknesses and strengths in the water sector in Spain, and proposals for measures to ensure market unity and improve consumer protection.
	> Proposals for measures aimed at developing new technologies for a more responsible use of this resource.
Promotion of sustainable mobility	> Proposals aiming at facilitating the deployment of electric vehicles with renewable energies.
	> Proposal of measures to contribute to eliminating the barriers to the development of shared electric mobility systems.

Authenticity

Inverstors and analyists

The Investor Relations area is an important channel of communication between the company and the financial community, allowing information to flow both ways. Relevant facts and 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 800 contacts were made with investors and analysts during the year, which included participating in and/or hosting investor conferences, roadshows, reverse roadshows and earnings reports.

It must be highlighted that in 2020, in general, the trend to prioritise ESG criteria investments has increased, therefore, events, analysts and investment criteria related to environmental, social and corporate governance policies of the company have multiplied. In these contacts, ACCIONA has positioned its low-carbon activities designed by the EU. This circumstance represents an opportunity to promote the interest of investors in knowing the company and investing in it.

Media

In 2020 and despite the difficulties arising from the impact of the pandemic, the need to accelerate the decarbonisation process has been a priority in the company's communication. The health, economic and social crisis has made it clear that the fight against climate change is essential for the recovery and an opportunity for ACCIONA's business model.

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.

The company has fulfilled this commitment by means of multidisciplinary analyses and debates in various media outlets. The group addresses in them the challenges and proposals for business, academia, government and politics to move towards a low-carbon economy.

As a result of its efforts to disseminate information, ACCIONA has strengthened its ties with important forms of social media: radio and television. During this year, the company has laid the foundations 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. The company is gradually becoming a model of sustainability, consolidating the image of the company in the countries where it operates.

Other stakeholders: ACCIONA on the social networks

The company has increased this year also its strong position on the social networks as it exceeded 2.9 million interactions and experienced an increase of its community in about 230,000 people, the highest growth among the rival companies analysed.

In a year marked by the pandemic, ACCIONA has adapted its message to the reality to demonstrate how it has contributed, through its business, to mitigate the effects generated by the health and economic crisis. The company has become one of the leading corporations in digital communication in Spain about the coronavirus, according to a report published by the consultancy company Epsilon Technologies.

(GRI 102-43, GRI 102-44)



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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 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)-.

CUSTOMERS

Communications and customer relations

Just as the customers are diverse, so are the communication channels the company uses to seek greater accessibility and agility in the dialogue with them and with other ACCIONA stakeholders.

Communication channels with customers

- > Customer websites, such as the private area for customers in wineries, real estate and Bestinver, or the water platform that offers 360-degree viewing for users.
- > Apps for interaction with customers.
- > Digital media and support. The real estate business established several virtual open days.
- > CRMs, such as the energy sales area, airport and energy services.
- > 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 real estate's student residences.
- > Meetings. Bestinver held one streaming conference for customers in 2020.
- > Personalised managers for the wind projects of the energy business and service managers for waste removal contracts and landscaping businesses.

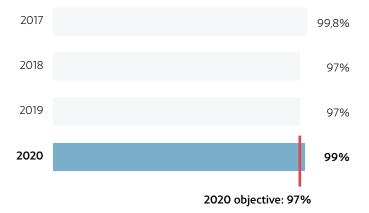
Among the matters discussed in 2020 communications with customers to keep them permanently informed of the protocols of actions for the COVID-19 pandemic and the follow-up and coordination committees set up for this, must be highlighted.

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 starring 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. ACCIONA Cultural Engineering 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 2020, a total of 7,991 surveys were sent out, with a response rate of 49%.

Evolution of satisfied customers



Complaints and claims handling

ACCIONA faces with due diligence the complaints lodged by customers by means of:

- > Specific procedures in all the division to manage complaint, claims and suggestions.
- > Accesible channels for customers to submit their complaints, claims and suggestions in specific areas of the websites, such as Water or Green Energy. Also, computer applications such as the one enabled by Construction to collect complaints related to work or the digital mailboxes of Service in various municipalities.
- > Complaint managers are appointed to evaluate the complaints and claims and coordinate their resolution.
- > 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.
- > The number and measurement of complaints received is recorded annually.
- > The number of complaints that are closed or pending and the time spent on them is measured. Definition of action and/or improvement plans as needed.

The number of B2B complaints decreased to 1,059 and the number of B2C complaints decreased to 0.07 per thousand customers. 88% of the B2B and 79% of B2C complaints were successfully closed.

Customers

Evolution of the claims



Complaint resolution times vary from one ACCIONA business to another, depending on the nature of the business. Across all divisions, more than 90% of complaints were resolved in less than 30 days. For instance, in the urban and environmental services activity the average time is one day and in the case of solar farms, each complaint is immediately resolved, except in some specific circumstances.

More than 90% of the claims have been resolved in less than 30 days

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 facility service in Mexico uses the NPS (Net Promoter Score) indicator which measures the difference between the percentages of detractors and promoters, receiving a score of 68 (excellent). Or Bodegas Palacio, whose level of recommendation was 100%.
- > 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.

More information in the sections "The energy business", "The infrastructure businesses" 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.
- > Specific action protocols for COVID-19 were implemented, including measures for the reinforcement of hygiene and disinfection and availability of means of hygiene for customers.
- > Product quality controls, critical point analysis and safety tests.
- > Regulatory inspections and compliance with applicable laws and international standards.
- > In the plants built by the industrial business HAZOP (hazard and operability) studies are carried out in the design phase, to highlight possible design problems and improve the safety of the installation.
- > 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 guarantee that the work is performed in accordance with the reference international standards established for each sector. 6% 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 Santiago de Chile, in accordance with the regulations of the International Air Transport Association.
 - Food safety: three wineries and several Facility Services locations have food safety management systems that are ISO 22000 certified.

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, equipment and project documentation or joining international programmes that foster responsible consumption, etc.

In accordance with the applicable regulations on labelling, 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 packager, the content of the packaging, alcohol content, allergens and bottle recycling. The company's website also has data sheets for each product, with more in-depth information.

Customers

Furthermore, the energy sold by Green Energy has a certificate issued by the Spanish National Commission on Markets and Competition (CNMC in Spanish) which accredits the 100% renewable origin of the energy; and the water treated by Water 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.

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 aspect, 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.

In 2020, 15,962 hours of process and quality training and awareness-raising were provided with the aim of ensuring that employees have the specific knowledge and skills required to perform their tasks and improve their knowledge of customers.

Certified management systems

All of ACCIONA's divisions have certified management systems based on the most relevant international benchmarks in terms of quality, the environment and customer and user safety.

In 2020, 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; and 100% of the construction activity in several countries (Spain, Chile, Brazil, Mexico, Ecuador, Peru, Canada, etc.). 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.

More information in the sections "The energy business", "The infrastructure businesses" 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 2020 a total of 775 audits were carried out, less than in 2019 owing to the pandemic, of which 607 were internal and 168 external. The vast majority of these audits were carried out according to ISO 9001 and 14001. The company also received 76 audits from its customers. The subsidiary engaged in road maintenance received 32 audits from its customers, all of the public entities. Thanks to the audits improvements were implemented such as the incorporation of GPS equipment in the subcontractors or the future hiring of more advanced weather forecast company.

Improvement groups and lessons learned

In 2020, ACCIONA had 50 improvement groups made up of multidisciplinary teams, directly involving over 700 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: improvement of several processes of supply chain, engineering and construction in the energy business, drafting a wikipedia for the description of all Mobility operational actions, or the use of artificial intelligence to use the knowledge associated with the drafting of proposals in the water business.

The lessons learned are used to document and share the knowledge acquired. In 2020, the company detected, documented and made available to the employees a total of 382 lessons learned.

PERSONAL DATA PROTECTION

ACCIONA is committed to ensuring its subsidiaries and, by extension, all of its value chain, 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. This policy must be complied with by all the organisational units or group companies and entities, as well as their employees, suppliers, shareholders and customers who register or process personal data.

To ensure appropriate personal data protection management the following organisational structure has been established:

- > Data Protection Department. It reports to the Audit Committee, it ensures application and fulfilment of applicable regulations.
- > Personal Data Protection Committee. This body lays down the personal data protection guidelines; defines short-term, medium-term and long-term strategies; ensures appropriate risk management; and leads the personal data protection governance model.
- > Information and Communications Technologies Management. It implements and manages the strategy in the matter and define the measures to guarantee personal data protection.
- > In charge of personal data protection in all the organisational units or companies of ACCIONA.

Breach of the data protection measures by the employees in charge of managing them will be penalised according to the employment breach provisions included in the Workers' Statute or in the specific developments contained in the collective agreements applicable to each company and following the procedures established in them.

ACCIONA has a course on data protection, which must be taken by all the employees of the company in the European Economic Area (EEA). In 2021 training courses on this matter will also be made available to the employees of the other countries outside the EEA as well as communications related to data privacy.

Among the control mechanisms of the supply chain, ACCIONA's suppliers must agree to the self-declaration document. This includes aspects of information security and personal data protection.

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SUSTAINABLE TRANSFORMATIONAL INNOVATION

ACCIONA is committed to innovation in all areas to continuously anticipate future market trends and disruptions, as well as to pursue solutions that can generate new business opportunities in line with commercial objectives.

Therefore, one more year the company has continued to promote R&D&I and encourage open innovation.

As part of the ongoing improvement process, in 2020 the company has worked on a new management platform to speed up the processes and decision-making of the management model developed the previous year.

In 2020 the R&D&i Management System continued to operate in accordance with the guidelines set out in UNE 166002:2014, with monitoring of the activities carried out, through review meetings and management indicators defined on the basis of strategic, operational and monitoring and improvement processes. In addition, work was done on the search and implementation of new processes.

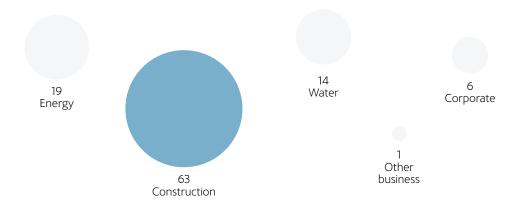
The aim of the Sustainability Master Plan 2025 is to link the innovation strategy to ACCIONA's regeneration. We want to be a reference in the development of new and enhanced business operational solutions, more digital and able to increase the sustainability productivity of the projects.

BUSINESS INNOVATION AND INTERNATIONALISATION

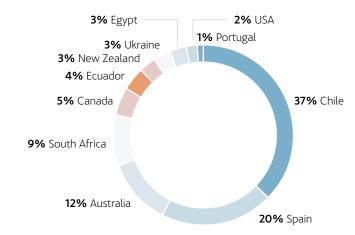
In 2020, ACCIONA reported spending €237 million euros on innovation, 3% more than the previous year. The portfolio of projects for the year totalled 159, 56 of which were research projects and 103 innovation projects.

In its effort to internationalise innovation, in 2020 ACCIONA confirmed 15 projects outside of Spain worth €189.8 million euros, representing 80% of the total innovation figure reported by the company.

Geographical breakdown of the number of innovation projects by business

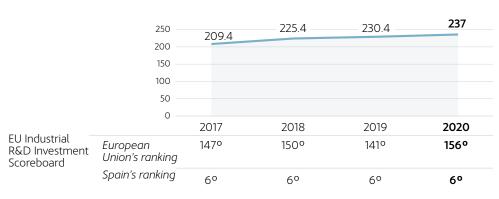


Innovation figures by country (million €)



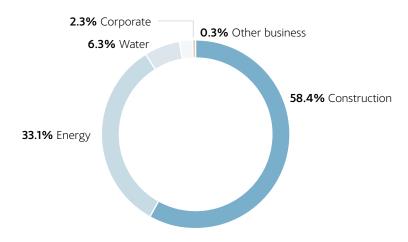
ACCIONA's determination to advance in innovation has enabled the company to stay at the top of the ranking. "The 2020 EU Industrial R&D Investment Scoreboard" report, produced by the European Commission's IRI (Economics of Industrial Research and Innovation), ranks ACCIONA as the sixth Spanish company and the 156th in Europe in terms of R&D&I.

ACCIONA's R&D&I figures



Sustainable transformational innovation

Breakdown by business line



The innovation intensity ratio, obtained by dividing sales by innovation spending is 3.7% in 2020.

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.

Evolution of innovation intensity (%)



ACCIONA reaffirms its leadership in innovation with an innovation intensity of 3.7%, higher than the European average

R&D&I units of research in ACCIONA's core businesses



- > MaxPower
- > Digital Innovation Pilots
- > Wind advanced technologies
- > Advanced technologies in solar PV
- > Storage and hybridisation
- > Hydropower
- > New energy solutions
- > Innovation to sustainability
- > Life extension



Construction

- > Innovate materials
- > Digitalisation
- > Environmental aspects of works

Water **Technologies**

- > Desalination and new technologies
- > Purification and water reuse
- > Purification and water chemistry

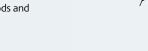
- > Photovoltaic > Biomass
- > Biofuel
- > Hydrogen
- > Waste to Energy
- > Solar thermal



- > Service management applications
 - > Process automation
 - > Less paper
 - > Business intelligence dashboard

> New construction processes > Engineering methods and energy efficiency

> Design with new materials



Sustainable transformational innovation

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 slogan: to do more, better and with less impact in our planet.

ADIH works to ensure that new technologies are integrated into the organisation as a tool for future development, with seven skill centres whose purpose is threefold: to demonstrate, transfer and share technology.

2020 milestones of the Digital Innovation Hub initiative per Skill Centre

- > Large scale 3D Printing: modular, scalable and reusable 3D-printed housing design.
- > **Mixed reality:** implement a complete asset manager with augmented reality in the Gartxeta purification plant which allows immediate access to the information of all the resources of the plant. Also a digital identical twin was created to view the data of the assets and connect to different sources.
- > **Connected Things:** development and implementation of the data architecture of the Citizen control centre.
- > Data Science: construction of a web site as a scorecard for the entire Mobility business.
- > **Robotics & Artificial Intelligence:** development and implementation of a robot for ultraviolet-C disinfection in the service contract for 14 hospitals in Doha (Qatar) and in two workplaces of ACCIONA.
- > **Blockchain** and new technologies: application of the blockchain technology in the processes to take a water sample.
- > **Smart Cities:** launch of the Datacity programme to help reduce energy poverty in Barcelona, in collaboration with the town council of the city.

Open and collaborative innovation

In 2020 in the I'MNOVATION #Startups programme, 14 projects with startups were carried out in response to the challenges defined by the business units and customers. The result of 8 of them was presented at the event in Spain and of the other 6 at the event in Chile. One of them was based on the need identified in the Intrapreneurship programme in 2018 related to the last-mile delivery through mobile minihubs.

The I'MNOVATION #Startups programme seeks to coordinate a model of relationship with the entrepreneurship ecosystem to enable the incorporation of external talent to accelerate the innovation in ACCIONA. The initiative 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 startups on the other. In 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.

Owing to the situation caused by the COVID pandemic, the Open Innovation department worked in two other new lines:

- > Positive Energy Initiative. Together with other energy companies, a reinforcement and support action of the entrepreneurship ecosystem was taken, launching a common initiative to alleviate the impact of the pandemic. The participating companies undertook to activate their available mechanisms to start working in proposals from different startups. ACCIONA activated two proposals.
- > COVID initiative. ACCIONA invited those startups that had participated in its I'MNOVATION programme to present ideas to help fight the pandemic. Two projects of the ideas received were launched.

Also, owing to its continuous support for the entrepreneurship ecosystem, ACCIONA started to collaborate with the LANZADERA growth in 2020. After an identification phase of areas of interest, search for startups and filtering, three pilot projects were activated in the field of mobility and smart cities.

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&I projects: Norwegian Geotechnical Institute, Centro Nacional de Energías Renovables (CENER), Circe, Pontificia Universidad Católica de Chile, Massachusetts Institute of Technology, or the University of Southern Queensland.

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 Spanish Association of Renewable Energies (APPA), among others.

I'MNOVATION #Startups:

14 projects

8 of them were presented at the event in Spain and of the other 6 at the event in Chile

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GOVERNANCE

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 organisation 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.

Government structure at ACCIONA

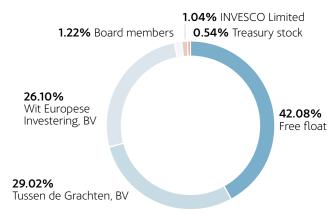


More information in detail of the governing bodies: https://www.acciona.com/shareholders-investors/corporate-governance/board-directors-committees.

Shareholders' and General Shareholders' Meeting

As of the date of this Report, the parent company's share capital was made up of 54,856,653 fully subscribed and paid-up ordinary shares with a par value of €1 each, registered in book entries.

Shareholding as of the date of preparation of this report



The change in the shareholding structure with respect to last year is due to the private placement by La Verdosa, S.L., in December 2020, of 3.85% of the share capital of ACCIONA, S.A. with qualified investors and the sale of 1.75% of the share capital to company shareholders.

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 pursuant to the shareholder agreement communicated to the CNMV (the Spanish National Securities Market Commission) by means of relevant event number 147698, duly registered with the Companies Registry.

ACCIONA has had since 2011, 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 Corporations Law. Proposals for adding to the agenda announced in the notice of the General Shareholders' 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 Shareholders' Meeting held on 28 May 2020, various issues were discussed which included the following: (i) the approval of a gross dividend of €1.925 euros per share, paid on 2 July 2020; (ii) the re-appointment of two Independent Directors; (iii) amendments to the articles of association and regulations of the general meeting of shareholders in order to include the possibility to regulate attendance at the General Meeting of Shareholders via electronic means; (iv) the approval of the Remuneration Policy for directors for 2021, 2022 and 2023; (v) modification of the settlement system of the 2014 Share and Performance Share Delivery Plan; (vi) the approval of a new long-term incentive plan for executive directors; and (vii) the approval of the Non-Financial Information Statement and the Sustainability Report for the 2019 financial year. All resolutions were approved with favourable vote of at least 92.71% of the voting capital in attendance at the Meeting.

Governance

Board of Directors

The Board of Directors is the highest management and representative body, with the exception of certain matters which are reserved for the General Shareholders' Meeting. Composed of a group of professionals with diversity of knowledge, origins, experiences, nationalities and gender, whose aim is to provide real value to the company, working every day from a position of integrity and transparency in the most efficient and effective way.

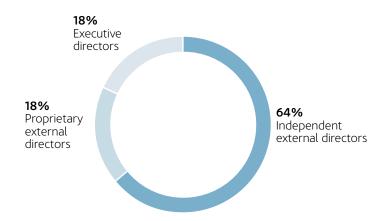
The mission of ACCIONA's Board of Directors is to promote the corporate interest by representing the company and its shareholders by administering its assets, managing its business and overseeing its operations.

In 2020, ACCIONA amended its Board of Directors Composition Policy (formerly, the Director Selection Policy) to adapt it to the modifications introduced in the Corporate Good Governance Code and thus adapt it to the gender diversity objectives contained in the recommendations of the Code.

Board members serve for a three-year term and may be re-elected one or more times. The Board of Directors of ACCIONA comprises eleven members:

- > Nine are external. Of these, seven are independent directors and two are proprietary directors.
- > Two of the eleven members are executive directors.

Composition 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%, although the Board of Directors Composition Policy has been adapted to establish the 40% objective for 2022.

The mission of ACCIONA's Board of Directors is to promote the corporate interest

Board of Directors as at 31 December 2020

Member	Profile	First appointment (year)	Committees of the Board of Directors to which he/she belongs
losé 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 Inés Sainz de Vicuña Bemberg	Independent Director	2015	Audit Committee (Chairwoman)
lerónimo Marcos Gerard Rivero	Independent Director	2014	Appointments and Remuneration Committee (Member)
losé 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	Secretary Non- Director	2006	

Attendance and meetings of the Board of Directors and Committees in 2020

	Board of Directors	Audit Committee	Appointments and Remuneration Committee	Sustainability Committee
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Quorum	98.34 %	99.17 %	100 %	100 %
No. of meetings	11	11	9	4

In response to the current needs, the Board of Directors has implemented a "Safe Portal" system for board members providing access to information and enhancing communication between the board members and the Secretary, guaranteeing at all times the confidentiality of documentation and information and facilitating meetings via electronic means in a secure digital environment that is accessible to the board members.

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 board member and the diversity in composition and expertise. The evaluation of the functions and the members' position, the Chairman, Vice-Chairman of the Board and Lead Independent Director, and Chair of the Committees, is based on the reports submitted to them by the Appointments and Remuneration Committee. The evaluation of the Committees' functions and the members' position is also based on the reports of each individual Committee.

Governance

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 and proposals to the Board of Directors. The Board determines the areas of improvement and oversees their subsequent implementation.

In compliance with the recommendation 36 of the Good Governance Code of 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 2021 regarding 2020, for which purpose the Appointments and Remuneration Committee has already appointed an external consultant.

Furthermore, as an additional evaluation measure, the Regulations of the Committees set forth that the Committees must carry out an annual autonomous evaluation. The Board of Directors of ACCIONA, at the proposal of the Appointments 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 Good Governance Code of Listed Companies and the Spanish Corporations Law, assigns the following functions to the Lead Independent Director:



Chair the Board of Directors in the absence of the Chairman and the Vice-Chairmen, if there is one.



Coordinate and meet with non-executive directors. Voice their concerns.

03

Maintain contacts with investors and shareholders to ascertain their views and concerns, particularly in relation to the corporate governance of the company.

04

Direct the Board of Directors' assessment of the Chairman

05

Coordinate the Chairman's succession plan

06

Request the scheduling of the 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, joint meetings of the Audit and Sustainability Committees have been instituted to deal with matters related to non-financial information. In 2020, the joint meeting was held in February in order to prepare the consolidated Non-Financial Information Statement.

Management team

In October 2020, the company published the new composition of the Management Team composed of more than 47 professionals in Spain and a similar amount internationally, organised by department and specialisation, as well as per country. In line with this reorganisation of the Management Team, the company notified the CNMV the members of the Management Team who have roles with managerial responsibilities in accordance with the provisions of Regulation (EU) No 596/2014, on market abuse.

This Management Team is the connecting link between the Board of Directors and the rest of the company.

Remuneration policy

A new Directors' Remuneration Policy for 2021, 2022 and 2023 was approved as a separate item on the agenda at the General Shareholders' Meeting on 28 May 2020, in accordance with Article 529 novodecies of the Spanish Corporations Law and Article 31.5 of ACCIONA's Articles of Association. Both establish the obligation to approve the Director Remuneration Policy at least every three years as a separate agenda item. The new guidelines are published on ACCIONA's website¹⁴.

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 practices.

In addition to the above, the General Shareholders' Meeting approved on 28 May 2020, a long-term incentive plan linked to the creation of value, aimed at the executive directors of Acciona, S.A., named "2020-2029 Long-term Incentive Plan linked to the Creation of Value aimed at the Executive Directors of Acciona, S.A." or the "2020 LTIP" which intends to align remuneration with long-term objectives and interests of the company. The 2020 LTIP is under a multiannual framework to guarantee that the evaluation process is based on long-term results and that it takes into account the underlying economic cycle of the company.

The Annual Report on Directors' Remuneration, 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 2020 . Section C.1).

Remuneration policy available at https://mediacdn.acciona.com/media/vwnpxvln/11-politica-remuneraciones-2021-2023-en.pdf

¹⁴ Remuneration policy available at https://mediacon.acciona.com/media/vwnpxvin/11-politica-remunerationes-2021-202:
15 More information at: https://www.acciona.com/shareholders-investors/corporate-governance/remuneration-directors/

Governance

ETHICS AND ANTI-CORRUPTION

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 who are part of the company in their professional performance.
- > Crime Prevention and Anti-Bribery Policy: approved by the Board of Directors in 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, rules on gifts and hospitality, international trade sanctions, rules on market competition, antitrust compliance, prevention and management of conflicts of interest, 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 Guidelines 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).

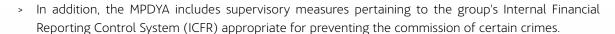
Organisation and management model

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. These notwithstanding, control policies and measures have been implemented to avoid or identify possible cases of corruption.

The General Compliance Management 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. The Compliance Department reports to the Audit Committee of the Board of Directors.

ACCIONA has adopted and implemented an Organisation and Management Model for Crime Prevention and Anti-Corruption (MPDYA), the characteristics of which are as follows:

- > It is designed in accordance with the group's organisational 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 management responsible for them and the description of the specific control activity.





Governance

The main activities carried out in 2020 in this area include:

- > Performance of an audit to follow up the Criminal and Anti-bribery Compliance Management System certification of ACCIONA, S.A. The implementation of the System has been verified regarding the specific requirements in the reference standards UNE 19601:2017 and UNE ISO 37001:2017 without requiring corrective measures.
- > Performance of an initial audit of the Criminal and Anti-bribery Compliance Management System certification of the companies ACCIONA Infrastructure and ACCIONA Construction. The implementation of the System has been verified regarding the specific requirements in the reference standards UNE 19601:2017 and UNE ISO 37001:2017.
- > Certification of all controls included in the criminal scope for the companies ACCIONA S.A., ACCIONA Energy, ACCIONA Infrastructure, ACCIONA Construction, ACCIONA Water and ACCIONA Service. The persons in charge of the controls certify not only those that have been assigned to them, but also those that they know and apply the Code of Conduct and the anti-corruption rules.
- > Supervision of a considerable part of the controls established in the model by requesting evidence of the application of such interventions.

In 2021, the Code of Conduct and the corporate regulations in matters related to hospitality, consultants and shareholders will be reviewed and updated. Furthermore, the scope of the ISO 37001 and UNE 19601 certifications will be extended.



(!) ACCIONA's anti-corruption guidelines

The company strictly forbids:

- > Offering or accepting bribes to or from civil servants or private individuals.
- > Offering or accepting facilitation payments to initiate or expedite administrative proceedings.
- > Offering or accepting gifts and hospitality to or from civil servants or any other third party in violation of these Guidelines.
- > Making contributions on behalf of the group with political aims.
- > Obtaining preferential treatment by using sponsorship or donations as a means of obtaining it.
- > Using the company's business relationships and contacts for one's own benefit or that of a third party.
- > Establishing business relationships with third parties without complying with minimal due diligence duties as regards third-party knowledge.

ACCIONA has imposed a companywide obligation on all employees to pay special attention to cases where there are indications of lack of integrity by the persons or entities with which they have business relations

Anti-money laundering measures

In terms of money-laundering, Real Estate and Bestinver are bound by the terms of Article 2 of Law 10/2018 and have the internal control bodies and procedures required by current regulations.

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 authorisation with traceable supporting documentation. Furthermore, the group has established controls in matters of payments and due diligence procedures, suppliers and business partners.

In 2020, compulsory training courses were given to the staff of the liable parties.

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 countries 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 Organisation (ILO), the ILO Declaration on Fundamental Principles and Rights at Work, the OECD Guidelines for Multinational Enterprises and the United Nations Global Compact.

The Code of Conduct and the Anti-corruption Action Guidelines must be read and accepted by all employees; more than 20,000 people have already accepted them.

On the other hand, 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.

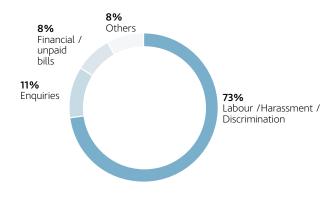
Compliance with and control of this corporate standard is carried out through:

- > 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.

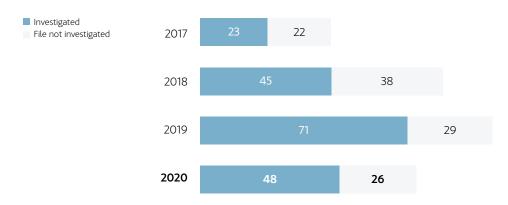
In 2020, 74 reports were received through this channel. Of those, 48 cases were investigated, 12 by an external examiner and 36 by an internal examiner. The remaining reports were dismissed, either ex officio because they do not fall within the competence of the Code of Conduct Committee, or after having received additional information from the corresponding department.

Governance

Type 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 business or a competitive advantage for the group. No reports related to Human Rights of tax issues have been received.

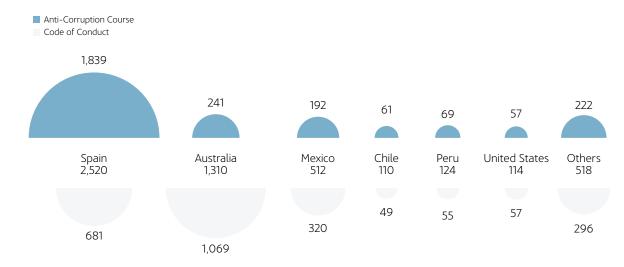
Regarding the communication work, in 2020 the Compliance Management published 50 communications on the intranet (30 in 2019), with relevant anti-corruption information, specifically on issues such as gifts, bribes, intermediaries and agents or interaction with civil servants. Also, the importance of the Ethical Channel for reporting irregularities were promoted jointly with a summary of its work.

Compliance Planet website: Compliance training

The Compliance Planet website brings together all the courses on compliance. When it was launched, there was an internal communication campaign at international level. A total of 2,681 employees have received training on issues related to anticorruption. At the same time, 2,464 employees participated in the Code of Conduct course last year (since 2017, more than 12,700 workers have received this training), available for the whole workforce in 7 languages. We have also trained 984 employees in other training courses on compliance and 160 employees in a face-to-face course on competition law given by a prestigious law firm.

We also distributed six videos of the online course on fight against corruption of the United Nations Global Compact.

Training per country on the Code of Conduct and in the Anticorruption Course (no. employees)



Contributions to foundations and non-profit organisations

As part of the UNE 19601 and ISO 37001 certification process, the Corporate Donations and Non-Commercial Sponsorship Standard was developed and adopted. The aim of this standard is to establish a framework of action that allows the group to ensure that donations and non-commercial sponsorship to charity or non-profit organisations are not a front for illegal payments to civil servants or other people, which would be an infringement of the company's Anticorruption Guidelines. Any contribution of this type made by ACCIONA should not give rise to any doubt whatsoever as to its appropriateness and, of course, it should not involve the infringement of any applicable law. These rules must be complied with by all the companies and employees of the group, and also by any third parties acting on their behalf. Similarly, ACCIONA makes no donations to any political party or candidate nor any foundation that could be considered as political contributions in the terms established in the Code of Conduct.

Governance

Contributions to foundations and non-profit organisations are made with suitable analysis of the receiving institutions, and also their reputation and financial transparency.

Lastly, all contributions fall under the ACCIONA Social Action Plan, the aim of which is to bring 100 % of the social contribution in line with the company's objectives, through sustainable projects in the medium/long term in all the places where it operates.

In 2020, ACCIONA contributed € 2,341,543 to associations or organisations for promoting sustainability and trade associations, amongst others.

Contributions to associations for the promotion of sustainability and trade associations

533.391 € Institutions for the technical development of ACCIONA business International Emissions Trading Association (IETA), European Australian Business Council, Official Chamber of Building Contractors of Catalonia, Clean Grid Alliance, Innoenergy, Instituto de la Empresa Familiar, Spain's Official Chamber of Commerce in Brazil. Roads Australia. Círculo de Empresarios, Economics For Energy, Spain-Chile Foundation, Tech City Barcelona, Valencia Association of Startups, Lanzadera Spaces

1.029.546 € Industry associations
SEOPAN, Australian
Contractors Association,
Wind Europe, Australian
Contractors Association
Membership, Global Wind
Energy Council, Clean
Energy Council (Australia)

778.406 €
Institutions for promoting sustainability and the global dialogue
World Economic Forum and World Business Council for Sustainable Development (WBCSD)

For further information see the "Measuring social action" section of the "Integrate to transform" chapter

The main areas where contributions were made are the following:



Decarbonisation of the economy, clean energy, meeting the goals of the Paris Agreement on climate change:

ACCIONA is focused on actively pursuing implementation of the Paris Agreement and its decarbonisation commitments across all the geographic regions in which it operates. To this end, it is actively involved, either directly or through collective study groups or trade associations, in training and communication, in an effort to implement effective measures to decarbonise the economy. At global and multilateral level, it mainly channels its commitment through global institutions or associations.

The total amount invested in this area during the year was € 644,234.

02

A water management model based on environmental and economic sustainability, thus contributing to Sustainable Development Goal 6 on clean water and sanitation:

ACCIONA is firmly committed to meeting the Sustainable Development Goals. Due to the particular nature of the water sector, which is less visible to the general public, the company pays special attention to the work of communicating and informing society and policy makers of the need to achieve more efficient regulation of water management. Water availability and quality will soon be a key issue in many of the countries in which the company is currently operating.

A total amount of \leq 291.905 was invested in this area in 2020.

Due diligence of third parties

This procedure is carried out through the PROCUR-e (for suppliers) and PROCUR-e 3P (partners, intermediaries and commercial agents acting on behalf of ACCIONA) portals for ACCIONA S.A. and its subsidiaries. In addition, the company has three documents that describe how to perform due diligence: the Corporate Procurement Standard, the Corporate Procedure for the Certification and Evaluation of Suppliers, and the Corporate Standard for the Hiring of Commercial Consultants.

At the end of 2020, ACCIONA replaced Procur-e 3P with a new third-party management tool: the Dow Jones RiskCenter KYBP. This allows the company to obtain the necessary information on the identity of the third party, who manages and directs the company, any possible links these individuals may have with public officials, and other important factors, such as any potential litigation in relation to corruption, money laundering, fraud or involvement with tax havens. Since its launch, 15 third parties have been registered in this tool.

PROCUR-e 3P and Dow Jones were used to carry out 96 investigations in 2020. A total of 403 third parties (partners, consultants and agents) have already been assessed. A total of 81 third party reports were sent out during the year.

Governance

TAX INFORMATION

Tax policy

Transparency and fiscal responsibility are important issues for ACCIONA, and are directly related to economic performance.

The company's tax policy, approved in 2015 by the Board of Directors, defines the company's approach to all matters relating to taxation, as well as its consistency with the global business strategy. Applicable to all group companies, this policy is based on three fundamental values: social responsibility; financial strength, return and results; and honesty. It is also based on the following specific objectives and general principles:

01

Compliance with the tax obligations required in each jurisdiction, in accordance with existing applicable regulations.

02

Commitment to our obligation to pay all applicable taxes required by the relevant legal system, based on a reasonable interpretation of the regulations, and in accordance with the group's business activity.

03

The protection of ACCIONA's reputation through the management of significant tax risks, through appropriate mechanisms for their coverage, prevention, reduction and monitoring, while taking into account the reputational factor associated with such risks. The company undertakes to carry out operations with adequate economic consistency, aligning its taxation with the effective performance of its activity.

04

ACCIONA has established a transfer pricing policy and a definition of the value chain for all its operations between related parties and entities, following the principles of free competition, creation of value through functions and assets, and assumption of risks and benefits.

05

The group will not consider the implementation of artificial corporate structures, based on opacity or with little/no economic substance.

06

The promotion of transparent and good faith relations with the tax administrations of each country, aimed at achieving the highest degree of predictability of the tax positions adopted, as well as minimising discrepancies and disputes regarding tax payments. ACCIONA has strengthened its cooperation with the Spanish Tax Agency (AEAT) within the framework of the Code of Good Tax Practices (CBPT).

Likewise, the adoption of policies to promote greater fiscal transparency is one of the objectives contained in the Sustainability Master Plan.

ACCIONA currently submits the Annual Tax Transparency Report to the Spanish Tax Agency (AEAT), having signed up to the agency's Code of Good Tax Practices in 2011.

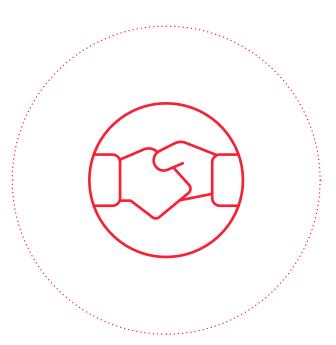
It also submits an annual voluntary Tax Transparency Report to the ATO (Australian Taxation Office).

In relation to the transfer pricing standard and policy, fees for management support services provided by ACCIONA to its investees and related companies are calculated on the basis of the direct and indirect costs incurred by the entity providing the support services, with the application of a market margin. This is consistent with the ranges of market values identified and obtained by independent organisations that provide services of a similar and comparable nature.

The criterion applied by ACCIONA in the assessment and quantification of the different activities it performs, is the arm's length principle or market value, as defined in the OECD Guidelines. The arm's length principle used by the company is the internationally accepted standard for assessing the appropriateness of related-party transactions, whose conditions and prices must be the same as those that would apply to independent third parties carrying out the same operations or that would have participated in comparable transactions in similar circumstances. In order to comply with this principle, the group is aware that the results of its application must be within the range of the results of a comparable uncontrolled transaction. The group also understands that results, comparability, reliability and range are of fundamental importance in the process of defining prices and transactions if it aspires to correctly comply with this principle.

ACCIONA's tax policy is available (in Spanish) at:

https://mediacdn.acciona.com/media/pqbhpic5/estrategia_fiscal.pdf



Covernance

Governance and control of tax policy

The Board of Directors is responsible for defining the company's tax strategy, as well as ensuring compliance through an appropriate control and supervision system. The Board therefore assumes the following non-delegable faculties:

- > The design of the company's tax policy.
- > The determination of tax risk control and management policies.
- > The certification of investments or operations which, due to their high amount or special characteristics, are of a strategic nature or have a particular tax risk, unless their authorisation corresponds to the General Shareholders' Meeting.
- > The certification of the creation or acquisition of shares in special purpose entities or entities domiciled in countries or territories considered tax havens.
- > Consent for any analogous transaction which, due to its complexity, could undermine the transparency of the company and its group.

The Audit Committee is responsible for supervising the effectiveness of the tax risk control and management systems. As part of its 2020 activity, the Committee analysed ACCIONA's corporate tax principles and tax strategy, prior to their consideration and approval by the Board of Directors, as well as its adherence to the Code of Good Tax Practices. It has also monitored the application of all these tax guidelines, analysing any relevant issues related to the legal and tax risks applicable to the group. The results of the monitoring are published on the company's website.

For its part, the Tax Department is responsible for developing the principles of the tax strategy, and establishing the control mechanisms and internal rules necessary to ensure compliance with current regulations and the aforementioned principles. It also advises the Board of Directors and senior management on matters with tax implications, and reports periodically to ACCIONA's governing bodies on the degree of compliance with the tax strategy. The General Manager of the Economic Control and Tax Area reports to the Board of Directors on the year's most significant tax-related issues, as part of the non-delegable functions of the

The Audit Committee is responsible for supervising the effectiveness of the tax risk control and management systems

Board of Directors, as well as the management of risks of this nature, and investments or transactions with any tax implications carried out during the year.

Tax risks are incorporated into ACCIONA's Risk Map, using the same methodology and mitigation plans applied to the rest of the group's risks.

The 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.

Tax-related content presented in the Sustainability Report is verified in accordance with the ISAE 3000 standard by an independent auditor, as is the rest of the report.

Dispute and litigation management

ACCIONA submits an Annual Tax Transparency Report to the Spanish Tax Agency (AEAT). The company has adhered to AEAT's Code of Good Tax Practices since 2011.

In strict compliance with its tax and fiscal transparency obligations, the company delivers a Country-by-Country Report to the Spanish Tax Agency every year.

Since 2018, ACCIONA has also delivered a Tax Transparency Report to the Australian authorities (Australian Taxation Office - ATO).

The Financial Statements also report on "Years open for review by the tax authorities" (note 24).

The company receives and considers the opinions and concerns of stakeholders on tax matters through the Ethical Channel. In addition, the Global Sustainability department compiles in one document the recommendations and feedback on its fiscal reporting expressed in various public reports. This information is sent to the tax department for evaluation.

Country-by-Country information

The following table includes information on all the tax jurisdictions in which the entities included in ACCIONA's Consolidated Financial Statements are resident for tax purposes.

Tax information Country by Country (CbC)

Tax jurisdiction	Total sales (M€)	EBT (M€)	Corporate Income Tax accrued (M€)	Corporate Income Tax paid on a cash basis (M€)	Employees at the close of 2020	Grants (M€)	Footnote explaining effective rate due	Footnote explaining effective rate paid
	\downarrow	V			\downarrow	\downarrow		\
Spain	2,673	367	51	-0.7	20,860	4.8	1	2
Germany	12	75	-8	-0.1	428	0	1	2
Mexico	238	54	19	7.1	1,978	0	5.8	9
Australia	881	33	13	0.0	1,704	0	4.5	10
Poland	335	19	4	1.4	1,523	0	4	9
Saudi Arabia	329	10	6	6.6	131	0	4	4
Portugal	152	9	7	5.2	2,015	0.01	7	11
Brazil	44	-8	-16	0.2	390	0	3	2
USA	71	-41	-6	0.0	184	1.3	7	2.10
Canada	327	-44	-0.1	0.1	1,379	0	7	2
Others	1,409	35	27	24.8	7,763	0.3		
Total	6,472	508	97	44.5	38,355	6.4		

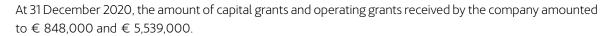
The complete list of ACCIONA companies, and also their main activities, is published annually in appendices I, II and III of the Consolidated Financial Statements. Furthermore, the social cash flow and tax contribution is published in the Summarised Report. Notes on the "Reconciliation of the accounting profit to the taxable profit", "Taxes recognised in equity", "Deferred taxes" and "Reporting Obligations" are published in the Financial statements

The Earnings Before Taxes (EBT) is the consolidated figure after allocating corporate analytical costs.
Explanatory notes on the differences between the effective tax rates and the

- Reversal of non-deductible expenses (non-taxable income).
- 2. Tax losses in the year.

- . Application of unrecorded tax credits.
- Allocation of consolidation vs local accounts (Corporation Tax payments). Tax rate for Corporation Tax higher than in Spain.
- 6. Tax rate for Corporation Tax lower than in Spain.7. Non-capitalisation (recording) of tax credits.

- 8. Non-deductible expenses and adjustment for inflation.
- Application of tax credits.
 Deferral for accelerated depreciation / unrestricted depreciation. 11. Non-application of the tax consolidation system.

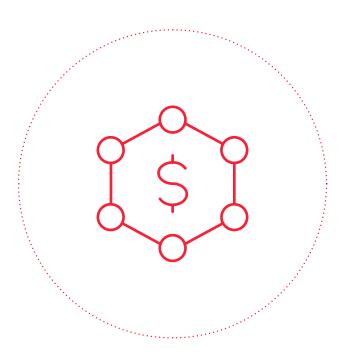


None of the jurisdictions in which ACCIONA operates is considered a tax haven under Spanish legislation contained in Royal Decree 1080/1991, as amended by Royal Decree 116/2003.

Relationship with the auditor

The Remuneration and other benefits section of the Consolidated Financial Statements contains information on the fees for auditing services and other services rendered by the auditor of the group's consolidated financial statements, KPMG Auditores, S.L., and by companies belonging to the KPMG network, as well as the fees for work invoiced by the auditors of the annual financial statements of the companies included in the consolidation, and by the entities related to them in terms of control, common ownership or management.

The Audit Committee Report on the independence of the external auditor is prepared annually. In this report, the Audit Committee of the Board of Directors delivers an opinion on the independence of the external auditor for each financial year in relation to ACCIONA, S.A. and its subsidiaries, and in accordance with applicable legislation on the independence of the Accounts Auditor, specifically Law 22/2015 on Account Auditing, and Regulation 537/2014 of the European Union.



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OTHER NON-FINANCIAL INFORMATION REPORTS

In addition to the *Sustainability Report*, the company publishes two other corporate reports with ESG information of interest.

TRANSPARENCY

Sustainability Report for the first half of the year

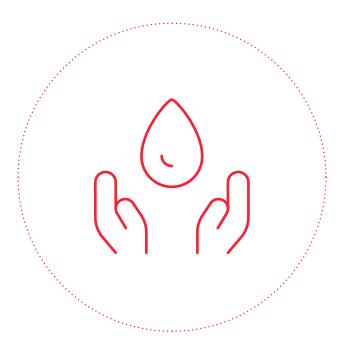
ACCIONA's *Sustainability Report* for the first half of the 2020 financial year was the first non-financial interim report presented by the company. This document monitored the main non-financial indicators and objectives, and listed the milestones achieved in areas of environmental and social sustainability, sustainable finance and external evaluations during the first six months.

Sustainability accountability needs to be increasingly transparent, and must adapt to the frequency with which financial information is published. This is especially relevant in a year with such decisive events as those that occurred during the first six months of 2020.

Integrated Report

ACCIONA publishes its annual Integrated Report, prepared in accordance with the guidelines of the International Integrated Reporting Council (IIRC). The ninth edition will be published in 2021. The aim of this document is to show the relationship between corporate strategy and financial performance in the different contexts in which the company operates. It provides the reader with key information that explains the decision-making process that creates value in the short, medium and long term.

This report integrates all relevant information for the company's stakeholders relating to both financial and non-financial matters, and includes not only a review of the company's performance in recent years, but also a forecast based on the analysis of the current context, expected evolution and future plans.



DIALOGUE AND SUSTAINABLE LEADERSHIP

ACCIONA actively participates in international initiatives that strengthen its commitment to sustainable development, the fight against climate change, and its leadership in these areas.

World Economic Forum

Within the framework of the 2020 World Economic Forum (WEF), ACCIONA's Executive Chairman, José Manuel Entrecanales, reaffirmed the need to develop sustainable and scalable business models that help to ensure access to clean energy in the most disadvantaged areas of the world.

In 2020, GREENCHAIN®, ACCIONA's platform that guarantees the renewable origin of the energy generated by the company, has been selected by the WEF as one of the energy sector's most innovative solutions of the decade, according to the Global Innovations from the Energy Sector 2010–2020 report. Among other WEF projects, ACCIONA participates in the Accelerating Clean Hydrogen Initiative, a collaborative platform to increase investment in clean hydrogen, in view of its costs and scale challenge.

United Nations Global Compact

ACCIONA has been a member of the United Nations Global Compact since 2005. It confirms its commitment to the Ten Principles of the Global Compact on an annual basis. The company collaborates regularly with the Spanish, Chilean and Australian Global Compact Networks.

José Manuel Entrecanales participated in the Leaders' Summit to commemorate the 20th anniversary of the United Nations Global Compact (UN), and urged governments to prioritise investments that contribute to decarbonisation within its post-COVID recovery plans.

In addition, as part of Climate Week in New York and the 75th session of the General Assembly, ACCIONA'S CEO took part in the Uniting Business LIVE conference, organised to address any shortcomings in SDG progress, drive business ambition for the achievement of the SDGs, and highlight cooperative solutions.

Through the *Business Ambition for 1.5°C* campaign, ACCIONA shared its best practices for achieving its decarbonisation targets under the 1.5°C scenario. In the *'Putting a Human Face to Climate Change'* working group, the company shared examples of actions to address climate and health issues from a human rights perspective, based on its work with indigenous communities, and in the context of the pandemic.

Transparency

'RACE TO ZERO' CAMPAIGN

ACCIONA has joined the global 'Race to Zero' campaign, as part of the United Nations Framework Convention on Climate Change (UNFCCC), to mobilise the leadership and commitment of companies, cities, regions and investors to achieve a healthy, resilient and low-carbon recovery that prevents future threats, creates jobs and drives inclusive and sustainable growth.

ACCIONA continued to participate in the *EU Peer Learning Group Climate* working group, sharing best practices to address the regulatory requirements of the transition to climate neutrality. ACCIONA presented its case study on the use of the European taxonomy of sustainable economic activities.

In 2020, ACCIONA joined the Women Empowerment Principles initiative, led by the Global Compact, to promote gender equality in business. The project has the support of more than 3,000 CEOs, and is based on 7 principles that guide companies in the empowerment of women and the advancement of gender equality in the workplace and the business world. ACCIONA has also joined the Global Compact's Target Gender Equality initiative.

CLG Europe

ACCIONA has been a full member of CLG Europe since 2009 (formerly The Prince of Wales' Corporate Leaders Group), a group of European business leaders convinced of the urgent need to develop new long-term policies to combat climate change.

In 2020, ACCIONA CEO José Manuel Entrecanales endorsed the organisation's *Open Letter*, which called for greater ambition in Europe's climate goals. 170 business leaders call on EU decision-makers to support a greenhouse gas (GHG) emissions reduction target of at least 55% by 2030.

This year's outreach activities support this need to accelerate and focus energy transition efforts to make the EU a carbon neutral continent by 2050. Especially noteworthy, among other actions, is the publication of *The Green Deal and Europe's recovery: Building a prosperous, resilient and climate neutral EU through business and political action*, with recommendations for a green recovery and a just transition.

ACCIONA actively participates in international initiatives that strengthen its commitment to sustainable development, the fight against climate change, and its leadership in these areas

World Business Council for Sustainable Development (WBCSD)

ACCIONA responded to the call to action to combat the pandemic made by WBCSD member companies by maintaining the continuity and quality of essential services, and providing sustainable infrastructure solutions for the safety and well-being of its staff and affected communities.

Of particular note was ACCIONA's contribution to the updating of the WBCSD's Vision 2050, and new membership criteria, with greater emphasis on transparency to accelerate the transition to a sustainable world. In addition, the company has worked on disseminating its leadership in the mobilisation of capital towards sustainability, and the application of the European taxonomy of sustainable activities.

ACCIONA has continued to participate in the REscale project to promote the development of corporate long-term renewable energy purchase agreements (PPAs). It has also collaborated in the WBCSD cities and mobility programme, exchanging best practices in transport and building, as part of the *Transforming the Built Environment* project.

Spanish Green Growth Group (GECV)

The GECV has undergone significant development over the last year, and now has over 50 member companies. ACCIONA has actively contributed to this growth, holding the position of general secretary and leading the Energy Transition Working Group.

Particularly noteworthy is the group's support for the *Manifesto for a Sustainable Economic Recovery*, which calls for alliances between political parties, the private sector and civil society to promote stimulus packages based on science and best practices as a means to overcoming the coronavirus crisis.

European Alliance for a Green Recovery

This alliance of business leaders, European ministers, MEPs and members of civil society urges European Union governments to prioritise green investments in their economic recovery plans in the wake of the COVID-19 crisis.

Internal and external dissemination of sustainability principles.

Throughout the year, ACCIONA has attended forums, talks and meetings with various organisations and has also collaborated in numerous publications, promoting regenerative capitalism, a recovery based on green investment, and mechanisms aimed at achieving these goals. The company has focused on disseminating the requirements of the European taxonomy with the Organisation for Economic Cooperation and Development, the Elcano Royal Institute, and the Climate Bonds Initiative; promoting sustainable mobility with the United Nations Environment Programme and the World Bank's Sustainable Mobility for All (SuM4All) initiative; and disseminating ACCIONA's High Impact Solutions approach and the Resilience tool in climate finance initiatives like the Climate Investment Funds' Transformative Change Learning Partnership. Taken together, all these activities have contributed to the consolidation of ACCIONA's leadership in the area of sustainability.

Transparency

CYBERSECURITY

The company has an Information Security Steering Committee, composed of the Managing Director of Technology and Innovation, the Director of Security, the Chief Information Officer and the Director of Cybersecurity. This committee is the body responsible for establishing a strategy, and for driving, prioritising and managing the follow-up of security plans and programmes in a potential crisis situation that may originate from an incident related to the security of reporting or information systems. It also oversees security risks and issues, reporting to the Board of Directors when requested.

ACCIONA's cybersecurity framework is based on the NIST standard, which defines all processes and activities under the supervision of the relevant management. As part of this instrument, the company has a corporate information security policy and an employee awareness and training plan, as well as procedures and mechanisms for any employee to report a security incident or any suspected incident. It also has an ISO 27001 certification for the information security management system associated with the security services provided internally from the central offices.

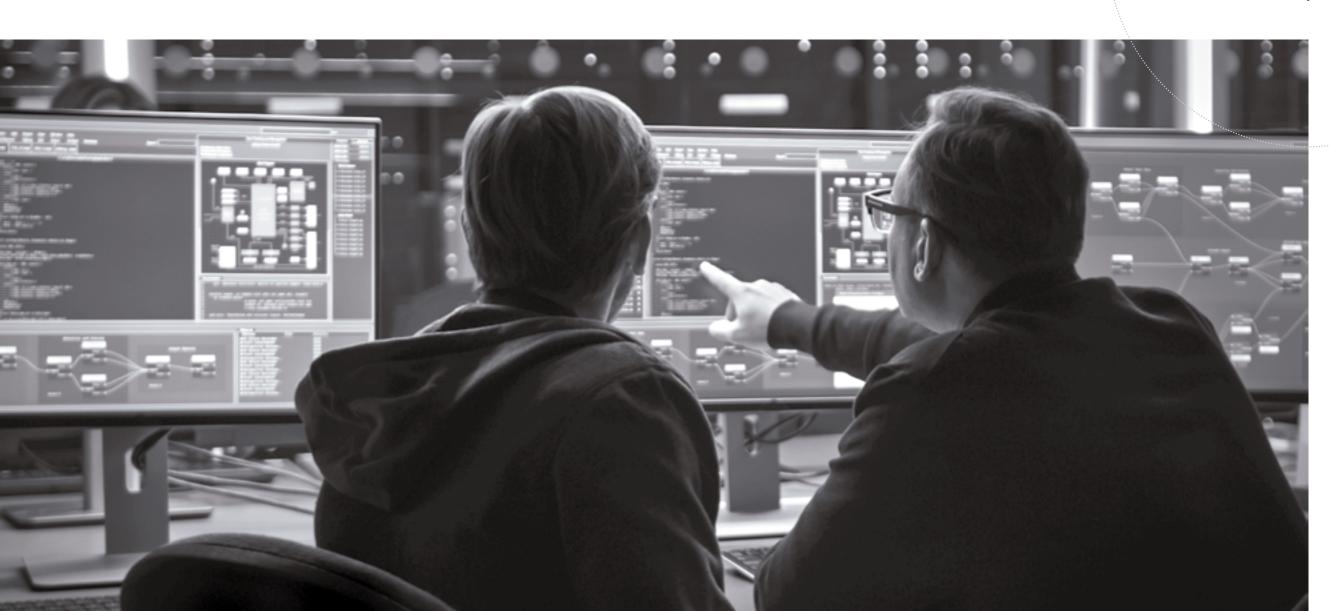
The group has established processes to prevent information system interruptions and cyberattacks. A Contingency Plan is in place, which is reviewed and tested on a six-monthly basis, and covers specific applications.

There were no security incidents in 2020 that compromised customers' personal data.

There were no security incidents in

2020

that compromised customers' personal data



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SUPPLY CHAIN

communicates its commitment to sustainability to its supply chain with total transparency, seeking excellence in management and the generation of shared value.

We are experiencing exceptional times as a result of the COVID-19 crisis, which has had a direct impact on risks, with interruptions of deliveries, factory closures, labour shortages and the disappearance of companies, among other issues. Now more than ever, minimising these risks and implementing a sustainable supply chain management strategy is reliant on having a more resilient network of suppliers and contractors. Over the last few years, ACCIONA has been "creating long-term value" by establishing lasting relationships with the supply chain. An approach which, in these complicated times, helps to avoid jeopardising projects and provide a better response to customers.

PROCUR-e in figures:

Almost

suppliers

50,000 registered

More than

45,600 with Risk Map

More than **8,400**RFQs awarded

More than **€1,147**million awarded in

2020

2,300
users around the world

More than

Responsible procurement management

ACCIONA's supply chain management strategy is determined by the Procurement Coordination Committee, made up of the Procurement Managers of the infrastructure and energy divisions. Various actions were undertaken in 2020 in connection with the pandemic situation:

- > Evaluation reports on the impact of coronavirus on procurement. The greatest impact was on projects in the Middle East, although the cost overrun detected in the procurement process was kept below 0.05%.
- > COVID-19 Procurement Plan. Managed by a multidisciplinary working group, this plan guaranteed the supply of PPE to 100% of the critical infrastructures at all times.
- > Promotion of paperless technologies: purchasing through electronic catalogues (an increase of 179.8% compared to 2019); the Procurement to Pay (PtoP) platform, whose deployment plan will be addressed in 2021, which avoids paper ordering and invoicing, and the consolidation of electronic signatures and e-contracts for corporate and water suppliers. Over 712 contracts were signed using this tool, and teleworking was facilitated for employees.

The Corporate Purchasing Standard, together with the related procedures integrated into the main ERPs, the planning and reporting tools, and the PROCUR-e system, are the instruments that record, support and control purchasing operation and management.

Since 2015, PROCUR-e has been the driving force behind the functional, digital and process transformation of the entire purchasing cycle. This is the key mechanism for identifying and managing supply chain risk through the Risk Map, and for dealing with tenders and supplier relations.

Supply chain

2020 saw the following advances made in procurement management:

- > Promotion of digital transformation.
 - Implementation of the new CATMAN module, which digitises the purchasing strategies of Category Managers in the infrastructure division. This is one of the main methods for sharing and publishing the sustainable development strategy of the most critical suppliers.
 - Supply Chain Visibility (SCV): a new tool which allows stakeholders to consult the status of their purchasing processes in real time.
 - ALIA: the water and construction businesses have defined common requirements for digitising
 the processes associated with supply chain management in the four areas of activation, quality,
 logistics and warehouse management.
- > Electrification of the vehicle fleet, reflecting a clear commitment to replacing the fleet of company vehicles with less polluting models.
- > International expansion of the purchasing function. Particularly noteworthy was the implementation of systems, processes and procedures in the new business unit in Australia.

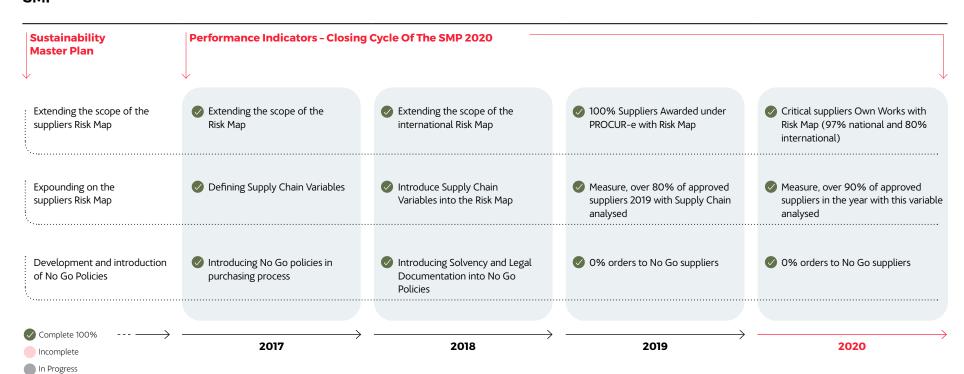
PURCHASING FUNCTION

86% of employees in the purchasing area have objectives linked to sustainability, and employees have received a total of 3,450 hours of training on the subject, more than twice the number of hours in 2019.

Supply chain management objectives

This year closes the cycle of the Sustainability Master Plan 2020. The following graph shows the fulfilment of the annual objectives to contribute to the global goal to "Mitigate environmental, social and good governance risk in the supply chain".

Degree of fulfilment of the objectives of the supply chain under the 2020 SMP



2021 challenges in the supply chain management

- 1. 0% of general purchases from No Go suppliers, as they involve a high risk to sustainability.
- **2.** ESG assessment: 85% of critical suppliers (national and international) in the company's own works must be homologated.
- **3.** 95% of the approved suppliers during the year will have analysed the supply chain variable.
- **4.** 90% of the suppliers undergoing the process for certification/audit and having risks in OHS issues will be subject to an action plan for reducing the risk.

Distribution of suppliers by type and division

Business line	Total No.	% Outside of Spain	% Critical	% Local	
		\	\		
Energy	2,492	61%	13%	93%	
Infrastructure					
- Construction	8,774	55%	12%	96%	
- Concessions	244	33%	7%	57%	
- Water	2,920	44%	10%	91%	
- Services	2,680	20%	7%	99%	
Other Businesses*	2,310	15%	6%	87%	
Total	19,420	44%	10%	94%	

^{*} Other Businesses: Real Estate, Bodegas Palacio, Corporate, ACCIONA Cultural Engineering, AMISA and Forwarding. The assigning of supplier/business is made to companies with a higher volume of contracts with the supplier

In 2020, ACCIONA placed purchase orders with 19,420 suppliers for more than € 3,600 M

Supply chain

Breakdown of purchases by geographical area

In terms of geographical regions, 86% of the total volume of purchases in 2020 was concentrated in 10 countries, while 46% was located in Spain. The diversity in the nationality of the suppliers contracted is directly related to the company's presence in the country. Canada and Norway entered the top 10, while China and the United Kingdom dropped out.

Critical suppliers

The criticality level of suppliers and contractors is based on economic risk: any supplier with an annual business relationship exceeding \leq 250,000 is considered critical. At the end of 2020, this figure was raised to \leq 400,000, which will serve as a threshold in the following reports. Throughout the year, 10% of the supply chain base was deemed critical, accounting for 85% of procurement.

The number of critical intermediary companies has decreased, due to a change in criteria made as part of a project to optimise the supplier certification process (See section: *Supplier Certification and Evaluation Procedure*).

Local suppliers

ACCIONA believes that working with local suppliers not only has a positive impact on the economic development of the communities in which it operates, but also minimises operational risk by reducing product delivery and service execution times. 94% of companies and distribution channels are contracted locally.

Sector-specific characteristics of the supply chain

The purchasing categories with the highest volume of spending by the group are wind and solar energy generation components, water treatment equipment, construction and civil works. Seventeen percent of the group's purchases are accounted for by 10 suppliers in these categories, six of which are related to high-technology equipment.

RISKS AND CONTROLS IN THE SUPPLY CHAIN

The objective of the purchasing function is the continuous optimisation of processes for the correct identification of potential risks in the supply chain. ACCIONA recognises two types of risks associated with purchasing processes:

- > Operational risks: these affect business results or contravene the *Corporate Purchasing Standard* and related procedures.
- > Compliance, sustainability, environmental and social risks: linked to bad practices in the area of corporate responsibility and sustainability.

For each of the risks detected, specific preventive control mechanisms, updated and periodically configured, are developed, in order to minimise the probability of their occurrence.

Supply chain risk map

The Risk Map is ACCIONA's primary supply chain risk control and management tool. This mechanism enables the company to transfer its corporate responsibility and sustainability criteria and policies to its entire supply network. In 2020, a new risk assessment model was implemented, which brings sustainability closer to suppliers of smaller amounts, and always includes an ESG analysis.

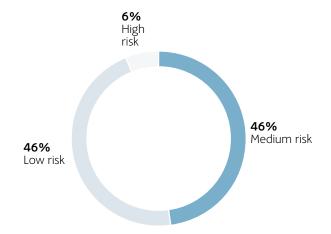
A supplier's Risk Map is made available prior to contracting. The map currently comprises 11 variables, including ESG, ethics, integrity and governance, as well as other factors that support the purchasers' decision-making process, such as performance assessment and financial solvency.

At the end of 2020, the Risk Map v 4.0 in PROCUR-e included a total of 45,641 suppliers, an increase of 55% compared to 2019.

Risk Map of the suppliers contracted in 2020



Distribution of the risk of all suppliers registered in PROCUR-e



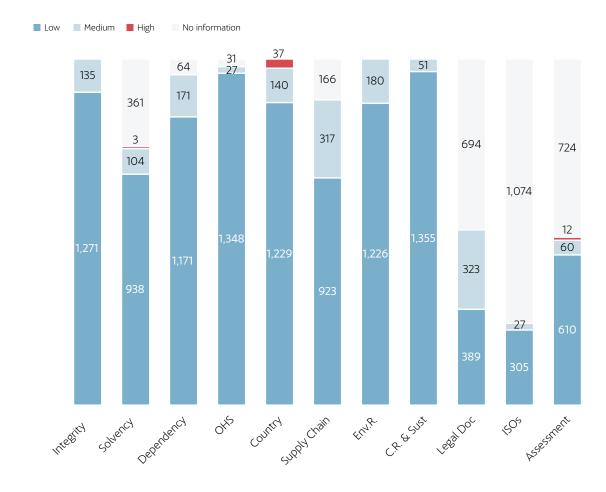
As can be seen, the percentage of the scope of the Risk Map and control is greater in proportion to the supplier's degree of criticality for the group.

Supply chain

Critical Supplier Risk Map in 2020

In 2020, 1,406 critical suppliers had a Risk Map, which accounts for 82% of all contracts with these suppliers.

Distribution of the risk in the variables of the Risk Map in critical suppliers



Note: cases for which there is no information are due to none being available or incomplete in systems external to the company

Conclusions of the Risk Map:

- > The distribution or level of risk has remained stable with respect to previous years. As a result, 94% of suppliers have a medium/low risk level.
- > The supply chain risk analysis model has been further consolidated, with far greater visibility and scope. This year, ACCIONA has 55% more suppliers with Risk Map, and a total of 45,461 companies are monitored on a daily basis.
- > In 2020, the Risk Map for suppliers covers:
 - 79.6% of total contracts.
 - 82% of contracts with critical suppliers.
 - 94% of contracts with critical suppliers' own work.

- > Control over suppliers from designated high-risk countries continues to increase, as they pose the greatest threat to the group. These are known as "MACS" (Mandatory to be Audited Critical Suppliers).
- > As in previous years, there is no supplier with a high-risk integrity variable that has not been considered No Go, since there can only be two possible options for this type of supplier: not contracting the company or creating a Reinforced Due Diligence process that mitigates the company's risk level.
- > 51 critical suppliers with Medium CR and Sustainability Risk were detected, and the company will work with these suppliers to reduce this risk over the course of 2021. This represents a 50% reduction when compared to the figure 2019.
- > The Risk Map for critical suppliers for own work includes 1,141 companies, exceeding the target for this type of collaborating firms, with 99.7% at national level and 93.7% at international level (the targets were 97% and 80%, respectively).

Supply Chain variable and Non-Tier 1 suppliers

ACCIONA uses the Supply Chain variable to determine whether suppliers identify, monitor and evaluate their supply chain, and build improvement capacity. In 2020, the objective was to analyse this variable in more than 90% of suppliers approved in PROCUR-e, and the figure has now reached 98.6%.

In addition, although ACCIONA does not have a direct contractual relationship with its suppliers' supply chain, it is aware of its duty to supervise all its agents. In this context, the company considers Non-Tier 1 suppliers (suppliers of its suppliers) that carry out work in its facilities and projects to be critical from a health and safety point of view. The control of these suppliers is regulated through contractual clauses during the relationship with Tier 1 suppliers, and specific tools for the Coordination of Business Activities. A total of 6,660 indirect suppliers were registered on these platforms by the end of 2020.

Human Rights assessment

The company assumes its responsibility for identifying, preventing, mitigating and responding to the negative impact of its activities on Human Rights, and is therefore committed to conducting due diligence on its suppliers. In 2020, the ACCIONA carried out 45,641 company Human Rights assessments through the Risk Man

ACCIONA establishes various mechanisms to prevent and control the risk of Human Rights violations:

- > Self-Declaration of Responsibility for Suppliers, including, but not limited to, the Ethical Principles for Suppliers, Contractors and Collaborating Firms.
- > CR self-assessment questionnaire, in which companies, upon registration, answer questions on international standards. If the answer is negative, this impacts the Risk Map, prevents supplier certification, and triggers the audit process.
- > Help sheets that suppliers can access when filling in the questionnaire, which are intended to inform, raise awareness and provide training in the area of Human Rights.
- > 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, decent 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 involving on-site verification of correct compliance in Human Rights management throughout the supply chain.

Supply chain

> Visits by ACCIONA personnel to verify minimum Human Rights standards.

31% of suppliers registered in PROCUR-e with a Risk Map report that they conduct regulatory compliance and international standards audits of their own suppliers.

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.

The integrity variable of 10,005 suppliers had been monitored by the end of 2020, which represents 72% of the year's contracts. ACCIONA monitors the most important companies, whether for certification reasons, or because the company is one of ACCIONA's main agents, or because the company is recurrent, or working in a country at risk, etc.

In addition, there are 20 suppliers with significant risk in the Integrity variable. Of these, 15 have No Go status, another 2 have Invalid status, and 3 have lost their approved status and will be investigated in 2021.

In addition, 8 suppliers were subject to Enhanced Due Diligence (EDD) procedures in the integrity area, in line with the provisions contained in both the company's anti-corruption guidelines and the *Integrity Interpretation Guide*. Having conducted the EDD, all of these suppliers no longer constitute a high integrity risk.

No Go suppliers

Non-compliance with the minimum requirements set out in the No Go Policies means that a supplier cannot be contracted until the reasons for this status are resolved. ACCIONA has met the 2020 target of 0% general purchase orders from companies with this status.

The No Go policies are based on the following assumptions:

- > Suppliers with significant risk in terms of ethics and integrity, as 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 over €1 million).
- > Outstanding tax or social security debt.
- > Companies penalised for their performance assessment in previous activities or for deficiencies detected in audits that remain unresolved.

171 suppliers were considered No Go in 2020, 53 of which have been removed from this category following audit, action or improvement plans, or Enhanced Due Diligence.

SUPPLIER CERTIFICATION AND EVALUATION PROCEDURE

The Supplier Certification and Evaluation Procedure remains one of the main mechanisms for managing supply chain risks and generating improvement opportunities and sustainable growth in the purchasing processes. By the end of last year, 426 suppliers from 55 different countries were certified.

In 2020, this global procedure was subject to two updates: 4.0 (1st Quarter) and 5.0 (4th Quarter). This change, which stems from a project to optimise the supplier approval system, seeks more transparent, efficient and exhaustive processes that are tailored to the needs of the markets in which the group operates, while still maintaining focus on risk management.

The main impacts of these changes are:

- > 55% increase in the scope of the Risk Map.
- > Increased certification. Version 4.0 was created in order to serve as a transition to edition 5.0. The price considered during the transitional period was €250,000, with the limit necessary to approve a supplier being finally set at €400,000 in the 5.0 edition.
- > Implementation of the delegated supplier management function in Australia's energy and infrastructure business units, in order to carry out this task in closer proximity to the business, while at the same time ensuring compliance with corporate policies.

Supply chain controls

Supply chain controls are defined by levels of criticality. This means they become more exhaustive as risks of any kind increase, whether economic, country, activity or CR and Sustainability. The levels are:

01

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 prerequisite for accessing the Supplier Portal.

02

To be able to bid, collaborating companies must fill in the self-assessment questionnaire in PROCUR-e, so that the company's Risk Map can be calculated and monitored.

03

In order to be awarded contracts over € 250,000 (those considered critical suppliers), an additional control is required, as stipulated in the Supplier Certification and Evaluation Procedure.

04

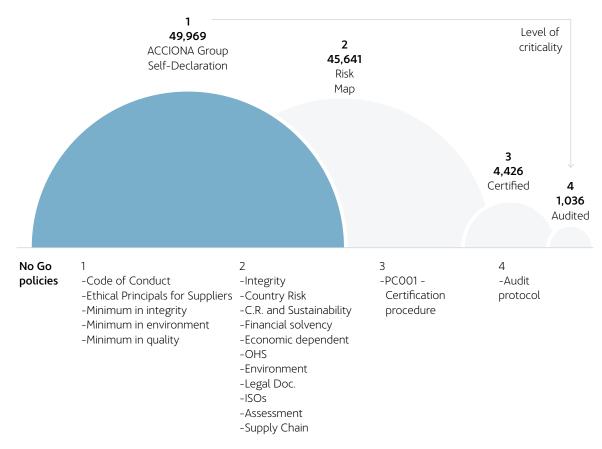
Finally, the highest level is aimed at critical suppliers in "MACS" risk countries or with significant or recurrent contracts. For this group, social and regulatory compliance audits are carried out by an external organisation that performs an on-site evaluation using the Group's Audit Protocol.

Supply chain

Integrity analyses and monitoring of No Go policies are common at all levels, regardless of their criticality.

Controls in the supply chain

Monitored Integrity 10,005



Improvement plans for the certification process

Improvement plans are an opportunity to improve supplier business management and reduce supply chain risk. ACCIONA implements these plans as a result of the supplier certification process, mainly in the areas of occupational health and safety, financial solvency and environmental issues.

In 2020, the company analysed 46 suppliers that required certification, due to having a high risk with regard to occupational risk prevention. Following assessment, a total of 16 suppliers signed up to an improvement plan, 5 took the online course for suppliers, and 10 resolved the situation in other ways. The remaining suppliers will not be certified until they join the action plan. Of the 4,426 certified suppliers, 133 have signed up to improvement plans for occupational risk prevention.

In addition, of the total number of certified companies in ACCIONA, 1,779 required an additional assessment of their financial risk, due to their failure to make this information public, or for representing a solvency risk, and therefore endangering the company. 4 suppliers had a significant risk in this variable at the end of 2020, so extraordinary control measures were established in coordination with the financial department.

However, no environmental risk has been detected in any of the suppliers that have required certification.

Supplier performance assessment

When evaluating a supplier in a project, it is important to know exactly how the supplier has managed its performance in its business relationship with ACCIONA. Throughout 2020, suppliers continued to be assessed according to criteria of deadlines, occupational risk prevention, quality, environment, compliance with administrative obligations, and technical capabilities. More than 4,693 order evaluations were carried out on more than 2,337 companies. 95% of the analyses resulted in type A or B (highly recommended or recommended supplier). The number of suppliers evaluated increased by 20% compared to 2019, while the percentage of A+B evaluations increased by 2 percentage points.

ENVIRONMENTAL, LABOUR AND SOCIAL ASSESSMENT OF SUPPLIERS AND AUDITS.

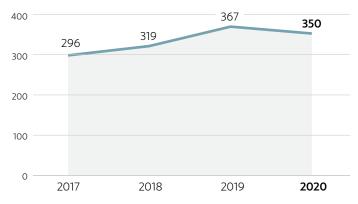
The Risk Map assesses suppliers using ESG criteria: environmental, social, Human Rights, ethics, integrity and governance. This assessment is verified in the certification and audit processes.

External audits

Since 2013, the group has been conducting annual ESG audits of suppliers. During this time, 2,010 audits have been completed. These audits are carried out by international or local auditing companies with local knowledge of the country, and always in accordance with a highly comprehensive protocol that not only examines aspects relating to ESG, but also issues related to finance and quality.

Due to the restrictions arising from the pandemic, most of the audits have been carried out remotely. Last year, 350 suppliers were audited (342 direct and 8 Non-Tier 1). A total of 1,036 suppliers had been audited by the end of 2020, a 5.5% increase over the total for the three previous years.

Evolution of supplier audits



When evaluating a supplier in a project, it is important to know exactly how the supplier has managed its performance in its business relationship with ACCIONA

Supply chain

As established in the supplier certification and evaluation procedure, there are two types of audits:



Approval audits for critical suppliers, which are mandatory for suppliers in at-risk countries. 64 audits of this kind were carried out in 2020, in China, Saudi Arabia, the United Arab Emirates and India. 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 own-work suppliers from at-risk countries (MACS) must be audited". The company once again achieved this target in 2020, as 93% of these suppliers are currently audited. Last year was especially challenging, due to water business projects in at-risk countries.



Monitoring audits, carried out on suppliers of interest to the group, either due to their recurrence, criticality or specialisation. 286 audits of this type were carried out in 2020.

The energy business also successfully completed the "Tier 2 Audits" pilot project, which will enable ACCIONA to gain a better understanding of the suppliers in its supply chain. The pilot project required the auditing of 84 companies.

Internal audits

In terms of internal control, ACCIONA made on-site visits to more than 1,250 suppliers in 2020, mainly through employees assigned to the quality and purchasing areas. The aim of these visits is to ensure compliance with the group's standards, especially in terms of product and service quality. In addition, 77 of these audits verified suppliers' application of the minimum requirements in areas relating to safety, quality, the environment, human resources, and health and safety, as set out in the *Guidelines for Minimum Sustainability Checks during Onsite Visits*. Non-compliance in these areas was not detected in any of the 77 visits carried out.

Questionnaire verification

The veracity of the information on suppliers registered in PROCUR-e is also checked with third-party document management tools that validate and monitor the data. Information on 3,597 collaborating firms was double-checked by RePro/Achilles, and another 4,482 companies 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, initiating action plans if necessary. 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 risks in the supply chain

Focusing on the Non-Conformities of the 342 direct suppliers audited in 2020, it should be noted that:

- > 49% had zero SNCs, 4 percentage points higher than the previous year.
- > The remaining 51% have benefited from the various action plans. Of this percentage, 15% have not fully resolved their SNCs and have moved to No Go status.

With regard to suppliers in risk countries, of the 64 suppliers audited:

- > 26% had zero SNCs.
- > The remaining 74% have implemented various action plans. 76% have been resolved and the rest have either moved to No Go or were on schedule.

As in previous years, the highest number of SNCs occurred in the areas of health and safety, quality, and the environment. These are therefore the areas in which ACCIONA is making the greatest effort to implement its improvement plans.

ACCIONA is aware that insisting on the resolution of Non-Conformities identified during the audit is the right way to help its suppliers improve as a company and to mitigate the risks associated with the supply chain. Working with suppliers who comply with the standards enhances performance and generates shared value.

Monitoring compliance with the Disability Law

PROCUR-e monitors supplier compliance with the General Disability Act (LGD). Of 18,874 collaborating firms in Spain that were aware of the issue, 99.9% stated that they comply with the law or have a certificate of exemption. At the international level, of the 2,654 suppliers consulted, 84.2% stated that they apply the laws of their respective countries.

Supply chain

ETHICS FOR HIRING SUPPLIERS, CONTRACTORS AND COLLABORATORS

ACCIONA considers the dissemination of the company's Ethical Principles to its supply chain as key to consolidating a network of suppliers, contractors and collaborators consistent with corporate values. Throughout 2020, there were more than 193,000 communications via acceptance of the Supplier Self-Declaration of Responsibility (any supplier that does not accept this document is prohibited from working with the company), and also through orders, contracts and bidding conditions, where mandatory clauses include aspects such as Ethical Principles for Suppliers, sustainable procurement, confidentiality, information security and data protection. Such clauses have been incorporated into 95% of the group's orders. The remaining 5% are mainly related to projects with partners.

Of the suppliers with a Risk Map, 51% declare that they have their own Code of Conduct.

TRAINING AND COMMUNICATION WITH SUPPLIERS

The ACCIONA Corporate University Suppliers Campus is integrated into PROCUR-e, and is available to 100% of the supply chain free of charge.

Within the framework of the PDS 2020, 3,499 suppliers and 5,052 supplier employees have taken an interest in these courses. Of all these courses, *Sustainability applied to your company* was particularly noteworthy, with a 61% increase in participation compared to 2019.

2020 has proved to be the best year in terms of supplier training, thanks to various campaigns and specific courses on sustainability, in which emphasis has been placed on the importance of full awareness of the issue and the application of everything related to this subject.

Training of supplier employees (cumulative volume)

Course taught	2017	2018	2019	2020
		V	\	
Code of Conduct	789	908	927	1,049
Sustainability applied to your company	16	165	219	373
RC and sustainability in the supply chain	683	790	805	957
OHS basic concepts, management and regulations	650	794	851	1,026
Equality and prevention of discrimination	616	700	708	708
Raising awareness about disabilities	555	640	653	653
Climate change	0	0	0	157
Human rights	0	0	0	129
Total	3,309	3,997	4,163	5,052

Communication with suppliers

Suppliers can make use of a wide range of communication channels to raise any kind of questions about their business relationship with ACCIONA:

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

Similarly, companies can use the Ethical Channel to report any irregular practices detected, which will be duly analysed by ACCIONA.

Supplier satisfaction survey

For the fourth consecutive year, the "Supplier Satisfaction Survey" was conducted among 22,187 collaborating firms, of which 15% responded. The main objective of the survey is to gather information about ACCIONA's relationship with its supply chain through suppliers' opinions, assessments and experiences.

Key findings include:

- > 97% of suppliers consider ACCIONA's commitment to sustainability to be good or very good. 95% say that the ACCIONA inspires confidence, and they would recommend it to other companies. These figures have remained very similar year after year.
- > 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.
- > Almost 100% of suppliers rate the areas of Occupational Health and Safety and Human Rights as "very important" and "quite important", respectively.
- > 90% consider the group's impact on the local communities in which it operates to be good or very good.

In 2020, sustainability and innovation consultancy was carried out with 5 of the main suppliers. The result has shown the varying degrees of progress in awareness and implementation in matters relating to sustainability. All companies will develop a tailor-made improvement plan in line with their capabilities, activities and resources, which will provide them with long-term value and increase their competitiveness.

First edition of the Energy Supplier Prize

Two of the main product suppliers have been recognised (Best Product Supplier Prize). On the basis of an excellent evaluation (type "A" highly recommended suppliers), the following criteria are assessed, which all have an implicit sustainability component: occupational health and safety, excellence in execution, active search for solutions, competitiveness of products and/or services, and collaboration in management and innovation.

Supply chain

INTEGRATION OF ESG PRINCIPLES INTO THE PROCUREMENT PROCESS

ACCIONA's *Sustainable Procurement Guide* ensures that sustainability criteria are incorporated into the company's procurement and contracting management. 1,784 orders were considered sustainable in 2020.

Sustainability criteria in procurement and contracting management



Renewable energy

In total, 344 GWh of energy from renewable sources was consumed in Spain in 2020. Furthermore, 1,214 facilities used 100% renewable energy, 30 more than in 2019.



The operational fleet for executives consisted of 383 vehicles in 2020, of which 102 have emissions lower than 120 gCO $_2$ /km. 100% of the cars have EURO6 engines, 17.5% are hybrid vehicles, and 0.8% are electric vehicles, which means lower CO $_2$, NOx and particle emissions.

As for the service fleet, ECO or zero-emission vehicles increased by 233% in 2020, with 102 electric, hybrid and LPG/CNG vehicles now available.



2,185 tonnes of wood with chain of custody certification (FSC, PEFC, or similar), and herbaceous waste were purchased at a cost of 17.2 million euros.



Contracts were signed with 19 Special Employment Centres that promote the incorporation of people with disabilities into the labour market. Expenditure amounted to almost two million euros over the year. ACCIONA works with these companies primarily to supply work clothes, laundry services, security equipment, travel agency services, printing, vending machines and consultancy services.

