



DECODING  
THE EU  
TAXONOMY  
ACCIONA  
CASE STUDY



# Business As Unusual

ACCIONA undertakes its business in a different way. The sustainable development agenda transcends traditional economic sectors, and only a few operators are capable of connecting the supply of capital with the demands of the sustainability agenda.

ACCIONA belongs to a new sector strategically positioned to meet the needs and opportunities defined by the UN 2030 Sustainable Development Goals (SDGs), and the 2050 low-carbon economy transition behind the UNFCCC Paris Climate Agreement.

Global investment in sustainable infrastructure is required to meet 72% of the SDGs. These 17 objectives and 169 targets require annual investments estimated to 7.5% of global GDP from 2016 to 2030. With current annual infrastructure levels amounting to 5% of global GDP, significant amounts of capital are required to fill the gap equivalent to 2.5% of global GDP.

Only a small group of companies is diversified into renewable energy, sustainable mobility, water management and city infrastructure investments that contribute to the below 1.5°C, resilient and inclusive development scenarios. Climate neutral (\*) since 2016, ACCIONA has the risk profile, balance sheet and innovative skills to build, manage and operate sustainable infrastructure solutions worldwide.

(\*) In its direct operations

# What Are Sustainable Investments?

While funds are available in capital markets, investors lack analytical tools to identify sustainable investment opportunities in low carbon and resilient transport, energy, urban and water infrastructure, needed to eradicate poverty, protect people and the planet.

The global climate emergency requires decisive action to halve current emissions by 2030, and achieve climate neutrality by 2050. The European Green Deal sets out the decarbonization pathways to make Europe the first climate-neutral continent by then.

Yet, for such economic transformation to take place, the right incentive structures to channel public and private capital toward sustainable investments need to be in place. The European Union (EU) is leading efforts to provide this clarity.



ACCIONA  
IN FIGURES

+40  
Countries



+38,000  
Professionals



€ 1,013 bn  
CAPEX (FY2020)



€ 1,12 bn  
EBITDA (FY2020)



€ 6,472 bn  
Revenues (FY2020)



This figure is fully identifiable with the gross investment from the group's cash flow statement.

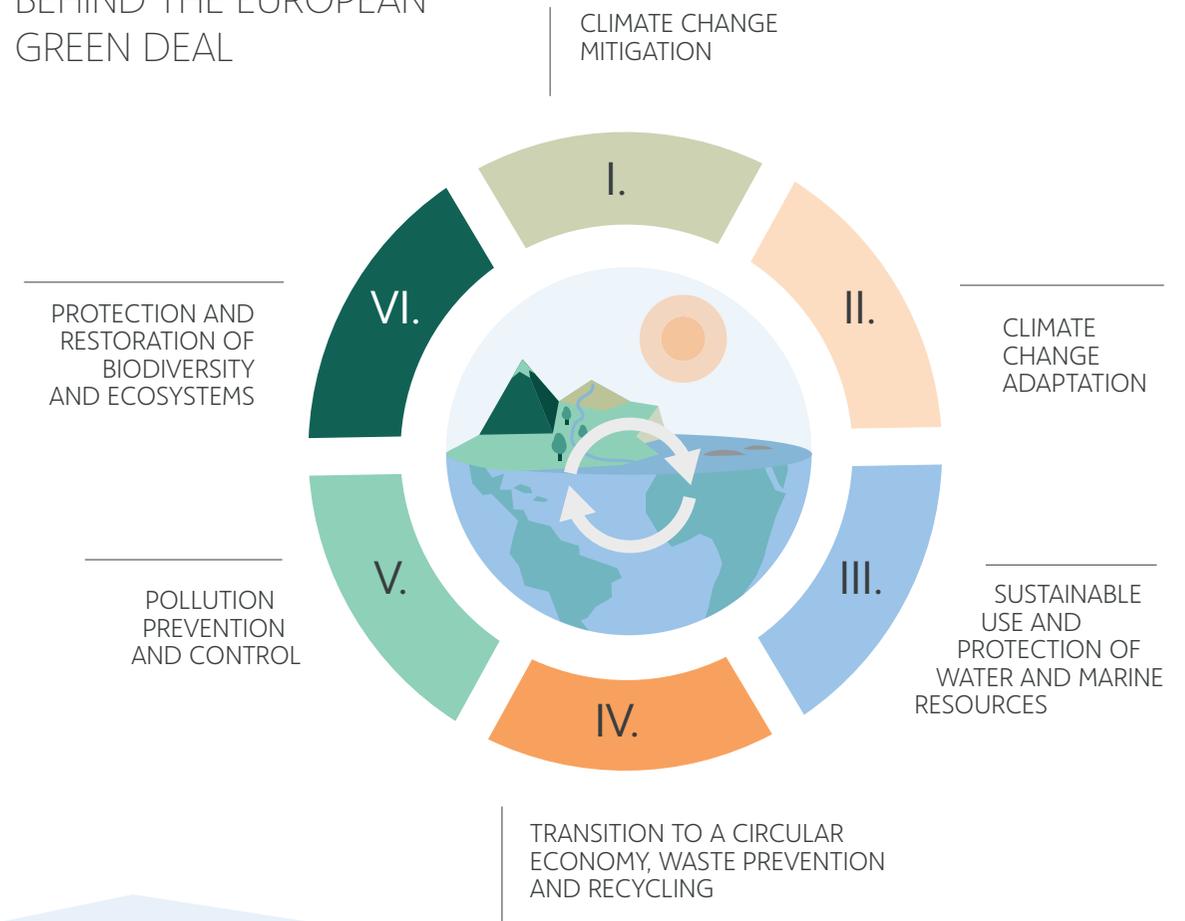
# What is the EU Sustainable Taxonomy?

Since 2018, the EU Sustainable Finance Strategy sets out the guidelines to support the mobilization of the amount capital required to transition to the Low Carbon Economy. At least €260 billion per year are required to achieve current EU energy and climate targets. In 2019, the European Commission formed the Technical Expert Group on Sustainable Finance (TEG) for the definition of technical criteria for the selection of environmentally sustainable economic activities.

Based on this work, the Commission presented in November 2020, a first draft Delegated Act, for climate change mitigation and adaptation objectives, with the requirements of substantial contribution, and “Do No Significant Harm” to the other environmental objectives.

Reporting in accordance to the taxonomy will be mandatory for large listed corporates in 2022, and will help direct investment flows to those sectors fundamental to achieving the sustainability goals behind the European Green Deal.

## SUSTAINABILITY GOALS BEHIND THE EUROPEAN GREEN DEAL



# How it works in practice: ACCIONA Case Study

ACCIONA is a step ahead in disclosing publicly the degree of alignment of its economic activities to the EU Taxonomy for sustainable finance. In 2020, for the second year in a row, the company undertook this exercise to assess its contribution to climate change mitigation and adaptation, to improve investors' understanding of its sustainable solutions business model.



WE ASSESSED OUR ACTIVITIES ASSET BY ASSET, TO DETERMINE THEIR ELIGIBILITY\*

## STEP 1

We ensured the selected activities complied with set low carbon contribution criteria in each sector

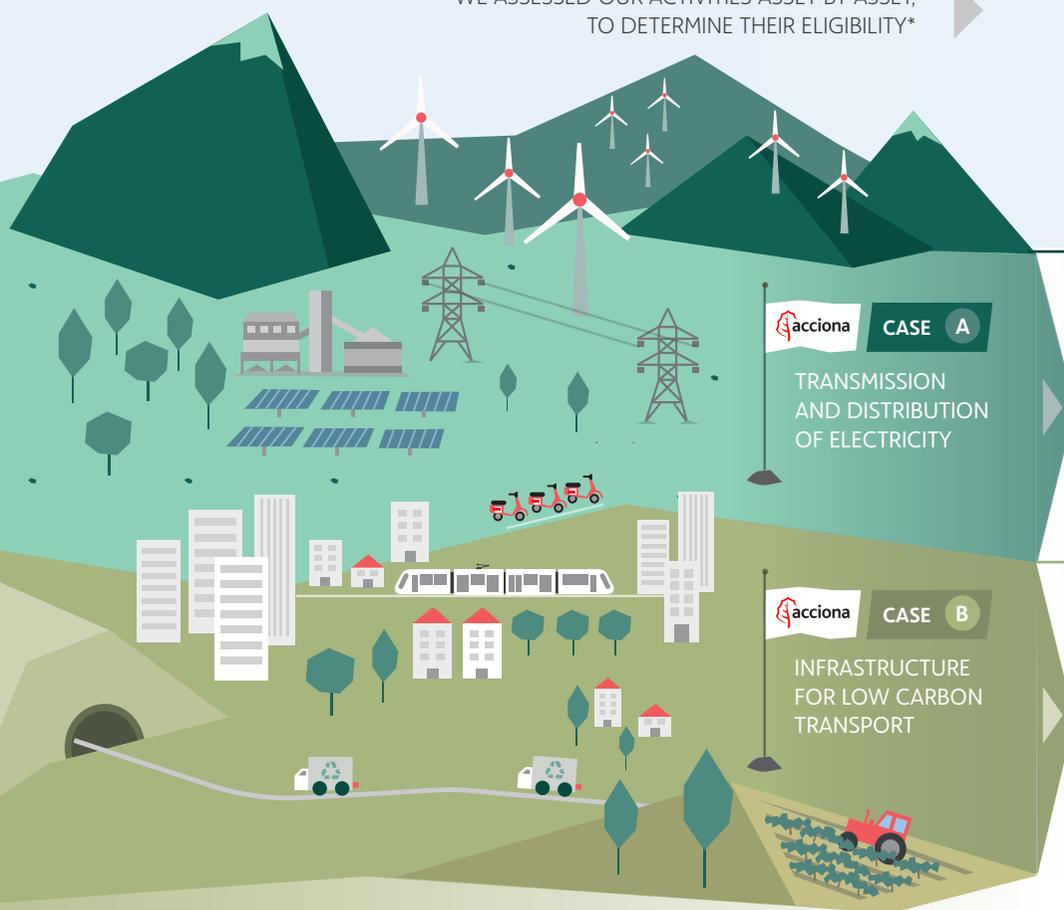
## STEP 2

We assessed that projects "Do No Significant Harm" to achieving other environmental objectives

## STEP 3

We observed that they also complied with minimum social safeguards (under OECD and ILO labor and human rights guidelines)

## EU TAXONOMY ALIGNMENT



**ACCIONA CASE A**  
TRANSMISSION AND DISTRIBUTION OF ELECTRICITY

**ACCIONA CASE B**  
INFRASTRUCTURE FOR LOW CARBON TRANSPORT

- ✓ Cubillos Substation
- ✓ JV Bop Goya
- ✗ Topolobampo III

**WARNING!**  
Electricity mix >100gr CO<sub>2</sub>/kWh

- ✓ Cubillos Substation
- ✓ JV Bop Goya

**ALIGNED!**  
Meets Other Environmental Goals

- ✓ Cubillos Substation
- ✓ JV Bop Goya

**ALIGNED!**  
Social safeguards



- ✓ Sydney Light Rail
- ✓ Broadway Subway project
- ✗ Talca Prison

**WARNING!**  
Infrastructure meets thresholds for direct emissions

- ✓ Sydney Light Rail
- ✗ Broadway Subway project

**WARNING!**  
<70% Waste Recycled

- ✓ Sydney Light Rail

**ALIGNED!**  
Social safeguards



We reviewed whether the economic activities, even when they made a substantial contribution to mitigation and / or adaptation to climate change, did not cause significant damage to the remaining environmental objectives, and complied with social safeguards.

### LESSONS LEARNT\*

The taxonomy helped ACCIONA identify activities that contributed significantly to a low carbon economy in line with the the Commission's draft technical selection criteria recommended thresholds

ACCIONA's finance and sustainability teams ensured that the selected activities did not negatively impact achieving other EU environmental goals

Activities assessed need to observe social standards (labor, Human Rights) to be fully aligned

Applying the EU Taxonomy guides ACCIONA align its financial results with its climate neutrality goals

\*Case studies selected for illustrative purposes of the exercise undertaken

# ACCIONA's Strategic Alignment

ACCIONA's economic activities follow low carbon, resilient and sustainable pathways. With 84.6% of its CAPEX, 84.0% of its EBITDA and 46.7% of its Revenue in FY2020 aligned to 6 of the 9 EU Taxonomy macro-sectors, ACCIONA is the company of choice for ESG-conscious stakeholders.

The variation in the percentage alignments with 2019 (93% of CAPEX, 83% of EBITDA and 58% of sales) occur for a number of reasons:

- The CAPEX figure within the taxonomy has changed compared to the previous year because of an extraordinary contribution to the figure attributable to the acquisition of a portfolio of construction projects in Australia. Discounting the effect of this extraordinary contribution, the CAPEX figure within the taxonomy would have been 91%.
- The technical requirements for the classification of activities have been updated compared to the June 2019 TEG recommendations document used last year. This circumstance impacts principally on the sales figure within the taxonomy which, using the previous criterion, would have been 50% of the total figure.

These figures were verified by our independent auditors (full report available on our website).

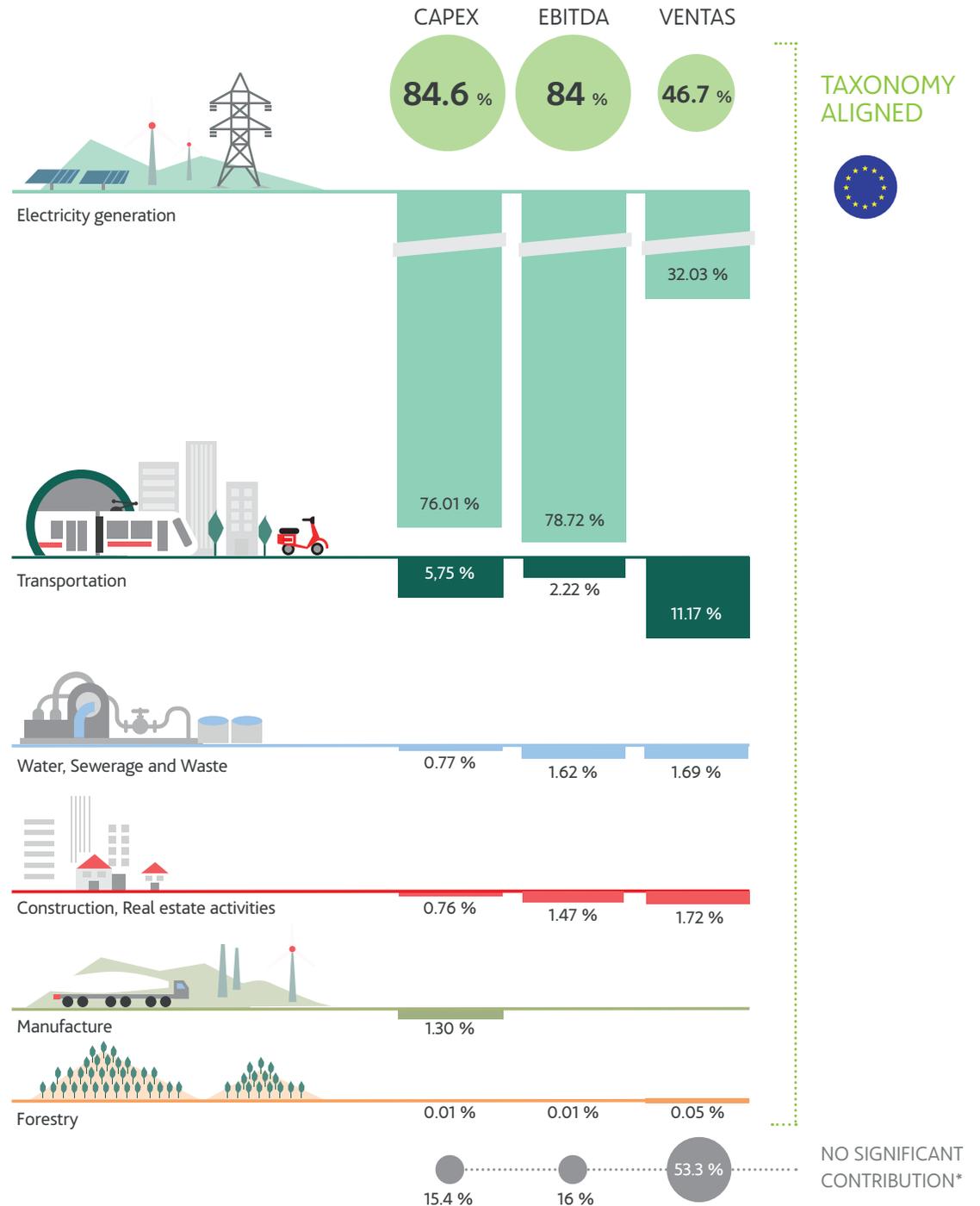


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\* Activities that do not have a significant contribution to a low carbon economy