DECODING THE EU TAXONOMY
ACCIONA CASE STUDY
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 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.
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 appointed 35 professionals to form the Technical Expert Group on Sustainable Finance (TEG). Since then, the TEG has been working on an EU taxonomy of sustainable activities, which sets out the criteria to screen the economic activities that substantially contribute to climate mitigation and adaptation.

The TEG finalized the first of the EU sustainable taxonomies in 2020, which classified activities across the 7 macro-sectors with a substantial contribution to climate change mitigation and adaptation, that “Do No Significant Harm” to the remaining environmental objectives and comply with minimum social standards. 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.
ACCIONA is a step ahead in disclosing publicly the degree of alignment of its economic activities to the EU Taxonomy for sustainable finance. In 2019, 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.

**How it works in practice: ACCIONA Case Study**

**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).

**Lessons Learnt**
- The taxonomy helped ACCIONA identify activities that contributed significantly to a low carbon economy in line with the TEG 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.

**Cases**

**Case A**
- Transmission and Distribution of Electricity
- Cubillos Substation
- JV Bop Goya
- Topolobampo Ill

**Case B**
- Infrastructure for Low Carbon Transport
- Sydney Light Rail
- Dubai Metro
- JV Mexico Airport

*Case studies selected for illustrative purposes of the exercise undertaken.
ACCIONA’s economic activities follow low carbon, resilient and sustainable pathways. With 93% of its CAPEX, 83% of its EBITDA and 58% of its Revenue in FY2019 aligned to 6 of the 7 EU Taxonomy macro-sectors, ACCIONA is the company of choice for ESG-conscious stakeholders.

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

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