

Second-Party Opinion ACCIONA Green Financing Framework



Evaluation Summary

Sustainalytics is of the opinion that the ACCIONA Green Financing Framework is credible and impactful and aligns with the four core components of the Green Bond Principles 2018 and Green Loan Principles 2018. This assessment is based on the following:



USE OF PROCEEDS The eligible category for the use of proceeds are aligned with those recognized by the Green Bond Principles. Sustainalytics considers that renewable energy projects, clean transportation, water and wastewater management, and green buildings will lead to positive environmental impacts and advance the UN Sustainable Development Goals 6, 7, 11 and 14.



PROJECT EVALUATION / SELECTION ACCIONA's internal process in evaluating and selecting projects is managed by the Sustainable Finance Committee, who is responsible for verifying project eligibility against the criteria outlines in this Framework. This process is aligned with market practice.



MANAGEMENT OF PROCEEDS ACCIONA's processes for management of proceeds is handled by the Finance Department. The Company has established an Eligible Green Project Portfolio to track the allocation of proceeds for the finance and/or refinance of projects that have been added to the Eligible Green Project Portfolio. Unallocated proceeds will be held or invested at the Company's own discretion in its treasury liquidity portfolio. This process is aligned with market practice.



REPORTING ACCIONA intends to report allocation proceeds on the Company website on an annual basis until full allocation. In addition, ACCIONA is committed to reporting on relevant impact metrics. Sustainalytics views ACCIONA's allocation and impact reporting as aligned with market practice.

Evaluation date	November 22, 2019
Issuer Location	Madrid, Spain

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Introduction

ACCIONA (the “Company”) was founded in 1997 as a diversified group, following an initial strategic merger resulting in the birth of NECSO Entrecanales y Cubiertas which was based on businesses and assets dating from 1861. ACCIONA is headquartered in Alcobendas, Spain. The Company provides sustainable solutions for infrastructure, renewable energy projects, water and other services in more than 40 different countries. The company develops, constructs, operates, and maintains wind, solar photovoltaic, solar thermal, hydro, and biomass plants in addition to its construction, water, industrial divisions and other activities worldwide.

ACCIONA has developed the ACCIONA Green Financing Framework (the “Framework”) under which it intends to issue multiple green finance instruments and use the proceeds to finance and/or refinance, in whole or in part, existing and/or future projects that will contribute to clean energy, clean transportation, improved water, wastewater and waste management, and green buildings. The Framework defines eligibility criteria in the following areas:

1. Electricity Supply
 - a. Renewable energy
2. Transportation and storage
 - a. Clean transportation
3. Water, sewage, waste management and remediation
 - a. Sustainable water and wastewater management
 - b. Pollution prevention and control
4. Construction and real estate activities
 - a. Green buildings

ACCIONA engaged Sustainalytics to review the updated ACCIONA Green Financing Framework, dated November 2019 and provide a second-party opinion on the Framework’s environmental credentials and its alignment with the Green Bond Principles 2018 (GBP)¹ and Green Loan Principles 2018 (GLP).² This Framework has been published in a separate document.³ Sustainalytics notes that this second-party opinion is an update to opinion provided in April 2018. A summary overview of this Framework has been provided in Appendix 1.

As part of this engagement, Sustainalytics held conversations with various members of ACCIONA’s management team to understand the sustainability impact of their business processes and planned use of proceeds, as well as management of proceeds and reporting aspects of ACCIONA’s Green Financing Framework. Sustainalytics also reviewed relevant public documents and non-public information.

This document contains Sustainalytics’ opinion of the ACCIONA Green Financing Framework and should be read in conjunction with that Framework.

¹ The Green Bond Principles are administered by the International Capital Market Association and are available at: <https://www.icmagroup.org/green-social-and-sustainability-bonds/green-bond-principles-gbp/>

² The Green Loan Principles are administered by the Loan Market Association and are available at: https://www.lma.eu.com/application/files/9115/4452/5458/741_LM_Green_Loan_Principles_Booklet_V8.pdf

³ The ACCIONA Green Finance Framework is available on ACCIONA’s website at: <https://www.accionacom/sustainability/sustainable-finance/>

Sustainalytics' Opinion

Section 1: Sustainalytics' Opinion on the ACCIONA Green Financing Framework

Summary

Sustainalytics is of the opinion that the ACCIONA Green Financing Framework is credible and impactful and aligns with the four core components of the Green Bond Principles 2018 and Green Loan Principles 2018. Sustainalytics highlights the following elements of ACCIONA's Green Financing Framework:

- Use of Proceeds:
 - The eligible use of proceeds categories outlined in the Framework – (i) electricity supply (ii) transportation and storage (iii) water, sewage, waste management and remediation and (iv) construction and real estate activities – are viewed by Sustainalytics as credible, impactful and aligned with the GBP 2018 and GLP 2018. ACCIONA will finance and/or refinance projects across their global portfolio which includes more than 40 different countries.
 - ACCIONA intends to finance a variety of renewable energy technologies, including wind power, photovoltaic solar, concentrated solar power and bioenergy facilities.⁴ ACCIONA has indicated that all feedstocks for the bioenergy facility will come from agricultural and/or forest biomass residuals. Sustainalytics positively views investments into renewable energy technologies and the use of residual biomass as feedstock for bioenergy.
 - Clean transportation expenditures will be aimed at projects including the construction of electrified railways as well as the financing of electric vehicles. For example, ACCIONA has invested into the development of a metro line in Quito, Ecuador as well as the launch of a shared motorbike service that is available in Madrid, Valencia, Barcelona, Seville and Lisbon. Sustainalytics recognizes the importance of financing fully electric vehicles and transportation as an important contribution to low-carbon transport.
 - Sustainable water and wastewater management expenditures will be directed towards centralized wastewater treatment systems, substitution of untreated wastewater discharge/treatment systems with onsite sanitation systems and/or anaerobic lagoons, which aim to reduce net GHG emissions through centralization of wastewater treatment. Sustainalytics views water treatment as providing important environmental benefits, including the reduction of pollution into the environment and reducing the negative impacts of untreated water on human health. Additionally, financing will be directed towards high energy efficiency water collection and treatment. ACCIONA has established a threshold for the average energy consumption of the system of 0.5 kwh per cubic meter/billed unbilled authorized water supply or less, which is aligned with the European benchmark.⁵ Sustainalytics positively highlights the establishment of an efficiency threshold.
 - ACCIONA intends to finance separate collection and transport of non-hazardous waste in single or comingled fractions aimed at reuse/recycling. For example, the Company has invested in infrastructure for e-waste recycling in the east of Madrid. Sustainalytics notes that ACCIONA has indicated to Sustainalytics that waste streams are separated to ensure no human contact, thus preventing adverse risks to human health.
 - ACCIONA intends to finance the construction of new residential and non-residential buildings with green building certifications including BREEAM and LEED. Regarding BREEAM certification, ACCIONA aims to achieve a minimum level of certification of "Good" or above for all its residential projects; the Company has achieved nearly 70% of certified residential buildings as BREEAM "Very Good." Regarding non-residential buildings, ACCIONA has established a minimum certification level of LEED "Gold" or above. Sustainalytics recognizes these as robust certification schemes and highlights the minimum benchmarks, Sustainalytics has provided an assessment of BREEAM and LEED in Appendix 1.
 - ACCIONA has established a lookback period of 36 months for the refinancing of activities.
- Project Evaluation and Selection:

⁴ Facilities will operate at an emissions threshold of 100gCO₂-e/kWh.

⁵ European Benchmarking Co-operation, "Public Documents", (2019), at: <https://www.waterbenchmark.org/documents/Public-documents>

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- ACCIONA’s project evaluation and selection process is managed by the Sustainable Finance Committee (the “Committee”), which is comprised of members from the Finance Department, the Global Sustainability Department, and Sustainability Representatives of ACCIONA’s relevant business lines, project managers and other relevant parties to be nominated as subject matter experts. The Committee is responsible for verifying the compliance of all projects with the eligibility criteria outlined in the Framework on a quarterly basis. Sustainalytics views this process as aligned with market practice.
- Management of Proceeds:
 - ACCIONA intends to allocate proceeds on a portfolio basis for new financing and for refinancing. Allocation will be tracked via register, managed by the Finance department. Eligible projects will be placed in the Eligible Green Project Portfolio and the Company will prioritize current and/or more recent projects. ACCIONA will strive to ensure the level of allocation for the Eligible Green Project Portfolio matches the balance of the net proceed from its outstanding green finance instruments. Unallocated proceeds will be held and/or invested at ACCIONA’s discretion in its treasury liquidity portfolio in cash or other short term and liquid instruments or to pay back and reduce outstanding indebtedness in revolving credit facilities. Sustainalytics views this process as aligned with market practice.
- Reporting:
 - ACCIONA will report annually, until full allocation, on both allocation of proceeds and impact of the Eligible Green Project Portfolio. The Company’s reports will be made available on its website. Allocation reporting will include a breakdown of allocated amounts to the projects, regional distribution of projects, amounts of financings vs refinancing and total amount of unallocated proceeds.
 - Impact reporting will include a general description of projects, a breakdown of what is being financed (assets, capital expenditures [CAPEX], operational expenditures [OPEX]), and relevant impact metrics. For a full list of potential impact metrics, see Appendix 1. ACCIONA intends to seek post-issuance verification of allocation, which will be published no later than the same date as ACCIONA’s General Shareholders Meeting. Sustainalytics positively highlights the intention to seek post-issuance verification and views this process as aligned with market practice.

Alignment with Green Bond Principles 2018

Sustainalytics has determined that ACCIONA’s Green Financing Framework aligns to the four core components of the GBP 2018 and GLP 2018. For detailed information please refer to Appendix 1: Green Bond/Green Bond Programme External Review Form.

Section 2: Sustainability Strategy of the Issuer

Contribution of framework to ACCIONA’s sustainability strategy

ACCIONA’s mission is to “aim to meet the needs of today without compromising the ability of future generations to meet theirs”⁶ which is consistent with the definition of sustainability as outlined in the world famous Brundtland Report.⁷ The Company aims “To be the leader in the creation, promotion and management of renewable energies, infrastructure, water and services, contributions to social well-being, sustainable development and the creation of value for stakeholders.”⁶

To achieve its sustainability mission, ACCIONA developed the Sustainability Master Plan 2020⁸ (SMP 2020) structured around seven areas: Society, Climate Change, Environment, Corporate Governance, People, Value Chain and Innovation. For each of these areas, the Company has outlined specific targets, some of which include:

- Becoming the leading supplier of electricity supplied via renewable energy in isolated rural areas of Latin America by 2020;
- A 16% reduction in GHG emissions by 2030 compared to a 2017 baseline;

⁶ ACCIONA, “Mission and Values”, (2019), at: <https://www.accionacom/about-accionacom/mission-and-values/>

⁷ United Nations, “Our Common Future”, (1987), at: <https://sustainabledevelopment.un.org/content/documents/5987our-common-future.pdf>

⁸ ACCIONA, “Sustainability Master Plan”, (2019), at: <http://smp2020.ACCIONA.com/>

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- Investing at least USD\$2.5 billion in developing renewable technologies by 2020;
- Improvement of water consumption efficiency, including external verification of water footprint;
- Improve eco-efficiency of operations.

Sustainalytics notes that the Company's SMP 2020 and corresponding reporting are both highly transparent and robust. In addition to outlining strategic goals, the Company discloses activities that it will pursue to achieve those goals and provides annual disclosure on sustainability achievements. ACCIONA's approach to sustainability is holistic, well-defined and viewed positively by Sustainalytics.

By investing into a range of renewable energy technologies, supporting infrastructure development for low carbon transport, improving water and wastewater management, financing the development of green buildings and contributing to sustainable agriculture and forest products production, ACCIONA's Green Financing Framework will contribute to the Company's SMP 2020 targets and its overall sustainability mission. Based on this, Sustainalytics is of the opinion that the Framework is well-positioned to deliver positive environmental impacts, reduce the Company's operational footprint and help facilitate the transition to a low-carbon society.

Well positioned to address common environmental and social risks associated with the projects

Sustainalytics recognizes that the projects and activities financed by this Framework will have overall positive environmental impacts. However, as with any large-scale infrastructure development projects, certain environmental and social risks such as worker health and safety, land-use change, and stakeholder engagement/community relations must be appropriately mitigated.

In addition to respecting all laws and regulations in the countries where it operates, ACCIONA implemented a comprehensive set of integrated policies⁹, namely the (i) Risk Management Policy, (ii) Sustainability Policy, (iii) Environmental Policy, (iv) Biodiversity Policy, (v) Climate Change Policy, (vi) Stakeholder Relations Policy and a (vii) Water Policy aiming to complement the governance and oversight structure for its environmental and social risks. Sustainalytics assessed the above policies and is of the opinion that they ensure a strong level of environmental and social due diligence which, in combination with the following governance structures,¹⁰ provide assurance that the company is well positioned to address relevant risks:

- Risk Management systems placed under the direct oversight of ACCIONA's Board of Directors, complemented through the company's Environmental Risk Management and integrated in the broader risk management strategy;
- Sustainability Committee has direct representation in ACCIONA's Board of Directors. The Sustainability Committee is tasked with extensive sustainability-related policy making, evaluation and oversight beyond the assessment and validation of the material aspects within the organization, including Climate Change Adaptation, Human Rights and Labour Rights, Sustainability Performance, the overall Environmental Management of the Company, Waste Management, Sustainability Risks Management etc.;¹⁰
- ACCIONA strives to ensure positive relationships with its stakeholders through continuous communication and dialogue to understand the needs and expectations of stakeholders so as to generate shared value, form long-term relationships, mitigate risks and identify opportunities to improve sustainability practices;
- Social Impact Management process ensuring a framework for mitigating risks affecting local stakeholder groups such as a) impact on basic services in communities (electricity, water, education, health or communication), b) change in the continuity of the economic activities of the local communities, c) impact on the rights of vulnerable groups, and d) impact on the direct and indirect rights of employees;¹¹
- An integrated supplier Audit Plan ensuring compliance with its own environmental and social policies, further consolidated through the integration of external auditors. To reinforce its compliance process, ACCIONA more than doubled its supplier audits by more than 100% in countries considered at high risk;¹⁰
- Internationally recognized management systems (ISO 9001, ISO 14001, ISO 50001, ISO 22000, EMAS, etc.) covering all ACCIONA's divisions. In 2018, 100% of the most relevant activities of the company were ISO 14001-certified, among them 100% of the commercialization and sale of renewable energy, 100% of the installed MW3 or 100% of the construction activity in several countries (Spain, Chile, Brazil, Mexico, Colombia, Canada, etc.). In 2018, 90% of ACCIONA's turnover is certified under ISO 14001 and 91% under ISO 9001. Moreover, all of ACCIONA Energy's operations (covering the company's wind and solar PV

⁹ ACCIONA, "Corporate policies book", (2019), at: <https://www.ACCIONA.com/shareholders-investors/corporate-governance/corporate-policies-book/>

¹⁰ ACCIONA, "2018 Sustainability Report", (2019), at: <http://annualreport2016.ACCIONA.com/d/sustainability-report.pdf>

¹¹ ACCIONA, "Social Impact", (2019), at: <https://www.ACCIONA.com/sustainability/society/social-impact/>

activities falling under the ACCIONA Green Bond Framework) are also covered by OHSAS 18001 - Occupational Health and Safety Management Certification.¹⁰

Based on the above, Sustainalytics is of the opinion that ACCIONA has implemented adequate policies and procedures to mitigate potential environmental and social risks related to the activities that will be financed under this Framework and is well-positioned to issue green finance instruments.

Section 3: Impact of Use of Proceeds

The use of proceeds categories are recognized as impactful by GBP and GLP. Sustainalytics has focused on three below where the impact is particularly relevant.

The importance of renewable energy

ACCIONA invests into renewable energy projects in a variety of countries across its portfolio, which spans more than 40 different countries. Sustainalytics recognizes the environmental benefits of renewable energy projects. Sustainalytics holds a positive view of ACCIONA's commitment to invest EUR 2.5 billion in renewable energy projects by 2020 so as to reach 10,500 MW in renewable energy generation and offset 20 million tonnes of CO₂, and is of the opinion that the framework will catalyze ACCIONA's efforts to achieve this goal. Similarly, ACCIONA's pledge to allocate 80% of its investments toward new renewable energy installations in developing countries traditionally reliant on coal and oil infrastructures, will positively contribute to their energy transition, as well to the countries' overall economic development, energy security and independence.

Some of ACCIONA's notable projects for renewable electricity generation include the Oaxaca Wind Power Complex in Mexico, which generates annually 1,129 GWh of electricity, providing a reduction in CO₂ emissions equivalent to 750,000 tons. Additionally, ACCIONA built a Solar PV plant in the State of Sonora that will, upon completion, produce 968 GWh annually and offset 925,443 tons of CO₂ emissions from coal-fired power stations.¹² Furthermore, in the United States, the Company built the 64 MW Nevada Solar One CSP Plant which generates approximately 136 GW annually, avoiding 31,967 tons of CO₂ emissions. Renewable energy projects carried out in Mexico and in the State of Nevada are contributing to local electricity generation targets, respectively 35% by 2024¹³ and 50% by 2030.¹⁴

Based on the above, Sustainalytics is of the opinion that ACCIONA's investments into renewable energy technologies in various countries around the globe are credible, impactful and contribute to both the Company's own sustainability targets as well as to national renewable energy commitments.

The important of providing wastewater treatment and improving water efficiency

Globally, it is likely that over 80% of wastewater is released to the environment without adequate treatment.¹⁵ Ensuring good water quality treatment is critically important for both human health and environmental conservation. As populations grow, natural environments become degraded and the need for adequate water treatment infrastructure increases.¹⁶ ACCIONA has been a key partner in the development of several water treatment plants around the globe. Specifically relevant to this Framework are La Chira wastewater treatment plant (WWTP)¹⁷ that was constructed to address Lima's sanitary problems caused by the effluent of the Surco and Circunvalacion collectors that used to discharge directly into the sea without prior treatment¹⁸ and the Orduna water treatment plant (WTP), which is a water treatment plant built to serve the Orduna community in Spain and is certified under ISO 150001.

ACCIONA's financing of centralized wastewater treatment systems and energy efficient water collection, treatment and supply are seen as impactful by Sustainalytics and contributing to the reduction of untreated effluent discharge into the environment and thus reducing GHG emissions and pollution related to water

¹² Mexico Now, "Acciona Energía completes in Sonora its largest solar plant built to date", at: <https://mexico-now.com/index.php/article/4990-acciona-s-us-349-million-photovoltaic-plant-in-sonora-is-completed>

¹³ Energiyahoy, "Plan Nacional de Desarrollo 2019-2024: 9 estrategias para el sector energía", at: <https://energiyahoy.com/2019/05/03/plan-nacional-de-desarrollo-2019-2024-9-estrategias-para-el-sector-energia/>

¹⁴ Think Geoenergy, "Nevada signs legislation with 50% renewable energy target by 2030", at: <http://www.thinkgeoenergy.com/nevada-signs-legislation-with-50-renewable-energy-target-by-2030/>

¹⁵ UNESCO, "World Water Assessment Programme", (2017), at: <http://www.unesco.org/new/en/natural-sciences/environment/water/wwap/wwdr/>

¹⁶ UN Water, "Water Quality and Wastewater", (2017), at: <https://www.unwater.org/water-facts/quality-and-wastewater/>

¹⁷ Harvard University – Graduate School of Design, "Wastewater Treatment Plant and Marine Outfall of La Chira, Peru", at:

<https://research.gsd.harvard.edu/zofnass/menu/current-research/infrastructure-360/wastewater-treatment-plant-and-marine-outfall-of-la-chira-peru/>

¹⁸ NS Energy, "Acciona Agua wins contract for La Chira wastewater treatment plant in Lima", at:

https://www.nsenergybusiness.com/news/newsaccion-aqua-wins-contract-for-la-chira-wastewater-treatment-plant-in-lima_251110/

treatment. These projects will contribute to the Company's sustainability strategy and the global need for improved wastewater treatment and efficient water infrastructure.

Decarbonizing the Transportation Sector to Meet the Paris Agreement's Target

In 2014, the transportation sector as a whole was responsible for around 23% of CO₂ emissions from fossil fuel combustion globally.¹⁹ According to a report by the International Transport Forum (ITF), a specialized intergovernmental organization within the OECD, CO₂ emissions in the sector have the potential to increase 60% by 2050 in the absence of proper mitigation measures. Moreover, the report also highlights that while the Nationally Determined Contribution of member states pledged to the Paris Climate Agreement provide CO₂ reduction ambitions, the measures proposed are not sufficiently clear in assessing the environmental impact of the transportation sector, and will likely miss their targets if growing emissions from passenger and freight mobility are not addressed.²⁰

ACCIONA has invested into the development of a 22km metro line in Quito, Ecuador – the first metro line for the Ecuadorean capital, which includes 13 new stations and represents an annual savings of 67,000 metric tons of CO₂. Additionally, ACCIONA Mobility is a scooter sharing service launched in 2018 several cities in Spain and Portugal. The scooters are 100% electric, charged with electricity that is certified as 100% renewable and provides its users with information on CO₂ emissions avoided. These projects demonstrate ACCIONA's commitment to clean transportation and contribute to providing alternative solutions to fossil-fuel based transportation, thus contributing to the reduction of GHG emissions. Based on the above, Sustainalytics views ACCIONA's investments into clean transportation as contributing to both the Company's internal sustainability goals as well as national targets and are credible and impactful.

Alignment with/contribution to SDGs

The Sustainable Development Goals (SDGs) were set in September 2015 and form an agenda for achieving sustainable development by the year 2030. The green finance instruments issued by ACCIONA under this Framework will advance the following SDG goals and targets:

Use of Proceeds Category	SDG	SDG target
Electricity Supply	7. Affordable and clean energy	7.2 By 2030, increase substantially the share of renewable energy in the global energy mix
Transportation and Storage	11. Sustainable cities and communities	11.2 By 2030, provide access to safe, affordable, accessible and sustainable transport systems for all, improving road safety, notably by expanding public transport, with special attention to the needs of those in vulnerable situations, women, children, persons with disabilities and older persons
Water, sewerage, waste and remediation	6. Clean water and sanitation	6.3 By 2030, improve water quality by reducing pollution, eliminating dumping and minimizing release of hazardous chemicals and materials, halving the proportion of untreated wastewater and substantially increasing recycling and safe reuse globally 6.4 By 2030, substantially increase water-use efficiency across all sectors and ensure sustainable withdrawals and supply of freshwater to address water scarcity and substantially reduce the number of people suffering from water scarcity
	14. Life below water	14.1 By 2025, prevent and significantly reduce marine pollution of all kinds, in particular from land-based activities, including marine debris and nutrient pollution
	11. Sustainable cities and communities	11.6 By 2030, reduce the adverse per capita environmental impact of cities, including by

¹⁹ Santos, G., "Road Transport and CO₂ emissions: What are the challenges?", (2017), at: <https://www.sciencedirect.com/science/article/pii/S0967070X17304262>

²⁰ ITF, "Transport CO₂ and the Paris Climate Agreement", (2017), at: <https://www.itf-oecd.org/sites/default/files/docs/transport-co2-paris-climate-agreement-ndcs.pdf>

		paying special attention to air quality and municipal and other waste management
Construction and Real Estate Activities	11. Sustainable cities and communities	11.C Support least developed countries, including through financial and technical assistance, in building sustainable and resilient buildings utilizing local materials.

Conclusion



ACCIONA S.A. has developed the ACCIONA Green Financing Framework under which it intends to issue green finance instruments. The proceeds of the instruments will be used to refinance or finance, in whole or in part, existing and/or future projects related to renewable energy, clean transportation, sustainable water, wastewater and waste management, and green buildings. Sustainalytics is of the opinion that projects funded by the proceeds of the green finance instruments will positively contribute toward advancing ACCIONA's sustainability commitments outlined in the SMP 2020. ACCIONA's processes for project evaluation and selection, management of proceeds and reporting are all aligned with market practice. Based on the above, Sustainalytics is confident that ACCIONA is well positioned to issue green finance instruments, and that the ACCIONA Green Financing Framework is credible, robust and aligned with the GBP 2018 and GLP 2018.

Appendices

Appendix 1: Sustainalytics' assessment of BREEAM and LEED certifications

	BREEAM	LEED
Background	BREEAM (Building Research Establishment Environmental Assessment Method) was first published by the Building Research Establishment (BRE) in 1990. Based in the UK. Used for new, refurbished and extension of existing buildings.	Leadership in Energy and Environmental Design (LEED) is a US Certification System for residential and commercial buildings used worldwide. LEED was developed by the non-profit U.S. Green Building Council (USGBC) and covers the design, construction, maintenance and operation of buildings.
Certification levels	Pass Good Very Good Excellent Outstanding	Certified Silver Gold Platinum
Areas of Assessment: Environmental Project Management	Management (Man) addresses various aspects: project management, deployment, minimal environmental disturbance worksite and stakeholder engagement.	Integrative process, which requires, from the beginning of the design process, the identification and creation of synergies between the various project stakeholders regarding the construction choices and the technical systems.
Areas of Assessment: Environmental Performance of the Building	Energy Land Use and Ecology Pollution Transport Materials Water Waste Health and Wellbeing Innovation	Energy and atmosphere Sustainable Sites Location and Transportation Materials and resources Water efficiency Indoor environmental quality Innovation in Design Regional Priority
Requirements	Prerequisites depending on the levels of certification + Credits with associated points This number of points is then weighted by item ²¹ and gives a BREEAM level of certification, which is based on the overall score obtained (expressed as a percentage). Majority of BREEAM issues are flexible, meaning that the client can choose which to comply with to build their BREEAM performance score. BREEAM has two stages/ audit reports: a 'BREEAM Design Stage' and a 'Post Construction Stage', with different assessment criteria.	Prerequisites (independent of level of certification) + Credits with associated points These points are then added together to obtain the LEED level of certification There are several different rating systems within LEED. Each rating system is designed to apply to a specific sector (e.g. New Construction, Major Renovation, Core and Shell Development, Schools-/Retail-/Healthcare New Construction and Major Renovations, Existing Buildings: Operation and Maintenance).

²¹ BREEAM weighting: Management 12%, Health and wellbeing 15%, Energy 19%, Transport 8%, Water 6%, Materials 12.5%, Waste 7.5%, Land Use and ecology 10%, Pollution 10% and Innovation 10%. One point scored in the Energy item is therefore worth twice as much in the overall score as one point scored in the Pollution item

Performance display		
Accreditation	BREEAM International Assessor BREEAM AP BREEAM In Use Assessor	LEED AP BD+C LEED AP O+M
Qualitative considerations	Used in more than 70 countries: Good adaptation to the local normative context. Predominant environmental focus. BREEAM certification is less strict (less minimum thresholds) than HQE and LEED certifications.	Widely recognised internationally, and strong assurance of overall quality.

Appendix 2: Green Bond / Green Bond Programme - External Review Form

Section 1. Basic Information

Issuer name: ACCIONA

Green Bond ISIN or Issuer Green Bond Framework Name, if applicable: *[specify as appropriate]* ACCIONA Green Financing Framework

Review provider's name: Sustainalytics

Completion date of this form: 20/11/2019

Publication date of review publication: *[where appropriate, specify if it is an update and add reference to earlier relevant review]*

Section 2. Review overview

SCOPE OF REVIEW

The following may be used or adapted, where appropriate, to summarize the scope of the review.

The review assessed the following elements and confirmed their alignment with the GBPs:

- | | |
|--|--|
| <input checked="" type="checkbox"/> Use of Proceeds | <input checked="" type="checkbox"/> Process for Project Evaluation and Selection |
| <input checked="" type="checkbox"/> Management of Proceeds | <input checked="" type="checkbox"/> Reporting |

ROLE(S) OF REVIEW PROVIDER

- | | |
|---|--|
| <input checked="" type="checkbox"/> Consultancy (incl. 2 nd opinion) | <input type="checkbox"/> Certification |
|---|--|

Verification Rating

Other *(please specify)*:

Note: In case of multiple reviews / different providers, please provide separate forms for each review.

EXECUTIVE SUMMARY OF REVIEW and/or LINK TO FULL REVIEW *(if applicable)*

Please refer to Evaluation Summary above.

Section 3. Detailed review

Reviewers are encouraged to provide the information below to the extent possible and use the comment section to explain the scope of their review.

1. USE OF PROCEEDS

Overall comment on section *(if applicable)*:

The eligible category for the use of proceeds are aligned with those recognized by the Green Bond Principles. Sustainalytics considers that renewable energy projects, clean transportation, water and wastewater management, and green buildings will lead to positive environmental impacts and advance the UN Sustainable Development Goals 7, 11 and 14.

Use of proceeds categories as per GBP:

- | | |
|--|--|
| <input checked="" type="checkbox"/> Renewable energy | <input type="checkbox"/> Energy efficiency |
| <input checked="" type="checkbox"/> Pollution prevention and control | <input type="checkbox"/> Environmentally sustainable management of living natural resources and land use |
| <input type="checkbox"/> Terrestrial and aquatic biodiversity conservation | <input checked="" type="checkbox"/> Clean transportation |
| <input checked="" type="checkbox"/> Sustainable water and wastewater management | <input type="checkbox"/> Climate change adaptation |
| <input type="checkbox"/> Eco-efficient and/or circular economy adapted products, production technologies and processes | <input checked="" type="checkbox"/> Green buildings |
| <input type="checkbox"/> Unknown at issuance but currently expected to conform with GBP categories, or other eligible areas not yet stated in GBPs | <input type="checkbox"/> Other <i>(please specify)</i> : |

If applicable please specify the environmental taxonomy, if other than GBPs:

2. PROCESS FOR PROJECT EVALUATION AND SELECTION

Overall comment on section (if applicable):

ACCIONA's internal process in evaluating and selecting projects is managed by the Sustainable Finance Committee, who is responsible for verifying project eligibility against the criteria outlines in this Framework. This process is aligned with market practice.

Evaluation and selection

- | | |
|--|--|
| <input checked="" type="checkbox"/> Credentials on the issuer's environmental sustainability objectives | <input checked="" type="checkbox"/> Documented process to determine that projects fit within defined categories |
| <input checked="" type="checkbox"/> Defined and transparent criteria for projects eligible for Green Bond proceeds | <input type="checkbox"/> Documented process to identify and manage potential ESG risks associated with the project |
| <input type="checkbox"/> Summary criteria for project evaluation and selection publicly available | <input type="checkbox"/> Other (<i>please specify</i>): |

Information on Responsibilities and Accountability

- | | |
|--|--|
| <input checked="" type="checkbox"/> Evaluation / Selection criteria subject to external advice or verification | <input type="checkbox"/> In-house assessment |
| <input type="checkbox"/> Other (<i>please specify</i>): | |

3. MANAGEMENT OF PROCEEDS

Overall comment on section (*if applicable*):

ACCIONA's processes for management of proceeds is handled by the Finance Department. The Company has established an Eligible Green Project Portfolio to track the allocation of proceeds for the finance and/or refinance of projects that have been added to the Eligible Green Project Portfolio. Unallocated proceeds will be held or invested at the Company's own discretion in its treasury liquidity portfolio. This process is aligned with market practice.

Tracking of proceeds:

- | |
|---|
| <input checked="" type="checkbox"/> Green Bond proceeds segregated or tracked by the issuer in an appropriate manner |
| <input checked="" type="checkbox"/> Disclosure of intended types of temporary investment instruments for unallocated proceeds |
| <input type="checkbox"/> Other (<i>please specify</i>): |

Additional disclosure:

- | | |
|---|---|
| <input type="checkbox"/> Allocations to future investments only | <input checked="" type="checkbox"/> Allocations to both existing and future investments |
| <input type="checkbox"/> Allocation to individual disbursements | <input type="checkbox"/> Allocation to a portfolio of disbursements |

- Disclosure of portfolio balance of unallocated proceeds
 Other (*please specify*):

4. REPORTING

Overall comment on section (if applicable):

ACCIONA intends to report allocation proceeds on the Company website on an annual basis until full allocation. In addition, ACCIONA is committed to reporting on relevant impact metrics. Sustainalytics views ACCIONA's allocation and impact reporting as aligned with market practice.

Use of proceeds reporting:

- Project-by-project
 On a project portfolio basis
- Linkage to individual bond(s)
 Other (*please specify*):

Information reported:

- Allocated amounts
 Green Bond financed share of total investment
- Other (*please specify*):

Frequency:

- Annual
 Semi-annual
- Other (please specify):

Impact reporting:

- Project-by-project
 On a project portfolio basis
- Linkage to individual bond(s)
 Other (please specify):

Frequency:

- Annual
 Semi-annual
- Other (please specify):

Information reported (expected or ex-post):

- GHG Emissions / Savings
 Energy Savings
- Decrease in water use
 Other ESG indicators (please specify):

Means of Disclosure

- Information published in financial report
 Information published in sustainability report
- Information published in ad hoc documents
 Other (please specify): a report on the corporate website

- Reporting reviewed (if yes, please specify which parts of the reporting are subject to external review):

Where appropriate, please specify name and date of publication in the useful links section.

USEFUL LINKS (e.g. to review provider methodology or credentials, to issuer's documentation, etc.)

<https://www.acciona.com/sustainability/>
https://accionacorp.blob.core.windows.net/media/3348747/sustainability-report_2018.pdf

SPECIFY OTHER EXTERNAL REVIEWS AVAILABLE, IF APPROPRIATE

Type(s) of Review provided:

- | | |
|--|--|
| <input type="checkbox"/> Consultancy (incl. 2 nd opinion) | <input type="checkbox"/> Certification |
| <input type="checkbox"/> Verification / Audit | <input type="checkbox"/> Rating |
| <input type="checkbox"/> Other (<i>please specify</i>): | |

Review provider(s):

Date of publication:

ABOUT ROLE(S) OF INDEPENDENT REVIEW PROVIDERS AS DEFINED BY THE GBP

- i. Second Party Opinion: An institution with environmental expertise, that is independent from the issuer may issue a Second Party Opinion. The institution should be independent from the issuer's adviser for its Green Bond framework, or appropriate procedures, such as information barriers, will have been implemented within the institution to ensure the independence of the Second Party Opinion. It normally entails an assessment of the alignment with the Green Bond Principles. In particular, it can include an assessment of the issuer's overarching objectives, strategy, policy and/or processes relating to environmental sustainability, and an evaluation of the environmental features of the type of projects intended for the Use of Proceeds.
- ii. Verification: An issuer can obtain independent verification against a designated set of criteria, typically pertaining to business processes and/or environmental criteria. Verification may focus on alignment with internal or external standards or claims made by the issuer. Also, evaluation of the environmentally sustainable features of underlying assets may be termed verification and may reference external criteria. Assurance or attestation regarding an issuer's internal tracking method for use of proceeds, allocation of funds from Green Bond proceeds, statement of environmental impact or alignment of reporting with the GBP, may also be termed verification.
- iii. Certification: An issuer can have its Green Bond or associated Green Bond framework or Use of Proceeds certified against a recognized external green standard or label. A standard or label defines specific criteria, and alignment with such criteria is normally tested by qualified, accredited third parties, which may verify consistency with the certification criteria.
- iv. Green Bond Scoring/Rating: An issuer can have its Green Bond, associated Green Bond framework or a key feature such as Use of Proceeds evaluated or assessed by qualified third parties, such as specialized research providers or rating agencies, according to an established scoring/rating methodology. The output may include a focus on environmental performance data, the process relative to the GBP, or another benchmark, such as a 2-degree climate change scenario. Such scoring/rating is distinct from credit ratings, which may nonetheless reflect material environmental risks.

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