



REGENERATING CLIMATE

RISKS AND OPPORTUNITIES
REPORT ACCORDING TO THE TASK
FORCE ON CLIMATE-RELATED
FINANCIAL DISCLOSURES (TCFD)
RECOMMENDATIONS

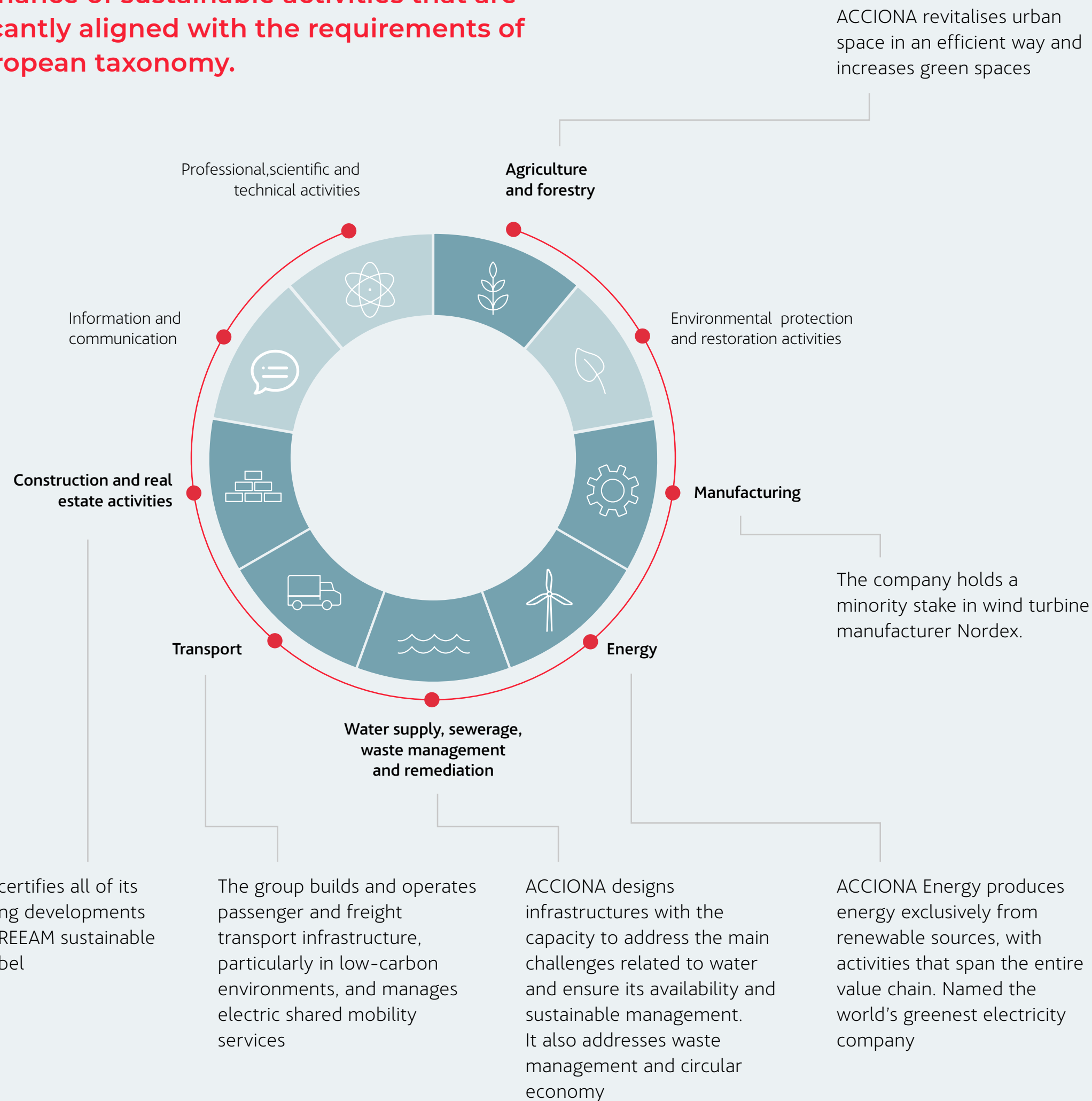
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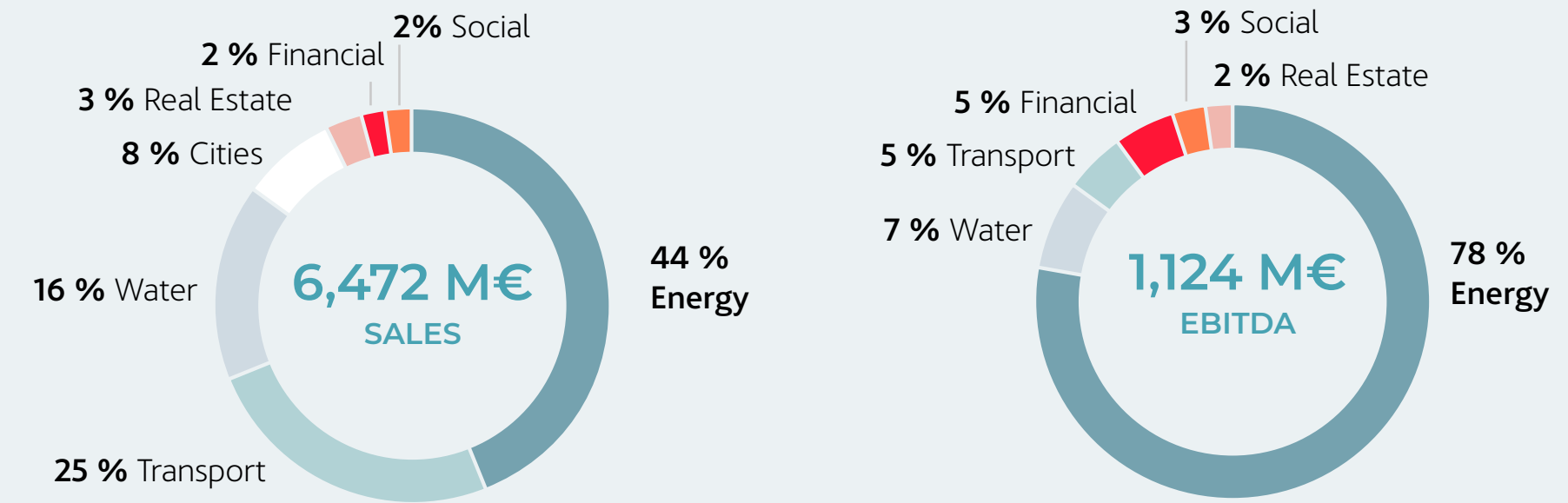
OVERVIEW

TOWARDS A POSITIVE CONTRIBUTION
| INVEST TO REGENERATE THE PLANET

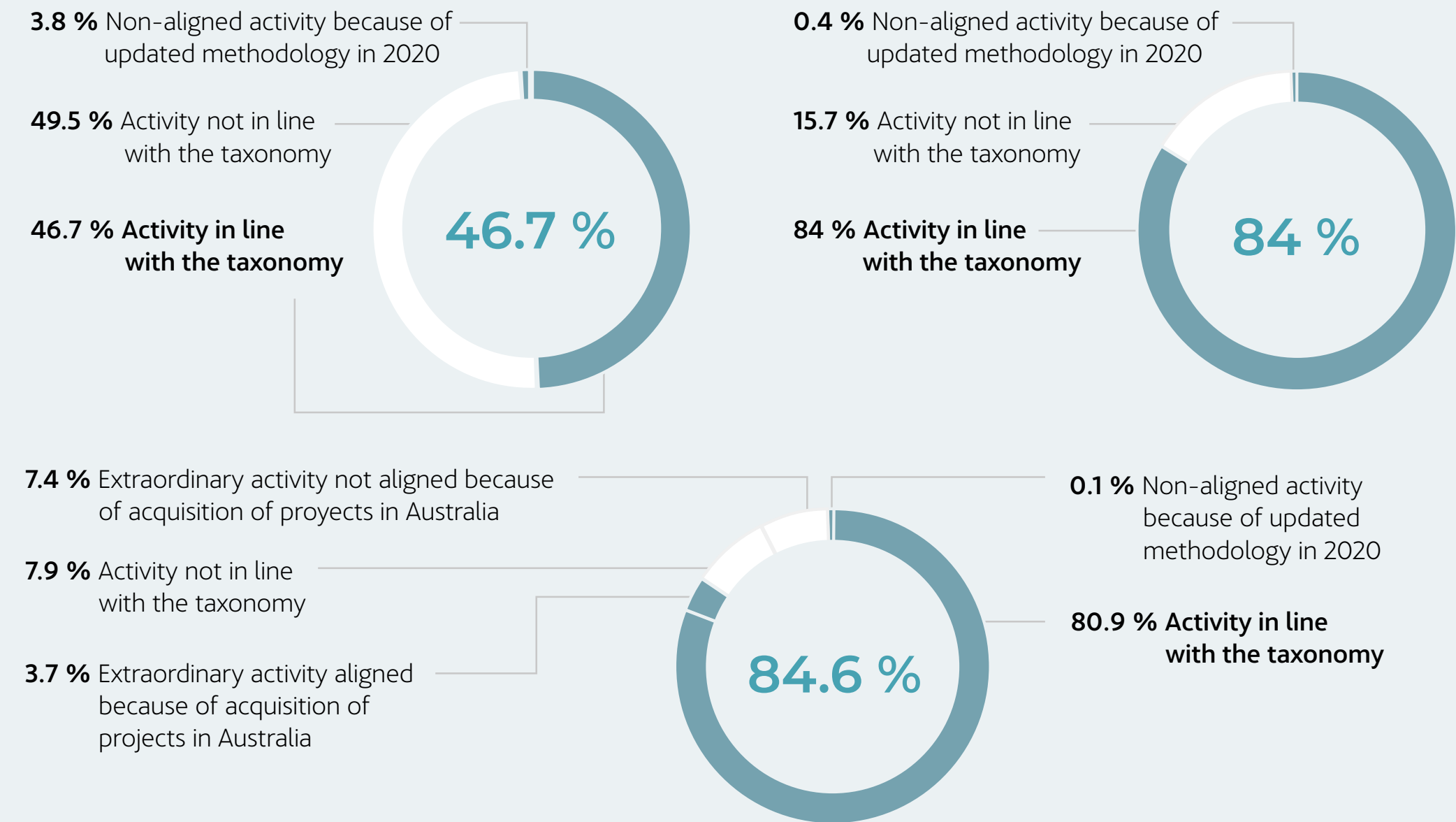
The company's business model is based on the performance of sustainable activities that are significantly aligned with the requirements of the European taxonomy.



ACCIONA activity by solutions



ACCIONA's activity aligned with European taxonomy of sustainable activities



Governance

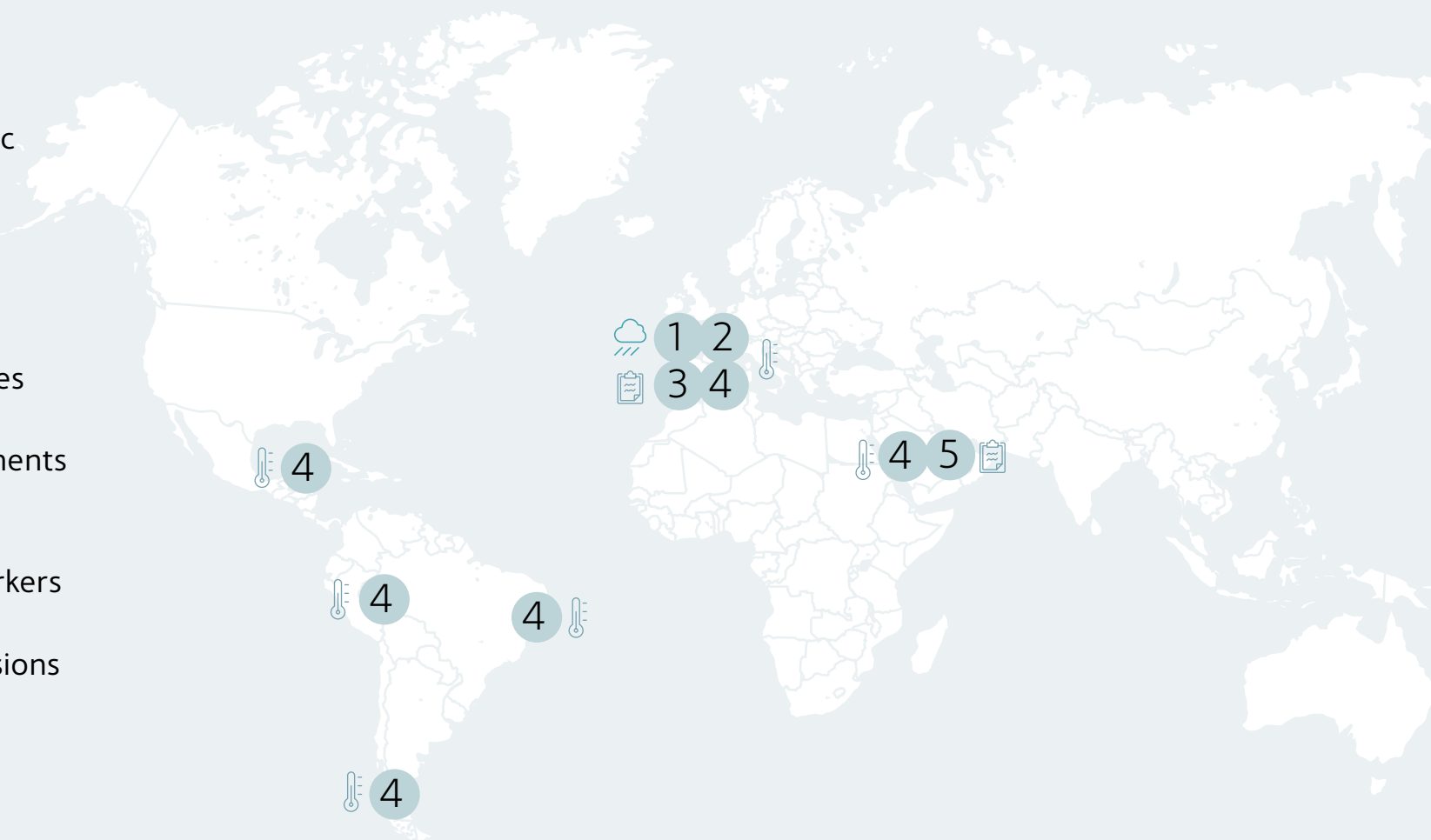
ACCIONA has had a Sustainability Committee on the Board of Directors since 2009, as the body responsible for leading climate action and sustainability activities.

Remuneration

The ACCIONA Bonus includes a target to reduce scope 1 and 2 emissions by 60% from 2017 to 2030.

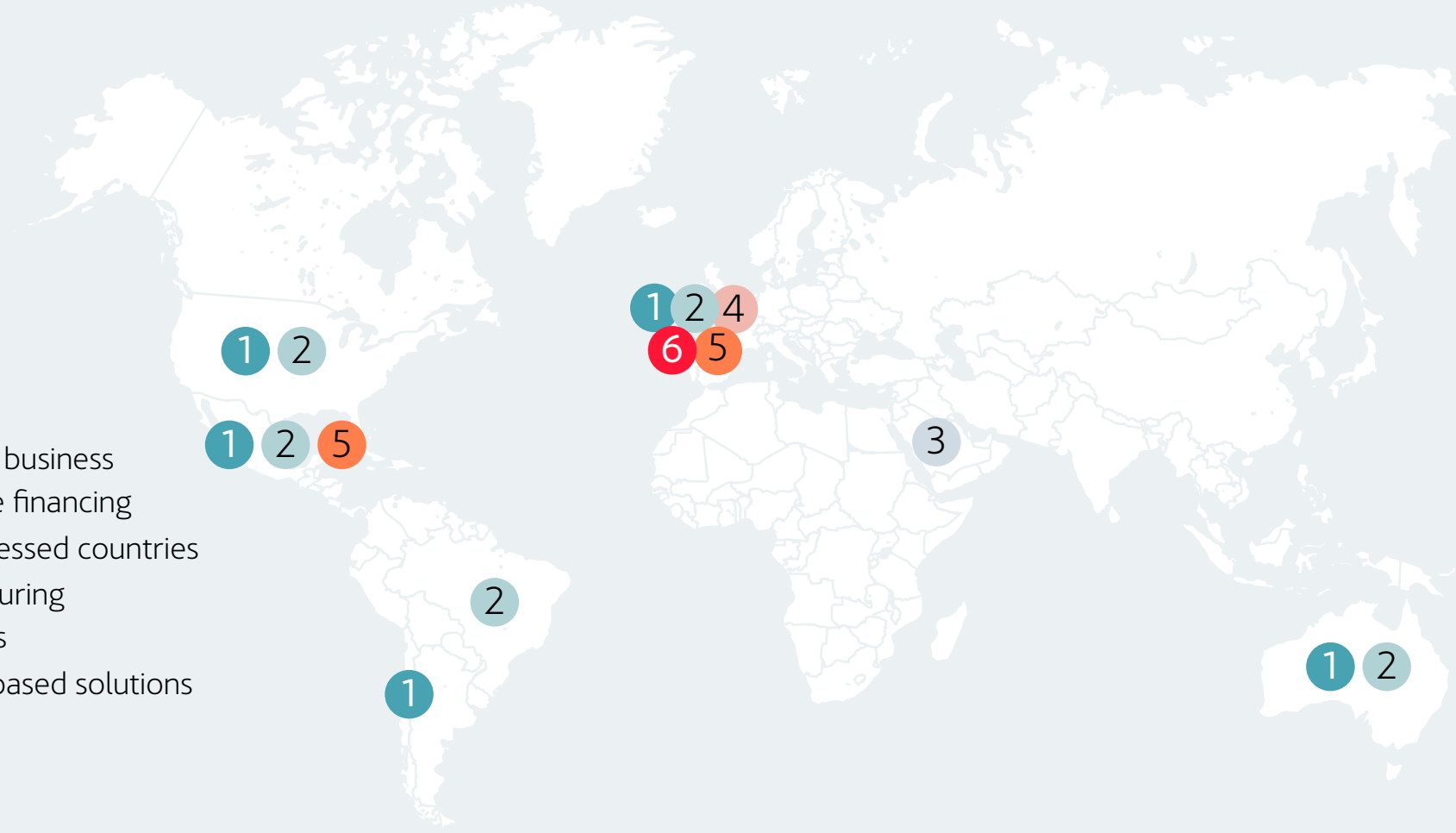
Climate risks

1. Lower hydroelectric generation due to lower rainfall
2. Lower wind power generation due to higher temperatures
3. Efficiency requirements for machinery
4. Heat stress for workers
5. Reduction of emissions in desalination



Climate opportunity

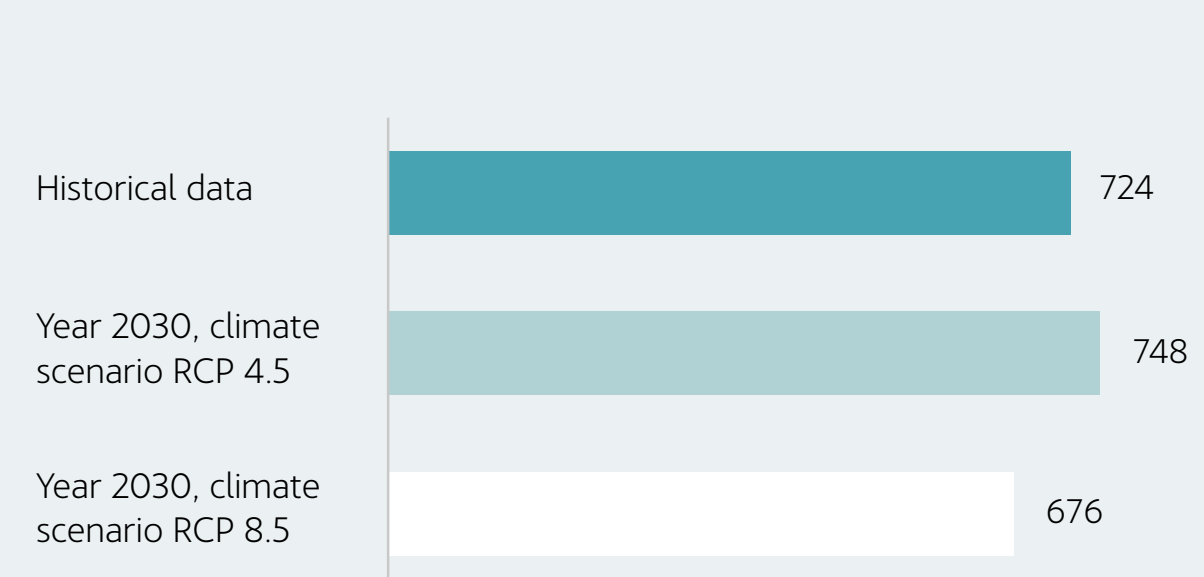
1. Investment in renewable business
2. Sustainable infrastructure financing
3. Desalination in water-stressed countries
4. Electric vehicle manufacturing
5. Energy efficiency services
6. Development of nature based solutions



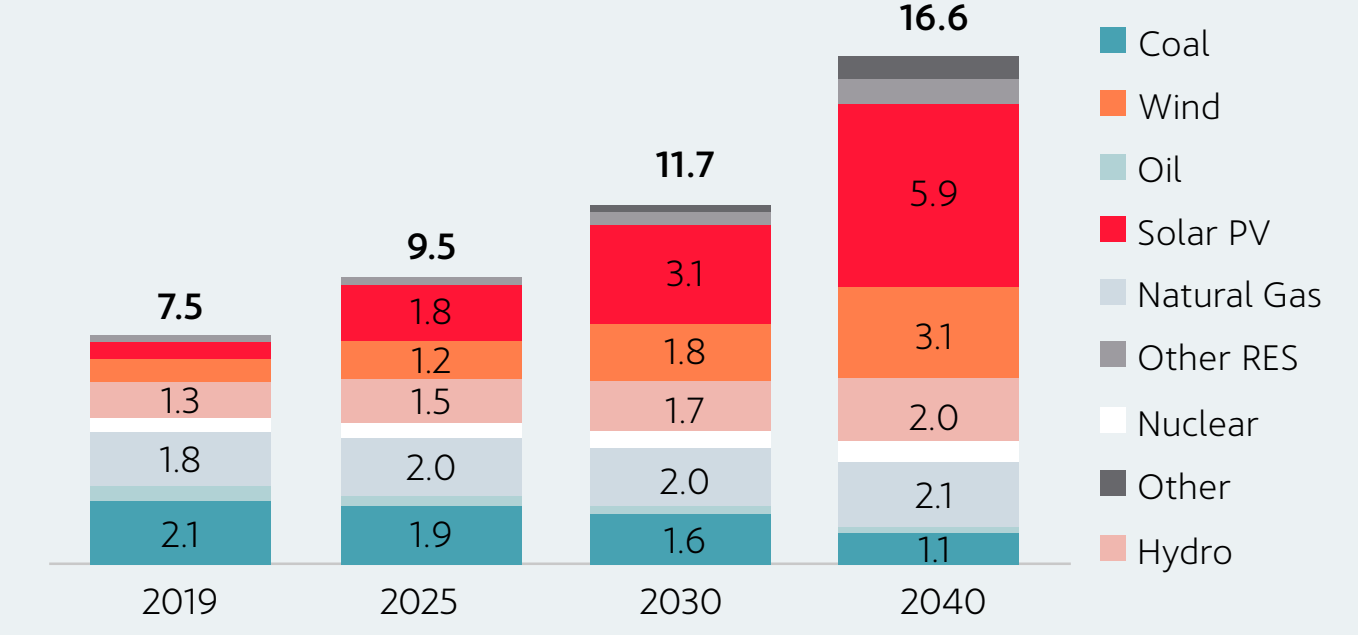
Economic result	Alignment in 2020 (%)	Transitional scenarios		Physical scenarios	
		1.5°C	Current policies	RCP 4.5	RCP 8.5
Energy	Wind power	●	●	○	●
Energy	Photovoltaic	●	●	○	○
Energy	Hydropower	●	○	●	●
Energy	Biomass	●	●	○	●
Energy	Hydrogen	●	●	○	○
Energy	O&M	●	●	○	●
Construction	Works	●	●	○	●
Construction	Construction machinery	●	○	○	○
Construction	Environmental services	●	○	○	●
Construction	Urban services	●	○	○	○
Water	Wastewater treatment plant	●	○	○	●
Water	Drinking water treatment plant	○	○	○	●
Water	Desalation plant	●	○	●	●
Water	Other water services	○	○	○	●
Concessions	Highways	●	○	○	○
Bestinver	Asset management	●	○	○	●
Real estate	Real estate development	●	●	○	●
Other	Energy services	●	●	○	○
Other	Mobility	●	●	○	●

Scenario analysis examples

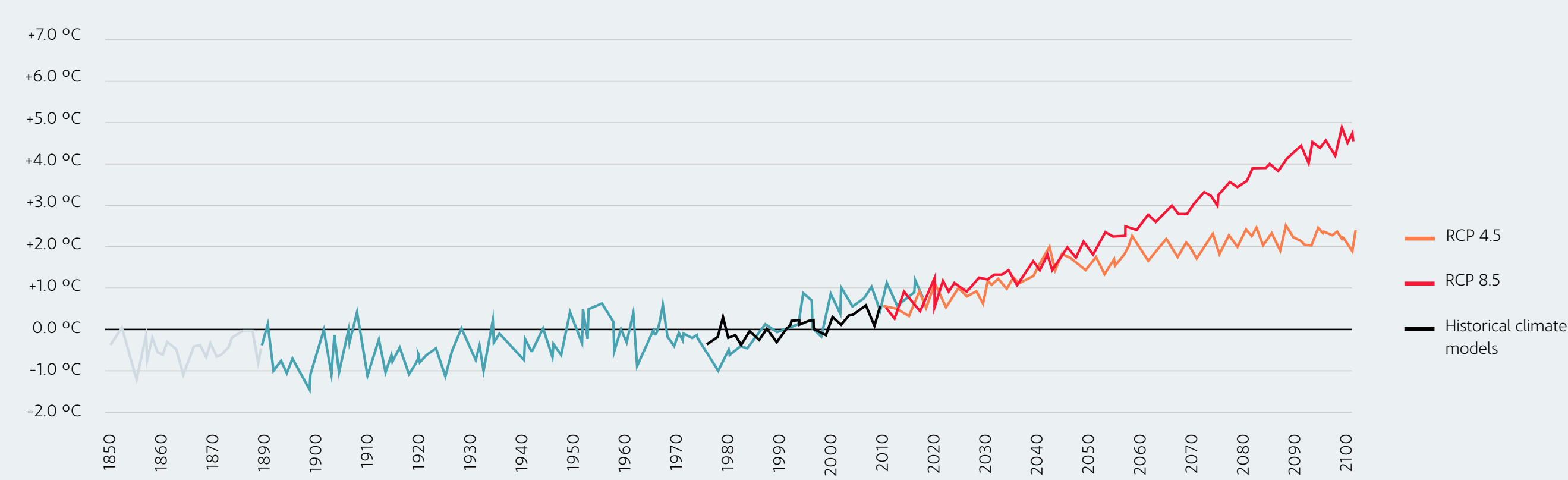
Risk 1: less hydroelectric generation due to lower rainfall

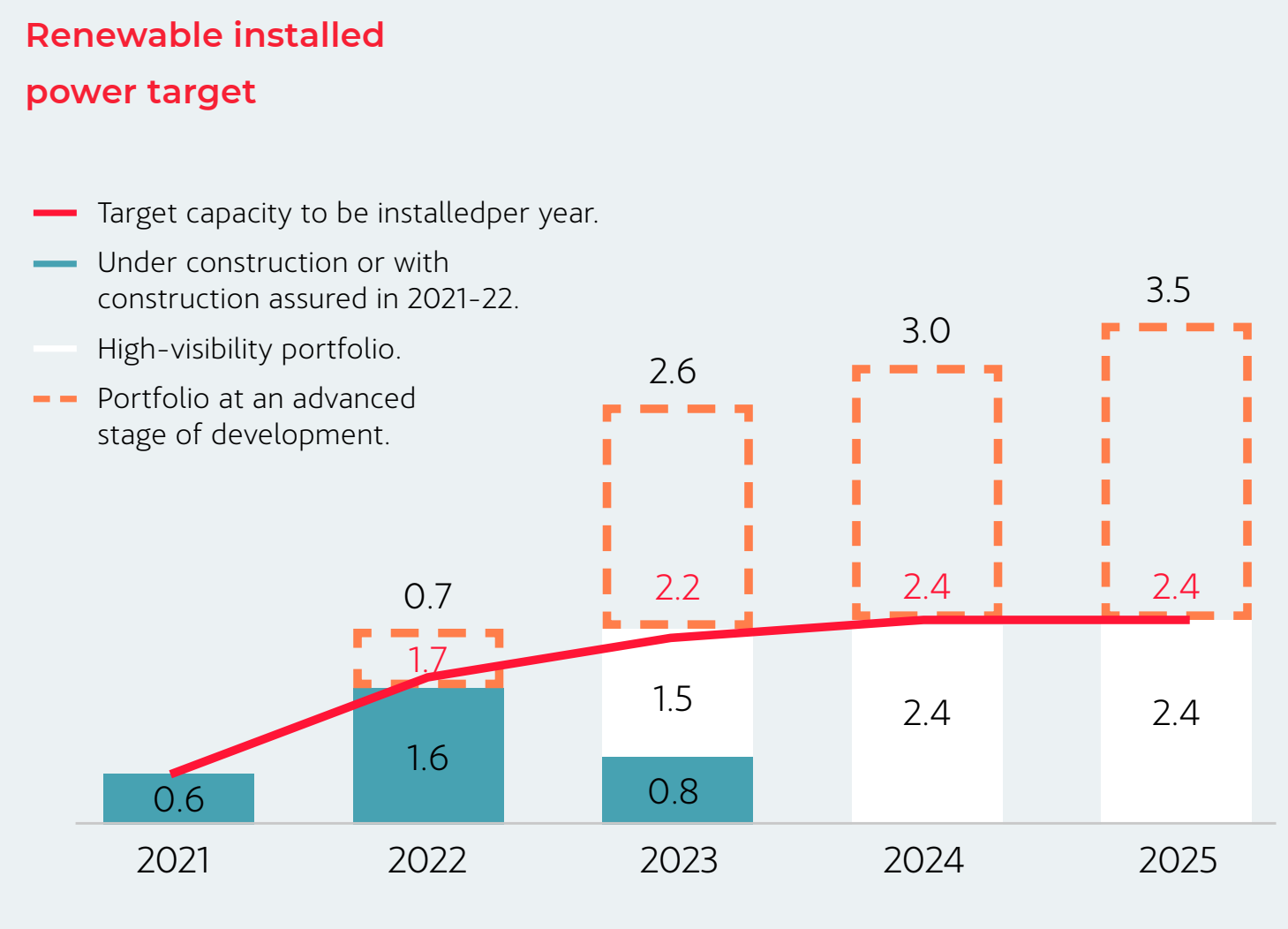
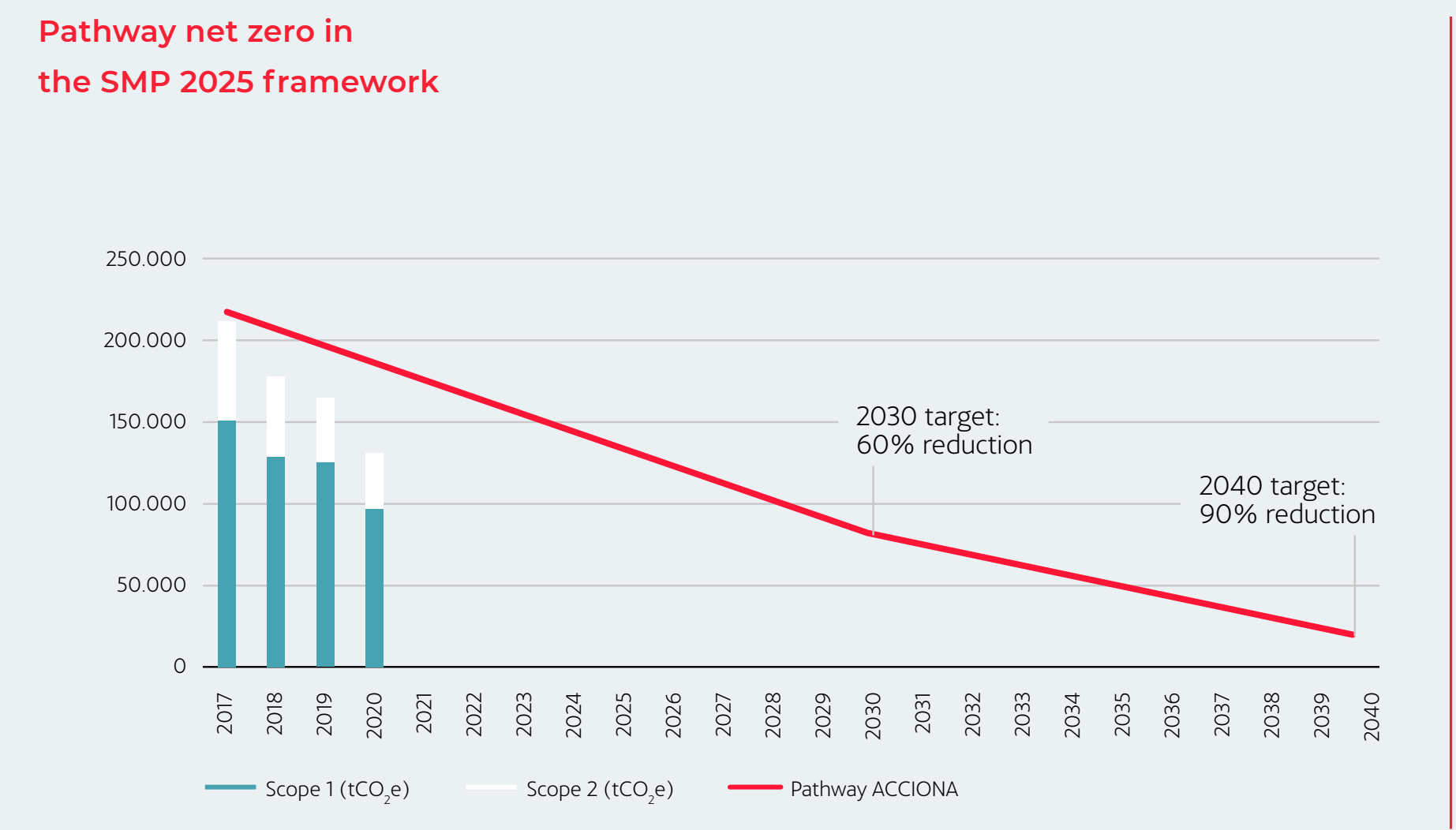
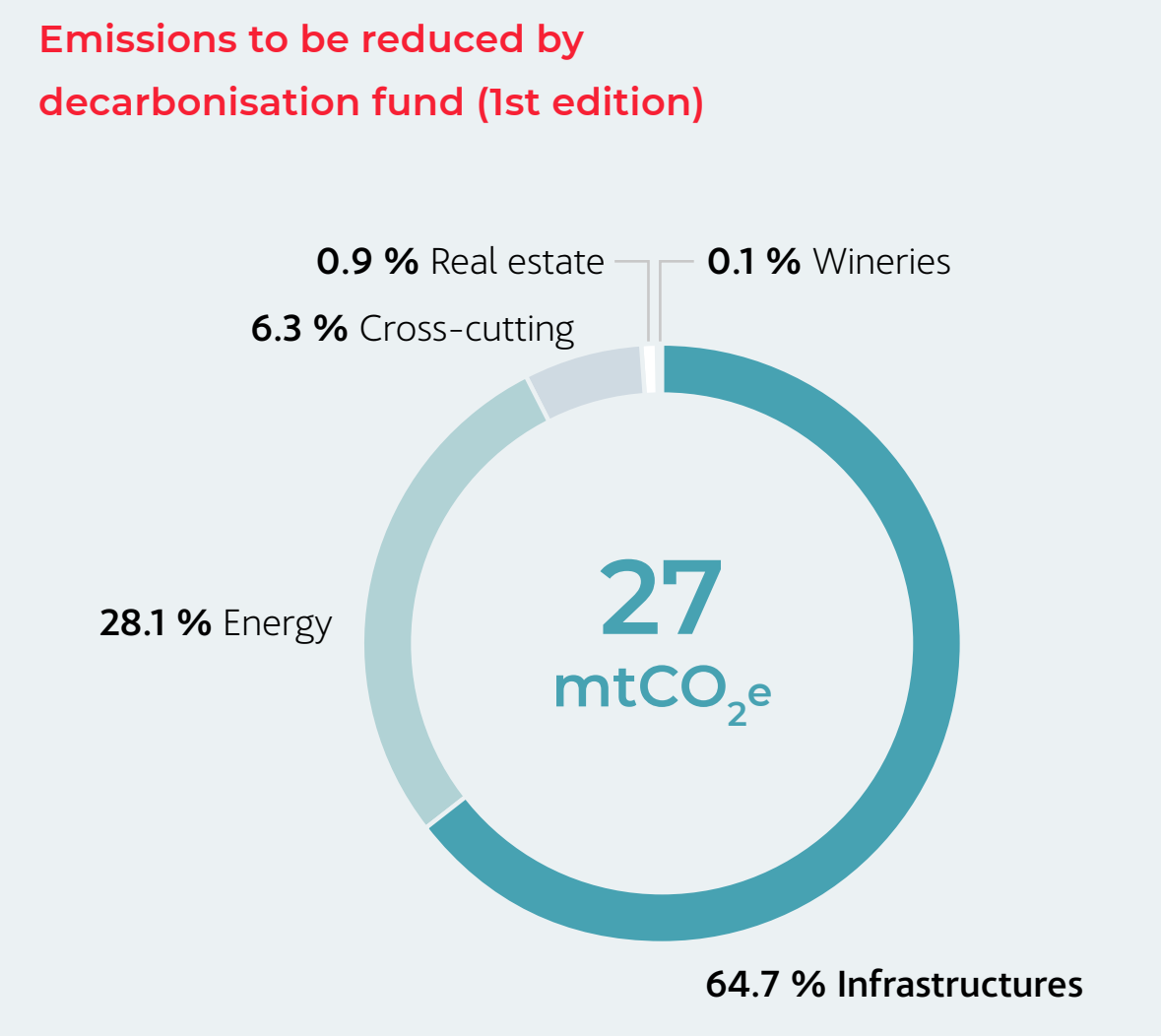
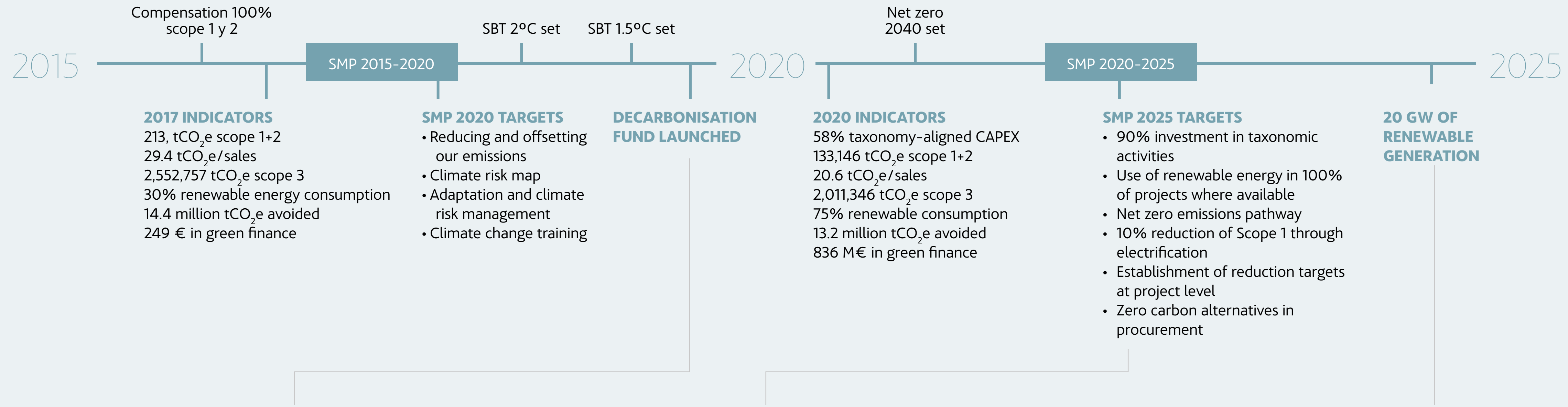


Opportunity 1: Investment in renewable energy



Risk 2: lower wind power generation due to higher temperatures





Other FY2020 reports in the field of climate change:

- Sustainability Report (verified alignment with TCFD)
- Report on projects with sustainable financing
- EU Low Carbon Taxonomy: ACCIONA's Case Study

OUR COMPANY

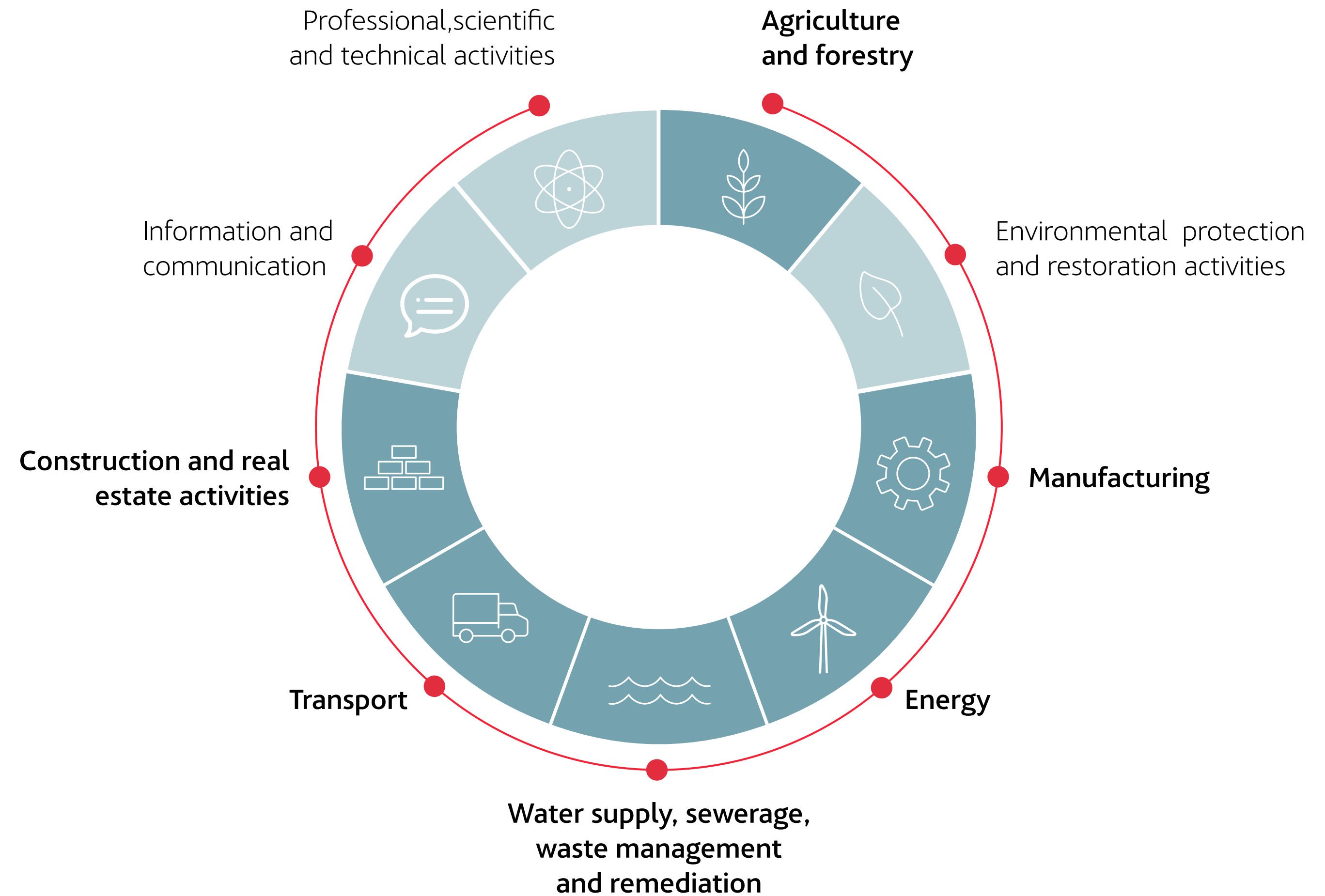


BUSINESS MODEL

ACCIONA is one of the main companies in Spain's IBEX 35 index; it has a presence in more than 40 countries and employs over 38,000 people around the world. ACCIONA invests in and develops infrastructure assets to make our planet more sustainable. This approach is designed to create a positive impact on people's lives and on the planet, which we call regenerative.

The company's business model is based on the performance of sustainable activities that are significantly aligned with the requirements of the European taxonomy. ACCIONA's business lines with a regenerative impact on the climate are:

ACCIONA's business lines with a regenerative impact on the climate



ENERGY SOLUTIONS

With 30 years of experience in the sector, ACCIONA Energía is present in the main renewable technologies, with activities that cover the entire value chain: development, engineering and construction, operation and maintenance, and the management and sale of green energy.

The energy business stands out for its firm and unwavering commitment to production solely from renewable sources, contributing to replacing fossil fuels in the national electricity mixes. This is the basis of the business model, which has a positive impact, contributing intrinsic value to the fight against climate change and to the contribution of the SDGs.

TRANSPORT SOLUTIONS

With its experience of building more than 10,000km of communication routes, ACCIONA is a benchmark in the construction and operation of infrastructure for passenger and cargo transport, especially in low-carbon means.

Railways, metros and trams are recognised as the most sustainable and inclusive urban mobility systems, generating social and economic progress. ACCIONA's projects have contributed to the sustainable transformation of large cities around the world.

WATER SOLUTIONS

ACCIONA designs infrastructures with the capacity to address the main challenges related to water and ensure the availability and sustainable management of this resource in every corner of the planet. ACCIONA's water business is committed to innovation and the application of the most advanced technologies, as well as quality in operation. The company processes, purifies, reuses, desalinates and manages water for over 100 million people in more than 30 countries around the world while meeting demanding quality and efficiency standards.

CITIES SOLUTIONS

The urgency of providing cities with the capacity to deal with the principal challenges faced by the planet has prompted ACCIONA to design essential urban services. The company is addressing the management of waste and the circular economy, is extending electric and shared mobility, revitalising urban spaces efficiently and increasing green areas.

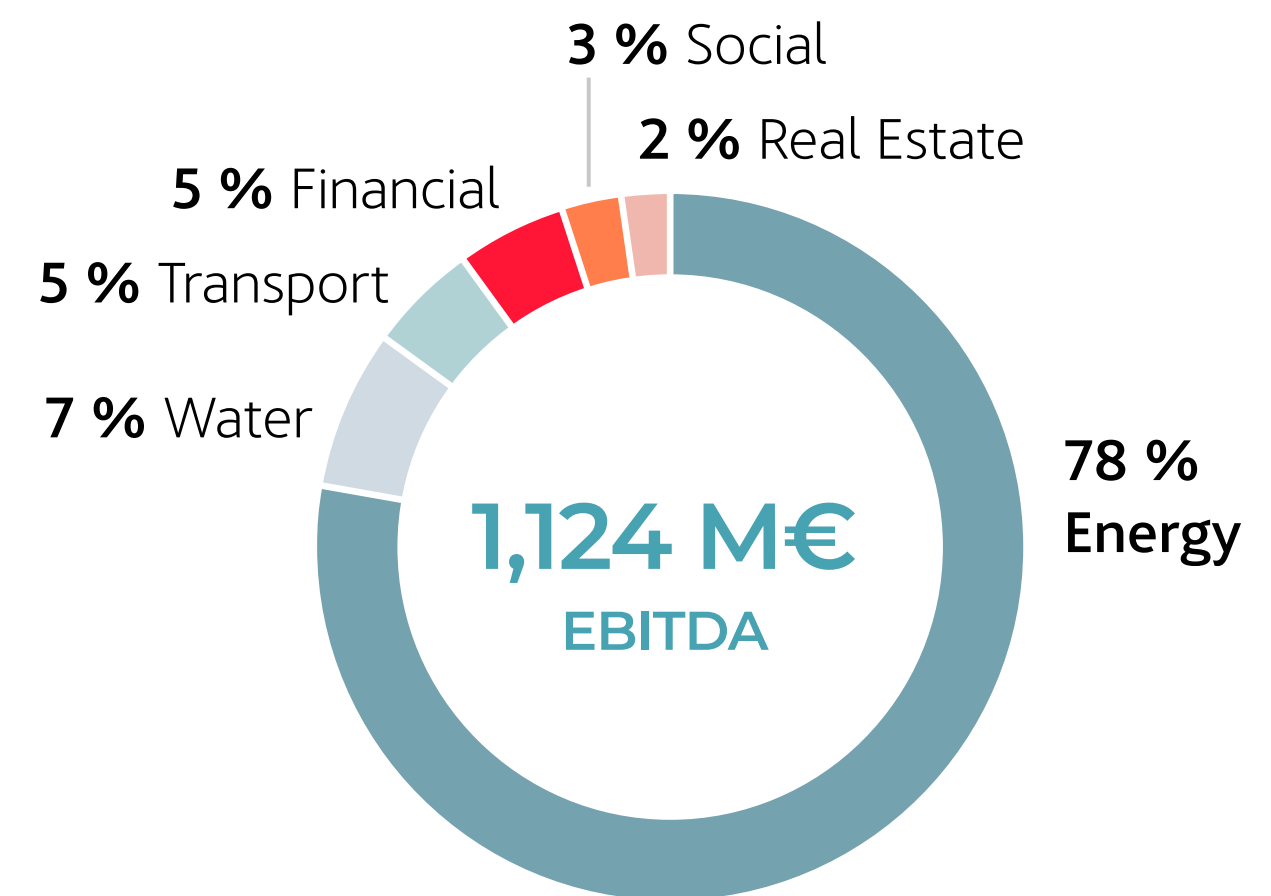
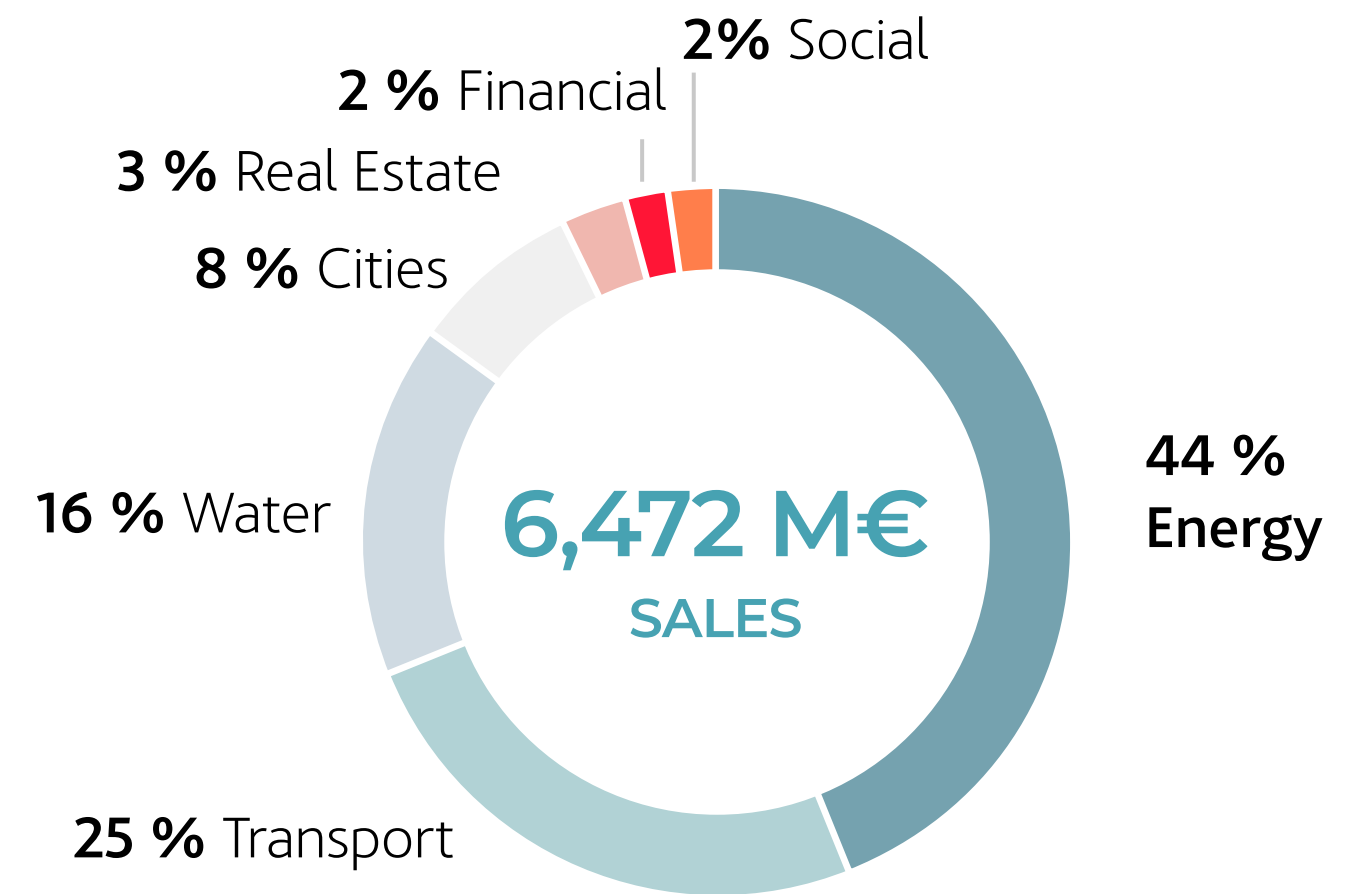
REAL ESTATE SOLUTIONS

ACCIONA has long been committed to certifying all its new housing developments with the BREEAM sustainable seal, with the aim of obtaining a "Good" rating or higher for all of them. Thanks to the improvement implied by the sustainability seals, certified homes have higher quality standards than those available on the market. Less energy consumption and less need for maintenance make it more attractive to invest in them and are a guarantee for customers to obtain mortgages with better conditions, thus speeding up sales and rental operations.

FINANCIAL SOLUTIONS

Bestinver plays an important role in promoting a more prosperous and sustainable world by seeking the positive impact of its investments on society. As a fund manager, Bestinver believes that incorporating environmental, social and governance (ESG) criteria into its funds is not only the right thing to do in terms of fiduciary responsibility towards investors and society, but is also fully aligned with its investment philosophy.

Breakdown of sales and EBITDA in 2020 by solution



ALIGNED WITH THE EUROPEAN TAXONOMY OF ENVIRONMENTALLY SUSTAINABLE ECONOMIC ACTIVITIES

The active involvement of financial markets in financing the sustainable economy is indispensable for the European Union’s plans to move towards a low-carbon economy.

The EU taxonomy Regulation will help to create the world’s first ‘green list’, a classification system for sustainable economic activities, which will develop a common language for investors and companies when it comes to financing projects or goods and services with a substantial positive impact on the climate and the environment.

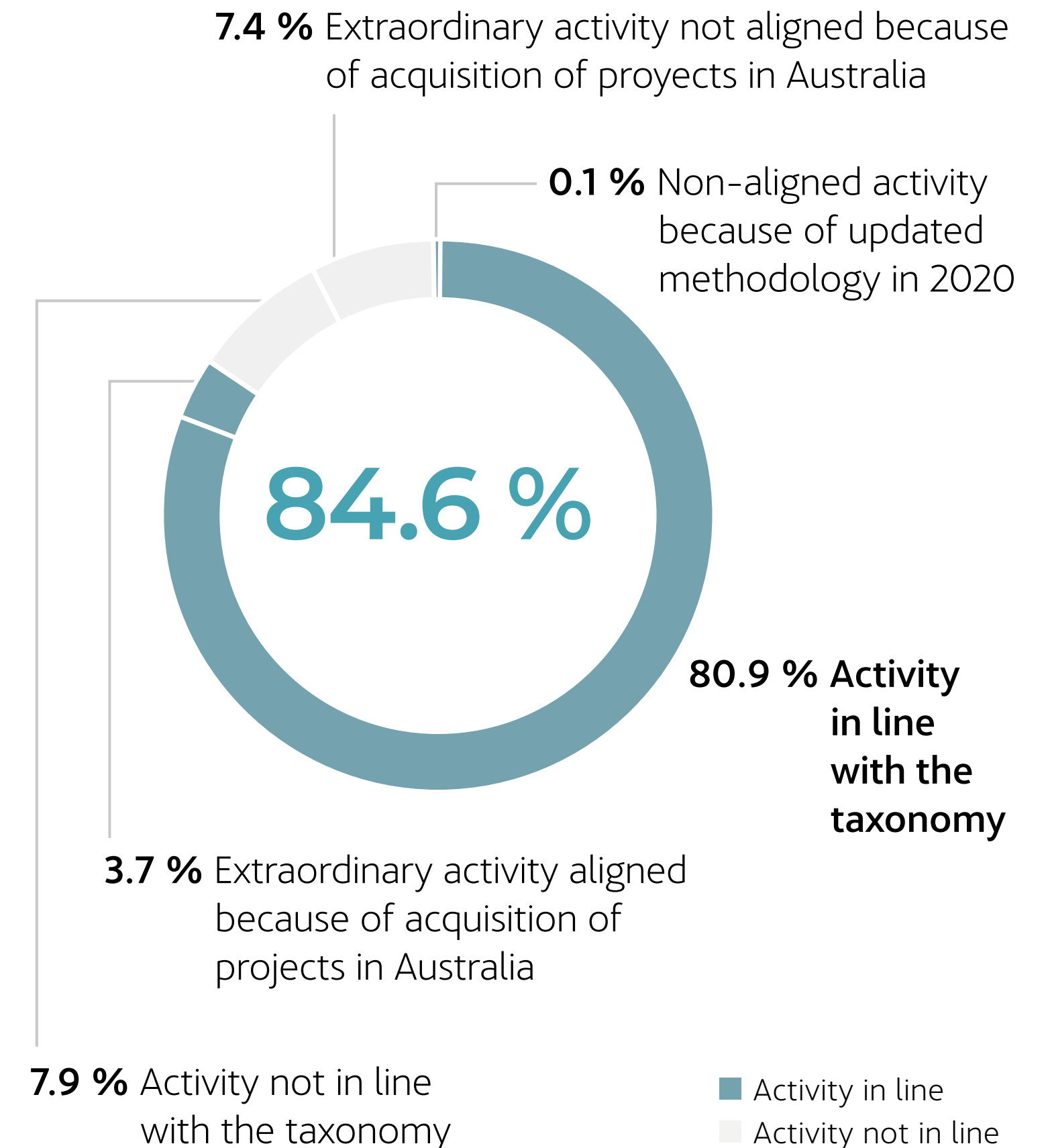
The development of the technical criteria for selection of activities within the taxonomy is at different stages of progress, and is most advanced in the targets for mitigation and adaptation to climate change. For an activity to be classified as taxonomic, apart from meeting the technical selection criteria, it must also satisfy a minimum of social safeguards and must not contradict any of the other four objectives sought by the regulation: water protection, transition to a circular economy, control of pollution and healthy ecosystems.

Again in 2020, ACCIONA carried out a classification of its activities using the criteria in the version of the European taxonomy at the draft of the Delegated Act at the end of 2020, so that 85% of CAPEX, 84% of EBITDA and 47% of the company’s sales meet the requirements established in relation to the mitigation of climate change.

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.

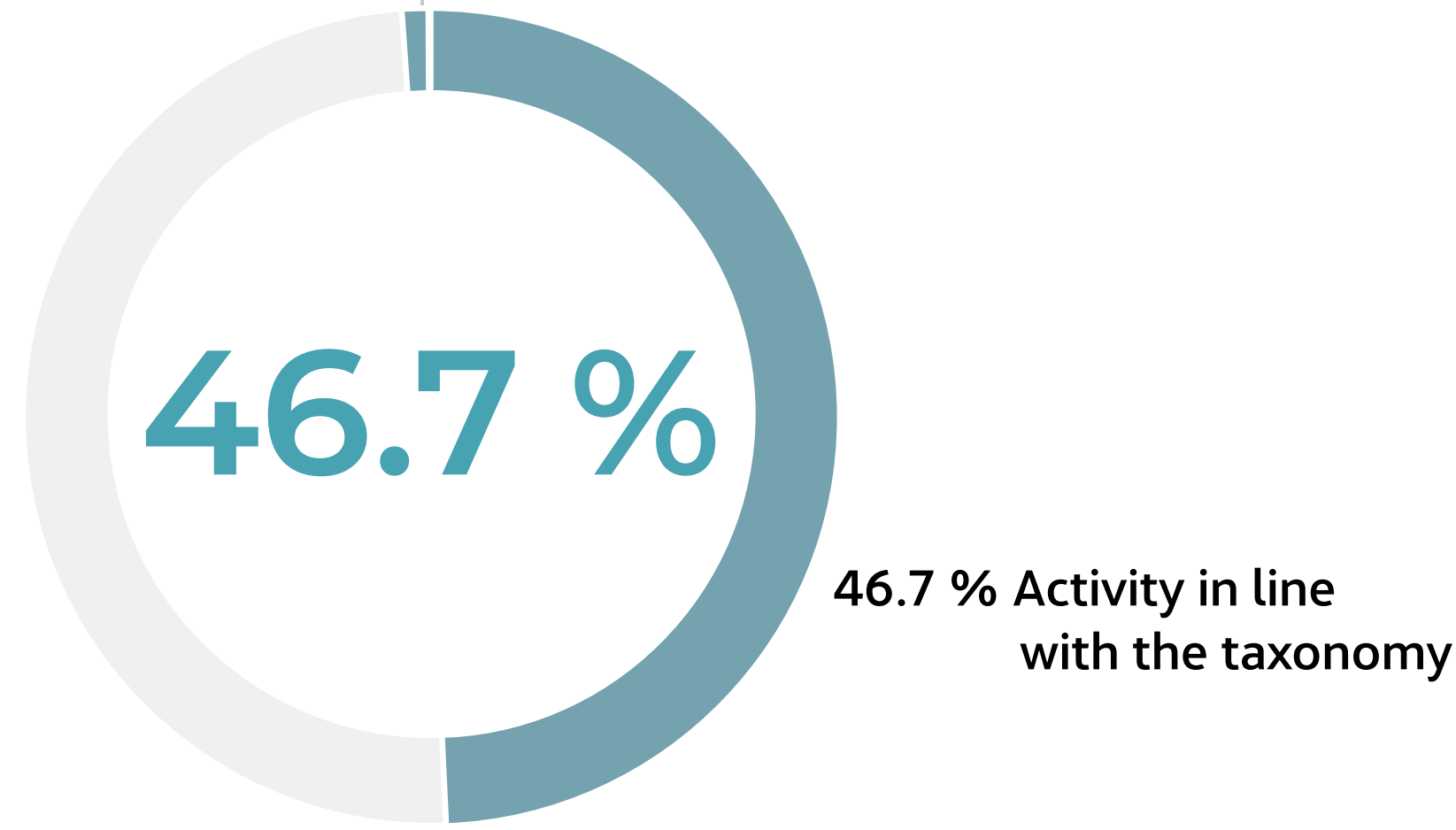
Alignment of CAPEX with European taxonomy



Alignment of sales with the European taxonomy

49.5 % Activity not in line with the taxonomy

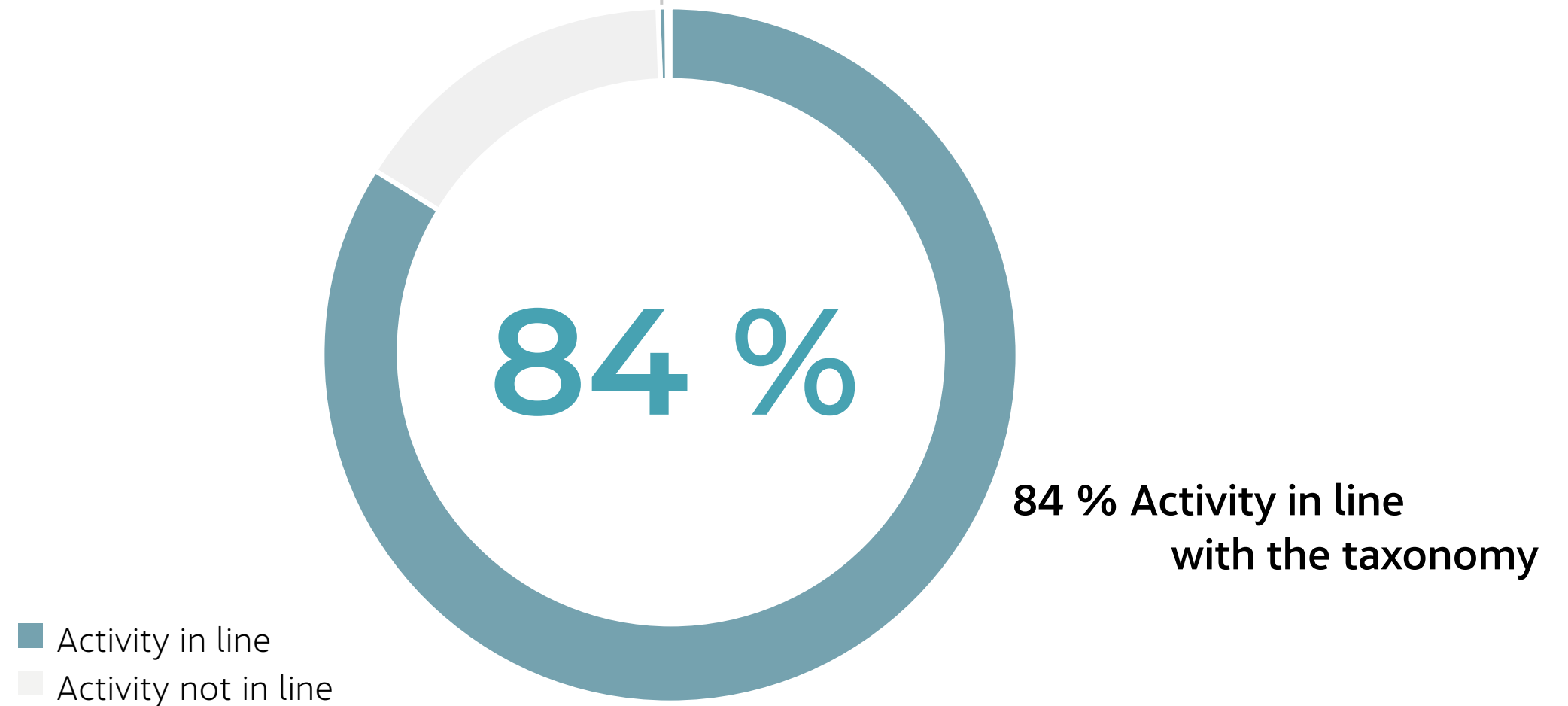
3.8 % Non-aligned activity because of updated methodology in 2020



Alignment of EBITDA with the European taxonomy

15.7 % Activity not in line with the taxonomy

0.4 % Non-aligned activity because of updated methodology in 2020



Alignment of H1 2021 results with the European taxonomy

Economic result	Alignment in 2020 (%)	H1 2021		Objective
		Alignment (%)	Eligibility (%)	
CAPEX	85%	84%	84%	90%
EBITDA	84%	82%	91%	80%
Sales	47%	37%	61%	NA

More details about the 2020 taxonomy figures at the EU Low Carbon Taxonomy: ACCIONA's Case Study: <https://mediacd.accion.com/media/qgnjfasr/eu-low-carbon-taxonomy-case-study-fy2020-assurance-report.pdf>

Figures for the first half of H1 indicate some decline in numbers due to the relative return to normality of non-taxonomic activities after a pandemic-shaken year 2020.

GOVERNANCE

ACCIONA has had a Sustainability Committee on the Board of Directors since 2009, as the body responsible for leading actions in climate action and sustainability. In 2021, ACCIONA has created an Audit and Sustainability Committee to serve as an instrument and provide support to the Board of Directors in supervising the accounting, financial and

non-financial information, best practice in sustainability including climate change matters, the internal and external audit services and risk management. The Committee meets depending on its needs, at least quarterly.

Functions of the Audit and Sustainability Committee related to climate management

- IdentifyTo identify and guide the group’s sustainability and corporate social responsibility policies, rules, commitments, objectives, good practices strategy and programmesbest practice.
- Evaluate, monitorTo ensure that company practices in environmental and reviewsocial matters are in line with the implementation plans for thesestrategy and policies drawn up byset.
- To supervise and evaluate the group’s executives.
- Periodically review the internal control preparation process, integrity and market presentation of the mandatory financial and non-financial risk management systems relating to the company information on CAER and its group, as well as the degree of compliance, including climate risks.
- To prepare the both annual Sustainability Report for approval by the Board of Directorsand interim.

· To submit to the Board of Directors the sustainability and corporate social responsibility policies, objectives and programmes, as well as the corresponding expenditure budgets for their implementation.Ensure that the risk control and management policy identifies or determines at least:

The different types of financial and non-financial risk (operational, technological, legal, social, environmental, political and reputational, including those related to corruption, among others) faced.

A risk control and management model based on different levels, which will include a specialist risk committee when the sector-specific rules so envisage or the company deems it advisable.

The level of risk that ACCIONA Energía considers acceptable.

The measures envisaged to mitigate the impact of the risks identified, in the event they materialise.

The information and internal control systems that will be used to control and manage such risks, including contingent liabilities and other off-balance sheet risks..

THE SUSTAINABILITY COMMITTEE MEETS QUARTERLY. THE ISSUES DEALT WITH IN 2020 BY THE FORMER SUSTAINABILITY COMMITTEE RELATED TO CLIMATE MANAGEMENT WERE:

- Monitoring and analysis of the progress made on the Sustainability Master Plan 2020 and formulation and proposal for approval by the board of directors of the SMP 2025. In this context, it was informed of the analysis of the inventory of greenhouse gas emissions.
- Approval of the decarbonisation fund.
- Supervision of the preparation of the new ESG risk map.
- Approval of the Sustainability Report.

A full explanation of the competencies and members of the Audit and Sustainability Committee is available in the website: <https://www.accionacom/shareholders-investors/corporate-governance/board-directors-committees/>

Since 2012, the contents of the Sustainability Report, including climate change matters have been subject to review and approval by the General Shareholders’ Meeting. In May 2020, the General Shareholders’ Meeting approved the report with the favourable vote of 99.97 % of the capital in attendance.

The Global Sustainability Department is the corporate area that organises and promotes the initiatives and commitments of the SMP 2020, which are translated into specific objectives for the different business lines. This area reports directly to the Sustainability Committee and the Chief Financial & Sustainability Officer and the Audit and Sustainability Committee. Every business division has appointed individuals responsible for sustainability whose teams drive and monitor their specific initiatives.

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ACCIONA BONUS

ACCIONA fully shares the objectives of total decarbonisation of the economy through public commitments, policies, concrete procedures and targets, as well as a model of economic incentives linked to the achievement of GHG emission reductions for executives, managers, technical and support staff.

The program for employees with variable remuneration, in place since 2012, considers criteria related to both the company's financial results and the fulfilment of individual goals, and is based on objective and pre-established metrics. In accordance with the objectives set out in the Sustainability Master Plan (SMP), ACCIONA Bonus is being extended internationally to all divisions in key countries.

In 2020, a total of 5,714 employees in 30 countries benefited from the ACCIONA Bonus, including 95.1% of directors, and 55.9% of managers and technical and support staff.

Standardized structure of objectives that make up the Bonus

ACCIONA's overall results	Specific targets	Individual goals	Criteria linked to sustainability
Represent 10% for all employees and 15% for directors.	Relative to the division, country or business unit with its own income statement.	The basis is the individual assessment of performance.	They represent around 5% of the targets. This has increased from 3.5% in 2019 and the aim is to continue increasing its weight.

Among the criteria linked to sustainability, the ACCIONA Bonus includes a target to reduce scope 1 and 2 emissions by 60% from 2017 to 2030.

CLIMATE ACKNOWLEDGEMENTS

ACCIONA has been recognized by different analysts as a reference in the management of climate effects of its activity:

Recognition	Organisation	Position	Details
New Energy Top 100 Green Utilities	Energy Intelligence	World's 1 st utility	World's "greenest" electricity generation company.
CDP Climate Change	CDP	A-	List made up of the corporations with the best practices and results in reducing emissions, tackling climate change and aligning their activities with a low-carbon economy.
CDP Supplier Engagement Leader 2020	CDP	Leader	ACCIONA has been recognised as a Supplier Engagement Leader in 2020 for its actions to cut emissions and reduce risks related to climate change in its supply chain.
Europe's Climate Leaders 2021	Financial Times	Among the 300 lowest-carbon companies	Ranking of companies having most reduced the intensity of their GHG emissions between 2014 and 2019.

Greenest electricity company in the world for the sixth consecutive year

ACCIONA has once again confirmed its position as the world's "greenest" electricity generation company, occupying the New Energy Top 100 Green Utilities ranking since 2015. This ranking is drawn up annually by Energy Intelligence, a consultancy firm specialised in energy markets.

The ranking selects one hundred of the largest electricity companies in the world and classifies them according to their CO₂ emissions and their installed capacity in renewable technologies, to determine their degree of involvement in the transition to a low-carbon electricity system.

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STRATEGY



SUSTAINABILITY MASTER PLAN

ACCIONA's climate change strategy, which has been approved by the Board of Directors, is reviewed in accordance with the corporate management system standards and one of its priorities is to lead the transition towards low-carbon business models. This climate agenda is embodied in the objectives of the Sustainability Master Plan (SMP), whose initiatives and commitments are managed by the Global Sustainability Area, reporting directly to the Audit and Sustainability Committee and to one of the members of the Management Committee (the Chief Finance and Sustainability Officer).

SMP 2015-2020

The climate change targets and principles as articulated in the SMP 2020 are:

- Reduce its own emissions and those of its supply chain in the period 2017-2030, aligning with the needs established by science to keep the increase in global temperature below 1.5°C (60% reduction of scope 1 and 2 emissions, and 47% reduction of scope 3 emissions). These are targets approved by the Science Based Targets initiative. Since 2016, ACCIONA has offset all emissions from its direct operations by cancelling of carbon credits generated by renewable generation projects.
- Develop projects, products and services that contribute to the reduction of greenhouse gases, facilitating access to renewable energy. The energy business committed to invest USD 2.5 billion in the period 2016-2020 in renewable generation to reach a total capacity of 10,500 MW. By 2020, it has met the target and avoided the emission of a total of 13.2 million tonnes of CO₂ into the atmosphere.
- Promote adaptation to climate change through access to water and resilient infrastructure.

SMP 2020-2025

This new Plan focuses on reinforcing ACCIONA's sustainable competitive advantage through the implementation of regenerative measures in the company's projects and activities, which allow us to create value and multiply the positive impacts of our activity. Thus, the "regeneration" variable is added to the "responsibility" and "resilience" dimensions developed in the two previous plans, increasing the ambition and scope of our sustainability objectives.

This plan has been conceived as a "toolbox" that allows us to act on the company's main processes to reinforce our sustainable differentiation. In terms of climate, it indicates the following action vectors or levers:

1. Focus on low-carbon activities in the EU taxonomy. Maintain and grow a business portfolio and investment strategy focused on taxonomically sustainable activities.
2. Translation of ambition and climate neutrality into projects. Extend our climate ambition to each of our projects, proposing a competitive differentiation valued by our customers and other stakeholders around efficiency, electrification and the use of renewable energy.
3. Introduction of climate adaptation in project bids. Driving infrastructures geared towards increased demand for resilience investment to reduce vulnerability to climate risks.
4. Development of a scope 3 decarbonisation strategy with a special focus on suppliers. Identification of high emitting sectors in the OPEX and identification of suppliers with emission reduction programmes.

The desired results are:

- Investment of more than 90% of CAPEX in taxonomy-aligned activities.
- Use of renewable energy in 100% of the projects where it is available (by greenchain).
- Emission reduction in line with the SBTi: 60% in 2030 and net zero in 2040.
- 10% reduction of scope 1 by electrification.
- Project level reduction target setting in 100% of those whose value is more than €75 million.
- Zero carbon alternatives identification in all purchase categories.



The new SMP 2025 adds the regeneration variable

USE OF THE INTERNAL CARBON PRICE

The company subscribes to the petition of the Carbon Pricing Leadership Coalition (CPLC), a group comprising political leaders, companies, civil society and academics, for stable, long-term carbon pricing policies. Charging the price of carbon to operating costs is a very effective measure in the fight against the climate emergency.

Since 2016, ACCIONA has committed all its business areas to internalising their CO₂ costs to become a carbon-neutral company in its direct operations.

The company has a *Guide to the use of internal carbon pricing* which explains which uses of carbon pricing are favourable to the company's activities, each with its own objectives, scope and price levels:

- Decarbonisation price: this price, €7/t CO₂e in 2020, applies effectively to all ACCIONA's business units, which are required to pay according to the GHG emissions they generate. A part of the amount raised is used to offset the emissions generated, while the rest is set aside for the decarbonisation fund, constituted in 2020 to provide incentives for investment in measures to reduce the carbon footprint.
- Shadow price: this price, €39.4/t CO₂e in 2020 (+2% on the 2019 price), is based on the estimated cost of the external effect of the company's greenhouse gas emissions. It is used in certain bidding for medium and long-term projects as an additional element in the risk analysis of the tender, which contributes to anticipating the resilience of the project to regulatory scenarios arising from compliance with the Paris Agreement.

DECARBONISATION FUND

Charging the price of carbon to operating costs is one of the most effective measures any company can take in the fight against the climate emergency.

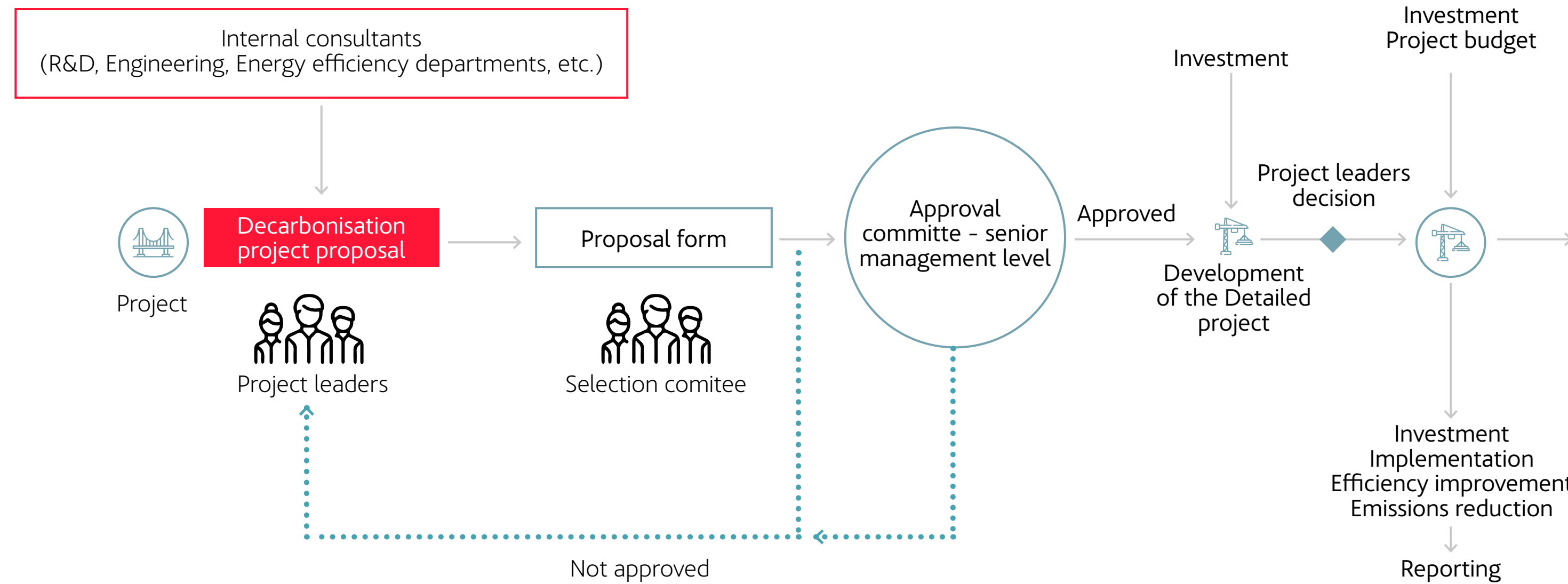
ACCIONA has a fund for which the budget arises, precisely, from charging the internal price of carbon to each of its businesses, and reinvesting in the carbon neutrality of the company's direct operations and in actions to reduce GHG emissions.

Funding for decarbonisation activities through the fund is awarded through an internal tendering mechanism, in which the company's divisions submit their proposals. A selection committee decides which initiatives are prioritised according to their impact, cost-effectiveness, replicability and link with the strategy. Finally, a committee composed of members of senior management is in charge of allocating funds to the most interesting projects. The aim is to finance projects such as decarbonisation audits, engineering for low-carbon solutions implementation or pilot projects that can later be scaled up in an economically sustainable way.

In 2020, the fund had a budget of €1.1 million for 13 projects, which are estimated to achieve GHG emission reductions of around 27,000 tCO₂e over their life cycle. The projects are as follows:

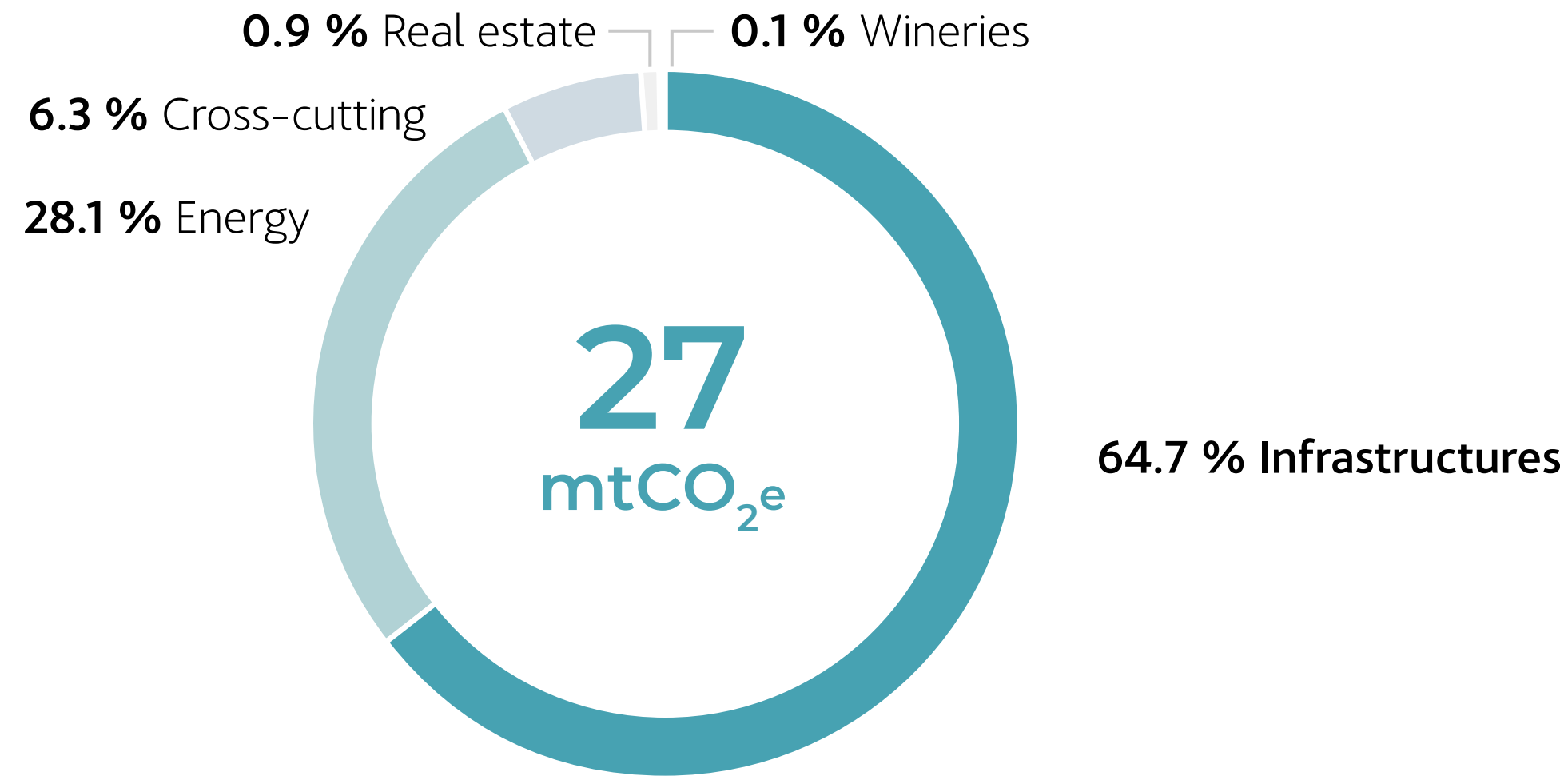
- CH₄ and N₂O reduction in biomass plants
- Zero SF₆ cells pilot
- Self-consumption and efficiency in Top 10 scope 2 sites
- Regeneration program: new 0 emissions buildings
- Characterisation of the most emission-intensive construction activities
- On-site photovoltaic generator pilot
- Implementation of "Maestro" AI software in Facility D desalination plant
- Implementation of "Screen" energy performance monitoring system in Atotonilco WWTP
- Energy audits linked to top emitting sites in services business line
- U-Grid Pilot-Active demand management while reusing 2nd life batteries
- DPC heat recovery and geothermal energy in Mesena project
- Electrification of the vehicle fleet
- Recovery of industrial wastes for roads

Decarbonisation fund flowchart



The impact of the first edition of the decarbonisation fund is the reduction of 27,000 tCO₂e thanks to 13 projects.

Emissions to be reduced by decarbonisation fund (1st edition)



Reducing carbon footprint by adjusting combustion in biomass plants

For generating electricity from biomass, ACCIONA mainly uses agricultural (straw) and/or forestry waste, which guarantee that the CO₂ issued during combustion forms part of the biogenic carbon cycle. However, due to the conditions of temperature and pressure during this process, a minor amount of the gases generated is also issued in the form of methane (CH₄) and/or nitrous oxide (N₂O).

In 2020 the company initiated a combustion process re-engineering project which has managed to reduce the emissions of those two gases to levels that are so low that they are not even recorded by the exhaust gas monitoring equipment. Taking the tolerance values of the measuring system as a reference, it is estimated that they have managed to reduce the emission between 50 % and 60 %, which would be equivalent to more than 4,000 tonnes of CO₂.

Control system for improving energy efficiency in water treatment plants

ACCIONA has put the SCREEN project into operation (cloud-based energy efficiency remote control system), a platform that enables the monitoring and streamlining of energy consumption of the WWTPs in each of their processes. The results are shown collectively and separately so specific action can be taken on each component of the system. For example, overconsumption can be investigated in real time and the cause discovered. Each phase of control can be adjusted until maximum efficiency is obtained. At present, the energy expenditure has been reduced by 15 %.

14 water treatment plants have been connected to the control system, although the target is to bring in all the wastewater treatment facilities operated by ACCIONA over a 5 year period.

Installation of a mobile photovoltaic unit in the construction of the New Talca Prison (Chile)

ACCIONA has installed a pilot mobile photovoltaic generation unit in Chile to replace diesel as a source of energy in the construction of the new La Laguna Education and Work Centre, which the company is building in the Talca district of the Maule region of Chile.

The innovative mobile photovoltaic generation unit that has been put into operation consists of 70 photovoltaic panels of 370 W each, which together make up a folding solar structure with an installed capacity for generating clean energy of 25.9 kWp, capable of avoiding the annual emission of more than 45 tCO₂ equivalent produced by a conventional diesel generator set.

Connection of the first renewable storage plant with recycled batteries in Spain

The company has connected to the grid the first renewable storage plant with recycled batteries in Spain at its experimental photovoltaic park in Tudela (Navarra). The set of four second-life batteries, with a combined capacity of 130kWh, will store the energy to insert it into the grid and analyse its performance compared to new batteries.

The plant is made up of 32kW/32kWh batteries from Nissan vehicles, whose use in the project will double their useful life. ACCIONA will operate the system from the Renewable Energy Control Centre (CECOER) with its global energy management platform GEMS. Renewable energy will be certified throughout the process via ACCIONA's blockchain-based Greenchain® platform.

Recycling electric vehicle batteries avoids up to 70% of the CO₂ emissions associated with the manufacture of new batteries and enables the reuse of basic components of lithium-ion batteries, such as cobalt or lithium, which are in short supply.

OTHER EMISSION REDUCTION ACTIVITIES OUTSIDE THE DECARBONISATION FUND

Incorporation of the Life Cycle Analysis strategy and circular economy into operations

ACCIONA uses Life Cycle Analysis methodology for all new renewable projects. This process shows, for example, that the emissions caused by the construction of a wind farm are compensated during its first 9-10 months of operation, and from then on, the facility becomes a positive carbon emitter until the end of its useful life, 25 or 30 years later.

The use of these tools also shows the relevance of the sustainable management of replacement parts during the life cycle of the wind farms, especially for the large components of the wind turbines. The application of the circular economy, with priority for repair over replacement, enables ACCIONA to avoid the emission of more than 6,000 tonnes of CO₂ by extending the useful life of multipliers (>3,500 tCO₂) and generators (2,500 tCO₂).

Electrification of processes in tunnelling work

Building tunnels using a tunnel boring machine is highly efficient compared to the traditional method of perforation and blasting, involves less execution time and is more environment-friendly. However, the diversity of ground types and dimensions of the excavation work mean these large machines need considerable capacity of adaptation.

For the work of creating the tunnel for transporting water to the Mularroya reservoir in Zaragoza (Spain), ACCIONA has developed an innovative solution that has made it possible to adapt one of its double shield tunnel boring machines to the requirements of the project. The complex geology of the route and the project requirements called for a single shield rock-boring machine with a smaller diameter.

With this modification, other major improvements had also been introduced that resulted in less emissions. The process for the extraction of excavation material was designed using a conveyor belt and electric locomotives, which have achieved a reduction of 219 tCO₂e.

Streamlining earthworks

ACCIONA's Construction Technology Centre has developed a digital tool for the comprehensive control and monitoring of the machinery used in earthworks. It is intended to streamline operations and increase productivity in the projects.

The web interface of the tool allows viewing and analysing the figures for production, execution times, distances, volume and performance, following sensorisation of the equipment. It can be implemented in the company's own or subcontracted machinery as it is compatible with any manufacturer.

The mechanism has already been successfully tested on the Puhoi-Warkworth motorway in New Zealand. It makes it possible to improve excavation performance by up to 10 %, reducing the emissions generated in the same percentage.

FINANCE LINKED TO CLIMATE COMMITMENTS

ACCIONA employs two sustainable financing mechanisms: those aimed at projects or activities with sustainable objectives, whose objective is to promote specific positive impacts linked to the financing, and corporate financing that entails commitments to improve its ESG performance. In both types of financing, the company's investment is linked to the company's vocation to develop the sustainable agenda, such as renewable energies or adaptation to climate change.

Sustainable financing mechanisms

Finance type	No. of ongoing transactions	No. of new transactions or extensions as of 30 June 2021	Amount
Green finance	27	15	2,129.9
Finance linked to sustainable commitments	6	2*	6,739.4
TOTAL	33	17	8,869.3

*On 26 May 2021, ACCIONA signed two syndicated ESG operations for a joint amount of EUR 3,300 million. They include two conditions precedent: 1) The IPO of our subsidiary Corporación Acciona Energías Renovables and 2) the amortisation of our current finance instruments, including three sustainable operations for a total of EUR 3,415 million, cancelled on 8 July.

GREEN FINANCE

ACCIONA has in place a *Green Finance Framework*, available for activities that align with the low-carbon economy goals. It was reviewed by Sustainalytics, which issued a second party opinion which confirmed that it aligned with both the Green Bond Principles and the Green Loan Principles. As a result, ACCIONA finance instruments covered by the *Green Finance Framework* added up to more than EUR 2 billion at 30 June 2021.



ACCIONA's finance is linked to green projects development and climate related targets

CORPORATE FINANCE WITH SUSTAINABILITY COMMITMENTS

The group also receives finance linked to compliance with environmental, social and corporate government performance goals. In this regard, ACCIONA has in place a *Sustainability-Linked Finance Framework*, reviewed by DNV GL, which issued a second opinion confirming that they are aligned with the Sustainability Linked Bonds Principles and Sustainability Linked Loans Principles.

In May 2021, we signed a new sustainability-linked finance operation worth EUR 800 million, over two stages: EUR 200 million and a revolving credit line of EUR 600 million, both at five years and extendible to seven. The funding is structured around an innovative "double impact" ESG scheme, which links cost reductions to corporate sustainability goals and, for the first time, to pledges to generate positive local impacts. At corporate level, our pledge is to reduce greenhouse gas emissions by 60% by 2030. As regards additional local positive impact, we have included targets such as training for vulnerable groups and giving isolated rural communities access to clean energy.

ACCIONA Energía, of which the group holds 82.75%, has used a similar funding scheme. In May 2021, the company signed a €2.5 billion ESG-linked finance contract. The commitments are to align 95% of its investment with the European taxonomy of low-carbon activities and to absorb emissions from the activity by planting and preserving trees.

ACCIONA periodically updates its green and sustainable financing in <https://www.acciona.com/shareholders-investors/stock-market-information/sustainable-finance/>

CLIMATE ADVOCACY

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

Actions that apply to the whole group

Basic lines of action	Examples
Incentives for non-polluting behaviour and activities	<ul style="list-style-type: none"> · 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.

Action in the energy area

Basic lines of action	Examples
Development of an energy model based on increased penetration of renewable energies	<ul style="list-style-type: none"> · Stable regulatory framework to promote renewable technologies. · 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 for the transition to a decarbonised economy	<ul style="list-style-type: none"> · Promotion of sustainable mobility based on electric vehicles with renewable energies. · 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 hydrogen as a subsidiary vector of direct electrification.

Actions in infrastructure, water and service areas

Basic lines of action	Examples
Development of regulatory frameworks conducive to green public procurement	<ul style="list-style-type: none"> · Regulatory proposals aimed at enhancing the consideration of sustainability criteria in public procurement. · Recommending incentives to public procurement for electricity supply from renewable energies.
Support for policies that favour energy saving and efficiency	<ul style="list-style-type: none"> · 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 objective of achieving greater energy efficiency.
Promotion of sustainable mobility	<ul style="list-style-type: none"> · 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.

INTERNATIONAL INITIATIVES

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

WORLD ECONOMIC FORUM

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

UNITED NATIONS GLOBAL COMPACT

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

'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.

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 Entrecañales 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.

WORLD BUSINESS COUNCIL FOR SUSTAINABLE DEVELOPMENT (WBCSD)

ACCIONA has continued to participate in the REscale project to promote the development of corporate long-term renewable energy purchase agreements (PPAs).



InfluenceMap has included ACCIONA in its A-List of Climate Policy Engagement 2021

RISKS AND OPPORTUNITIES

MANAGING THE RISKS OF CLIMATE CHANGE: BOTTOM-UP APPROACH

Management of climate risks at ACCIONA is carried out through the application of a specific corporate procedure, which identifies, evaluates, prioritises and communicates to the company's decision-making bodies the risks associated with climate change that might affect the group and its centres. This process results in the establishment of policies for action and tolerance thresholds that provide a reasonable guarantee that objectives will be met, both in the short term (one year), the medium term (the five years in which each Sustainability Master Plan is in force) and the long term (10 years, in accordance with observations of mega-trends and already established targets, such as the SBTs).

A number of tools are used to identify climate risks and opportunities, notable among which is the company's digital climate change model that monitors, for all ACCIONA centres, the historic and projected climate variables under different temperature increase scenarios and with different timelines provided for in the latest IPCC reports. This instrument also oversees the production, financial, emissions generation and energy consumption variables. It also includes references to the climate policies and the carbon markets in each region, thereby constituting an essential source of information when it comes to anticipating situations, particularly those related to medium-long term physical events and short-medium term transitions. Specifically, in order to provide for medium-long term transition scenarios, the identification of activities within the European taxonomy is a necessary reference

point. In addition, during the identification process other tools are used that are not yet integrated in the digital model, such as those devoted to the identification of legal requirements; also indispensable in this regard is the experience of the members of the groups evaluating the scenarios.

The risk management process is an annual process that begins with the configuration of groups of experts at the level of each business. Using the tool mentioned above, the experts propose a battery of risk scenarios for each ACCIONA location, group of locations and/or line of business (or its value chain), taking geographical exposure and vulnerability into account.

Once identified, each risk scenario is evaluated in terms of the probability of it occurring and the economic and reputational consequences. These variables are then used to determine the risk level of each of the scenarios considered (see chart with the climate risks highlighted). For those with a greater risk of occurring, each assessment group prepares specific reports informing the company's decision-making bodies about mitigation options and the estimated costs associated with them.

At the final stage, the climate risk scenarios are integrated into ACCIONA's general risk management process, which is overseen by the Board of Directors (which has an Audit and Sustainability Committee, convened quarterly, as the body ultimately responsible for climate change in the company), the Finance and Risk Department and the Divisional Management Committees.



ACCIONA uses short term (one year), medium term (5 years) and long term (10 years or more) horizons for climate risk management

CLIMATE SCENARIOS ANALYSED


The climate scenarios used for the identification of risk cases are those that foresee a limited temperature increase of 1.5°C for transitional risk events and an increase of at least 3°C for physical risk situations (RCP 8.5). Other scenarios such as current policies or lower temperature increase scenarios (RCP 4.5), which pose less risk or opportunity, are also analysed. For each of these scenarios, various sources are used to provide a complete perspective for the company’s business sectors, especially the scenarios of the International Energy Agency (IEA) and those of the IPCC’s 5th Assessment Report.

Climate scenarios

Scenario disruption level	Transitional scenarios	Physical scenarios
Medium	Current policies	RCP 4.5
High	1.5°C	RCP 8.5

- 1.5°C scenario: limiting warming to 1.5°C implies reaching net zero CO₂ emissions globally around 2050 and concurrent deep reductions in emissions of non-CO₂ forcers, particularly methane. Such mitigation pathways are characterized by energy demand reductions, decarbonization of electricity and other fuels, electrification of energy end use, deep reductions in agricultural emissions, and some form of carbon removals. Low energy demand and low demand for land- and GHG-intensive consumption goods facilitate limiting warming to as close as possible to 1.5°C. The guides used in our assessments are the Sustainable Development Scenario (IEA, 2020), Beyond 2 Degree Scenario (IEA, 2017) and IPCC’s 1.5°C Report.
- Current policies: only currently implemented policies are preserved. Emissions grow until 2080. Policy ambitions are not incorporated into the scenario: full implementation cannot be taken for granted. This scenario is guided by Current Policy Scenario (IEA, 2018) and the specific legislation in place in our the jurisdictions where the company operates.
- RCP 4.5: it is a physical intermediate scenario defined by IPCC where emissions in peak around 2040, then decline. Sea level rises around 0.47 metres by 2100. RCP 4.5 is more likely than not to result in global temperature rise between 2 °C, and 3 °C.
- RCP 8.5: it is a physical worst-case scenario defined by IPCC where emissions continue to rise throughout the 21st century. It is very unlikely, but still possible as feedbacks are not well understood, and it remains useful in predicting mid-century scenario based on current and stated policies. Sea level rises around 0.63 metres and temperature rises 2.6 to 4.8°C by 2100.

The company is working in 2021 on modelling new scenarios based on the NGFS Climate Scenarios, which integrate the physical and transitional variables in each scenario.

 The main sources for scenarios are the International Energy Agency and the IPCC reports

CLIMATE RISK ANALYSIS RESULTS

ACCIONA's climate risks are lower than the opportunities for many of its activities. The following table shows a summary of the risk/opportunity balance for most significant activities.

Many of the activities have a high opportunity in the transitional scenarios, which is consistent with their high level of alignment with the European mitigation and adaptation taxonomy. There is also exposure to risks, mainly physical, which are significant in the extreme case of temperature increase.

- Substantial opportunity
- Low opportunity
- No material impact
- Low risk
- Substantial risk

Risk/opportunity exposure by activity and scenario

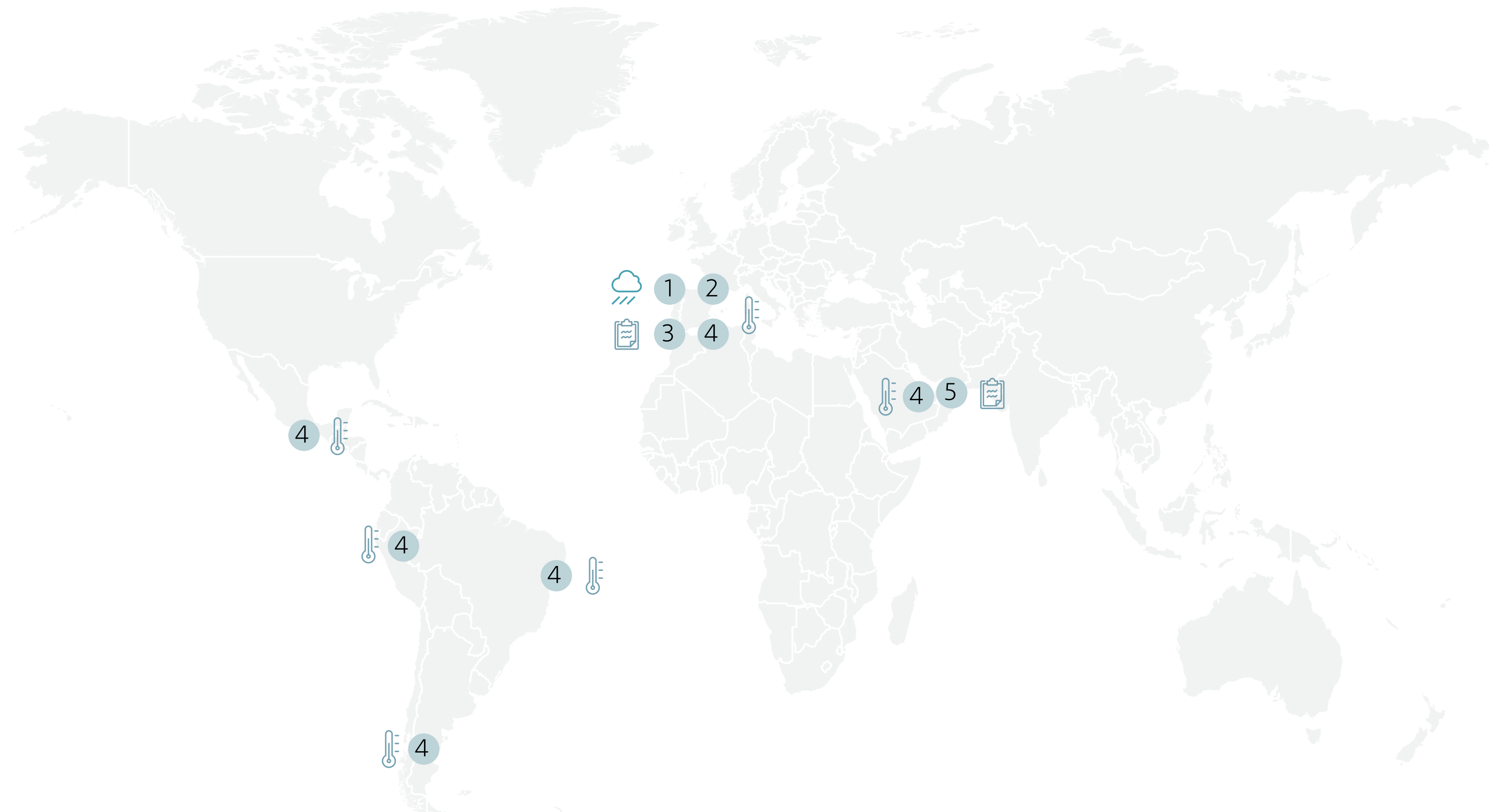
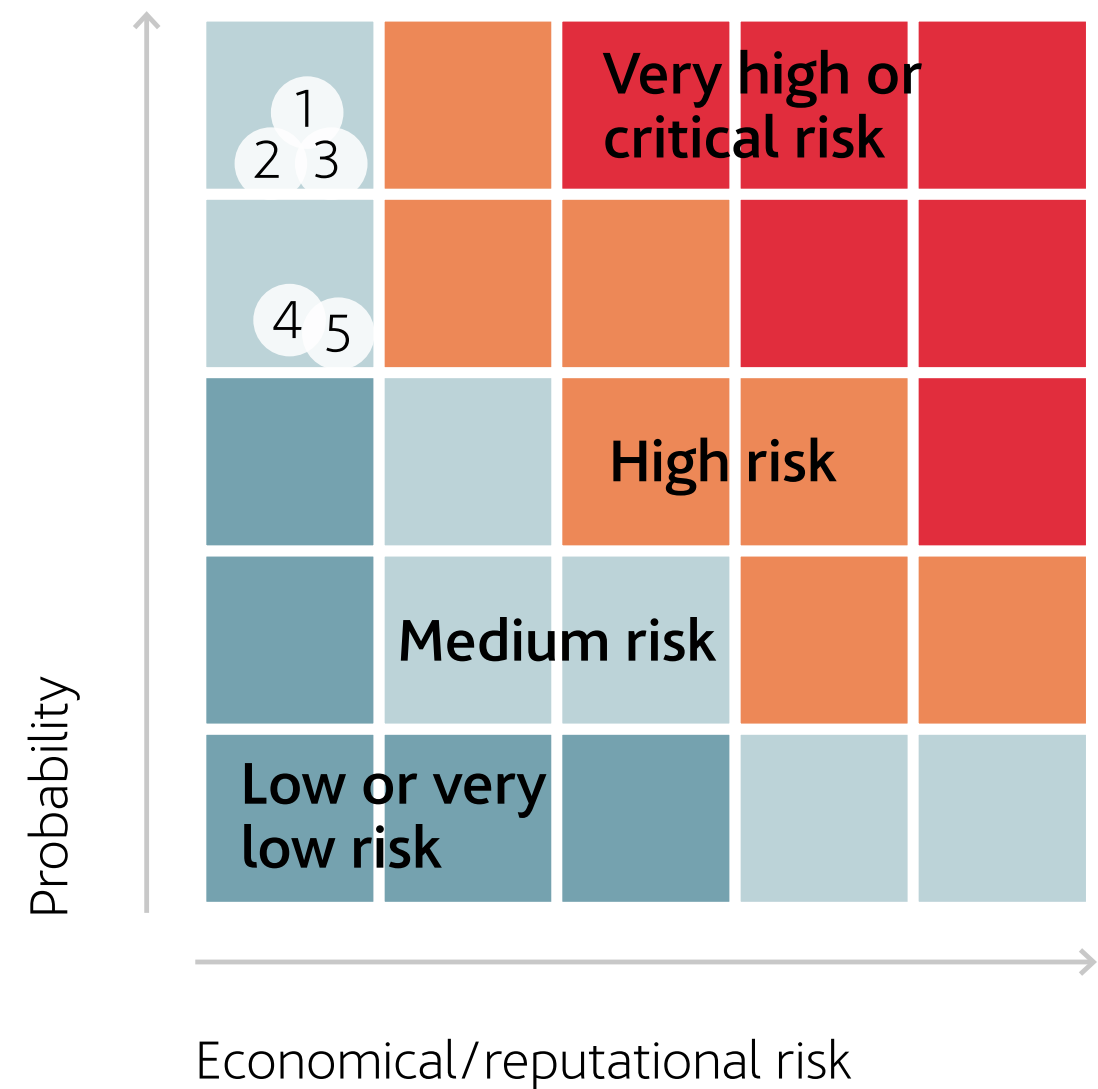
Business line	Activity	Transitional scenarios		Physical scenarios	
		1.5°C	Current policies	RCP 4.5	RCP 8.5
Energy	Wind power	●	●	●	●
Energy	Photovoltaic	●	●	●	●
Energy	Green hydropower	●	●	●	●
Energy	Biomass	●	●	●	●
Energy	Green hydrogen	●	●	●	●
Energy	O&M	●	●	●	●
Construction	Works	●	●	●	●
Construction	Construction machinery	●	●	●	●
Construction	Environmental services	●	●	●	●
Construction	Urban services	●	●	●	●
Water	Wastewater treatment plant	●	●	●	●
Water	Drinking water treatment plant	●	●	●	●
Water	Desalation plant	●	●	●	●
Water	Other water services	●	●	●	●
Concessions	Highways	●	●	●	●
Bestinver	Asset management	●	●	●	●
Real estate	Real estate development	●	●	●	●
Other	Energy services	●	●	●	●
Other	Mobility	●	●	●	●

SIGNIFICANT CLIMATE RISKS AND OPPORTUNITIES

The assessment of the most significant climate risk and opportunity scenarios set out in the table above is published below, together with their potential impact and time horizon, geographical scope and by business, and actions initiated for their management.

In conclusion to this analysis, it can be stated that ACCIONA's business strategy is resilient to climate change, with a moderately low impact in terms of risks and a high impact in terms of opportunities.

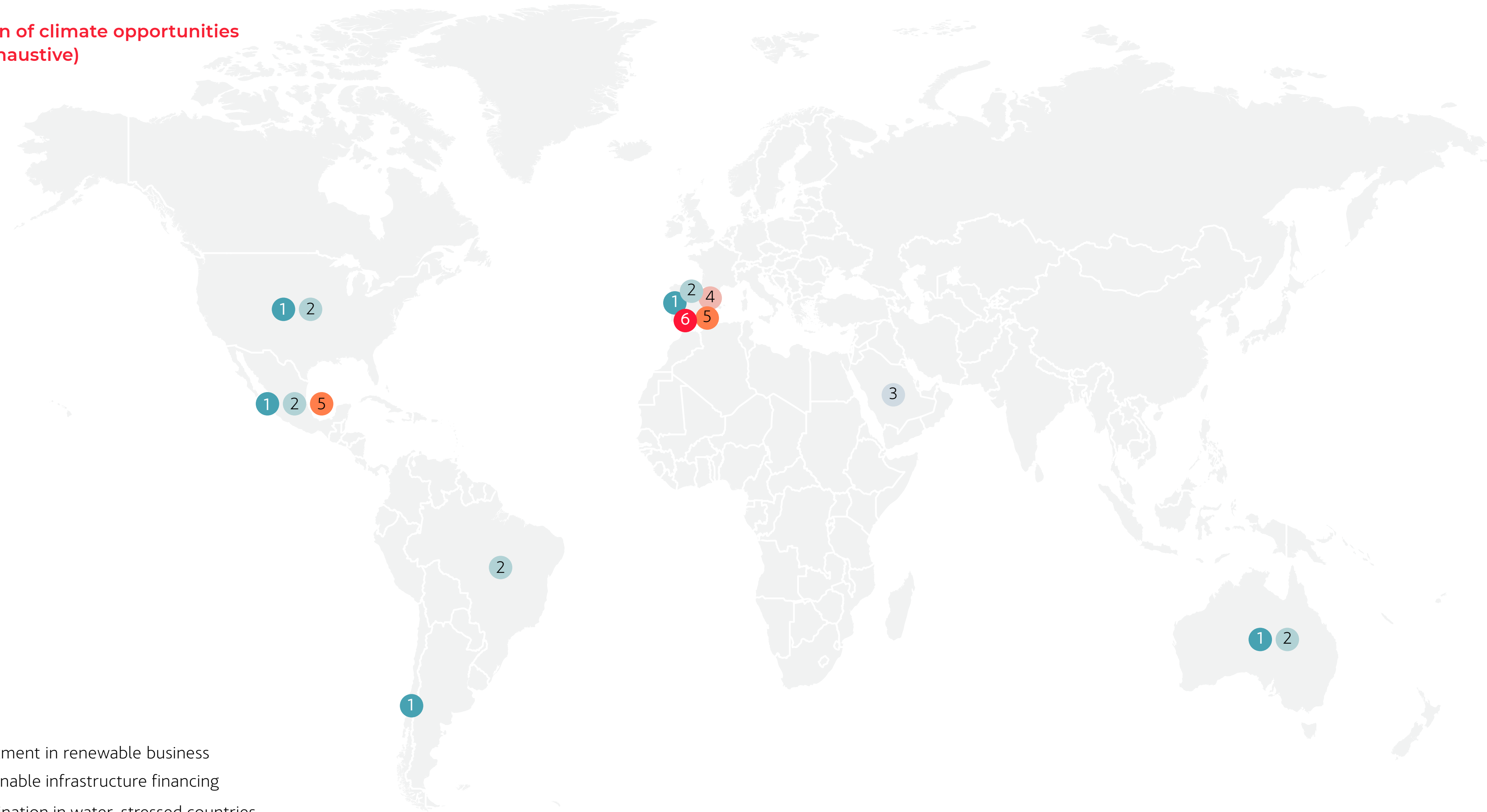
Climate risks: impact, probability and location



Management approach of substantial climate risks

No.	Scenario	Description	Type of impact	Business line	Risk management and mitigation
1	RCP 8.5 (physical)	Lower hydraulic generation in Spain due to reduced run-off. A medium risk is identified in the long term.	Decreased revenue (low)	Energy	<ul style="list-style-type: none"> Processes for monitoring and controlling changes in the production and management of reservoirs are being implemented with weather forecasting to enable better planning and management of the reservoirs.
2	RCP 8.5 (physical)	Loss of efficiency in the electrical conversion of wind turbines in Spain due to increased working temperatures. A medium risk is identified in the long term.	Decreased revenue (low)	Energy	<ul style="list-style-type: none"> The capacity to manage risk is limited but a policy of geographical and technological diversification of installed capacity has been implemented to mitigate the risk.
3	1.5°C (regulatory)	Increase in the operational cost of the Business's machinery in Spain to adapt it to the regulation on energy efficiency and GHG emissions. A medium risk is identified in the medium term.	Increased costs (low)	Construction and Services	<ul style="list-style-type: none"> Inclusion of energy efficiency and emissions criteria in the decisions on acquisitions of new machinery and vehicles. Replacement of older machinery with more efficient models. Consideration of leasing options.
4	RCP 8.5 (physical)	Increased cost of construction site operations in hot countries such as Spain, Mexico, UAE, Ecuador, Brazil and Chile due to lower worker productivity as a result of rising labour costs. A medium risk is identified in the long term..	Increased costs (low)	Construction	<ul style="list-style-type: none"> The ZERO IoT project has developed a device that measures, analyses and evaluates in real time risk variables such as temperature and humidity, and warns the worker when it is necessary to rest to avoid risks. Its implementation has started in 2020.
5	1.5°C (regulatory)	Increase in the cost of energy used in energy-intensive facilities, due to the imposition of a high carbon price in countries where ACCIONA operates large desalination plants (Saudi Arabia, Qatar and UAE). A medium risk is identified in the long term.	Increased costs (low)	Water	<ul style="list-style-type: none"> ACCIONA only desalinates water using reverse osmosis technology, the most energy-efficient technology. The company invests in innovation to progressively improve the efficiency of the facilities it operates.

Location of climate opportunities (not exhaustive)



- 1 Investment in renewable business
- 2 Sustainable infrastructure financing
- 3 Desalination in water-stressed countries
- 4 Electric vehicle manufacturing
- 5 Energy efficiency services
- 6 Development of nature based solutions

Management approach of key climate opportunities

No.	Scenario	Category	Description	Type of impact	Business line	Opportunity management
1	1.5°C and current policies	Markets	<p>Increase in the demand for renewable generation infrastructure due to changes in climate change regulations.</p> <p>Regulatory developments such as the European Green Deal drive such opportunities that arise in the short, medium and long term.</p>	Increased revenue (very high)	Energy	<ul style="list-style-type: none"> Installation of 10 GW of new renewable energy in the period 2021-2025, doubling the installed capacity, in Spain, Chile, USA, Australia and Mexico.
2	1.5°C	Markets/ Products and services	<p>Increase in the supply of capital available for low-carbon and climate change adapted transport infrastructure, due to the expected mobilisation for investment in sustainable activities aligned with stricter requirements (EU taxonomy, etc.) in the short, medium and long term.</p>	Access to financing (high)	Construction	<ul style="list-style-type: none"> Structuring of the infrastructure project portfolio with a greater weighting of projects aligned with the opportunity detected, both in Europe and other main markets. Positioning in sustainable financing markets.
3	RCP 4.5 and RCP 8.5	Markets	<p>Increase in the demand for water treatment infrastructure in regions where greater shortages are predicted because of climate change.</p> <p>Opportunity in the short, medium and long term.</p>	Increased revenue (high)	Water	<ul style="list-style-type: none"> Structuring of the water treatment infrastructure portfolio with notable presence in the countries identified, which are where currently more than half of the economic activity is generated.
4	1.5°C	Markets	<p>Increased demand for shared electric mobility services due to increased consumer climate awareness and greater restrictions on other types of vehicles.</p> <p>Opportunity in the short term.</p>	Increased revenue (medium)	Manufacturing and operation of shared mobility	<ul style="list-style-type: none"> Acquisition of electric motorbike manufacturer Silence and expansion of the motorbike-sharing fleet in volume and number of cities.
5	1.5°C	Markets	<p>Energy services demand increase by industrial and municipal clients.</p> <p>Opportunity in the short term.</p>	Increased revenue (medium)	Energy services	<ul style="list-style-type: none"> Investment in innovation for energy solutions at customer sites. Expansion of service to new locations and countries.
6	1.5°C	Products and services	<p>Demand for new services based on the implementation of nature-based solutions for offsetting residual emissions from the private and public sector.</p> <p>Opportunity in the medium term.</p>	Increased revenue (medium)	Environmental services	<ul style="list-style-type: none"> Scope expansion of the environmental services business line to include nature-based solutions. Co-creation of new activities with key customers.

COMPLETE SCENARIOS FOR SIGNIFICANT CLIMATE RISKS AND OPPORTUNITIES

Examples of the detailed study of the risks and opportunities in the tables in the previous section are shown below.

DETAILED STUDY OF THREE OF THE MAIN RISKS

Managing the risk of lower hydropower generation in Spain

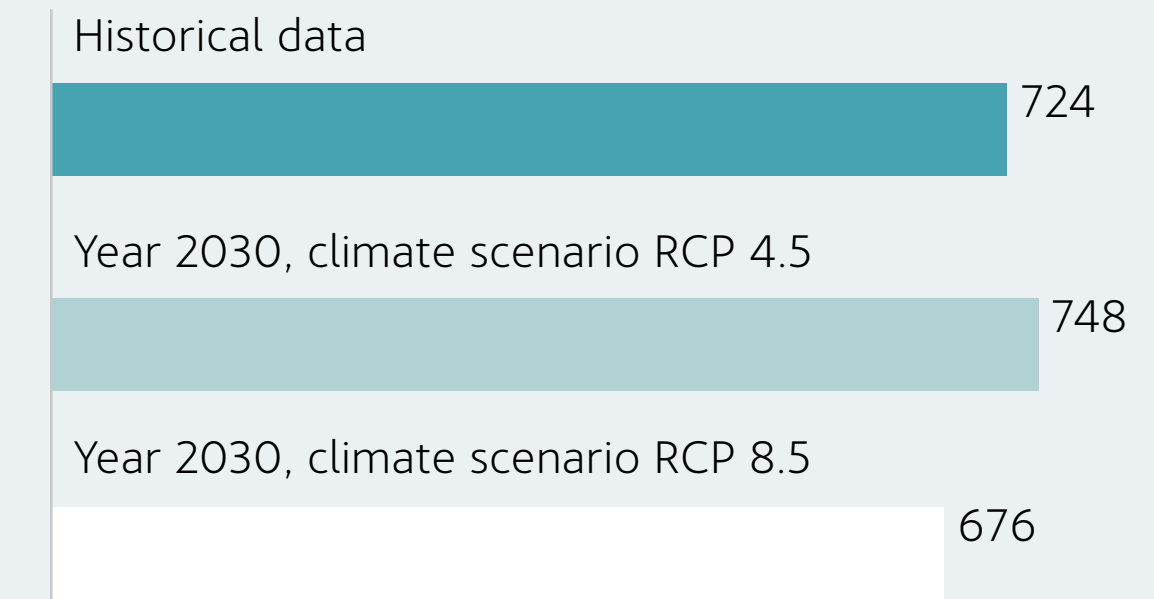
Hydropower generation from ACCIONA-operated hydroelectric plants, all located in Spain, amounted to 2,374 GWh in 2020, accounting for 10% of the group's overall power generation.

ACCIONA-operated hydroelectric plants in Spain



The projected RCP 4.5 and RCP 8.5 climate scenarios through 2030 for each of the locations where ACCIONA's hydropower plants are located show an average variation in annual rainfall in the range of +2.4% to -6.3% with respect to historical values (1850-2005).

Average annual rainfall for the selected region



A proportional relationship is estimated between the amount of rainfall and the generation potential for this type of plant, all of which is considered equally vulnerable to the danger of a decline in average annual rainfall.

According to the probability/economic-reputational consequence assessment criteria, the risk scenario has a probability of 4 out of 5 and the impact on production in economic terms is rated 1 out of 5, which means that the risk level for the scenario is considered average.

The impact is low thanks to the company's diversification in technologies. In addition, monitoring and control processes are being implemented for changes in production and reservoir management with weather forecasting for better planning and management of the reservoirs.

Managing the risk of loss of performance in wind turbines due to rising temperatures

ACCIONA's wind power generation in Spain accounted for 40% of the group's global energy generation in 2020. Its service life extends to 2050 in some cases.

The average temperature in Spain in 2050 increases by around 2 °C in the RCP 8.5 scenario, while it increases by around 1.5 °C in the RCP 4.5 scenario over the 1971-2000 reference period.

The increase in average temperatures makes the turbines work at higher temperatures, which reduces their efficiency in converting energy to electricity in the long term.

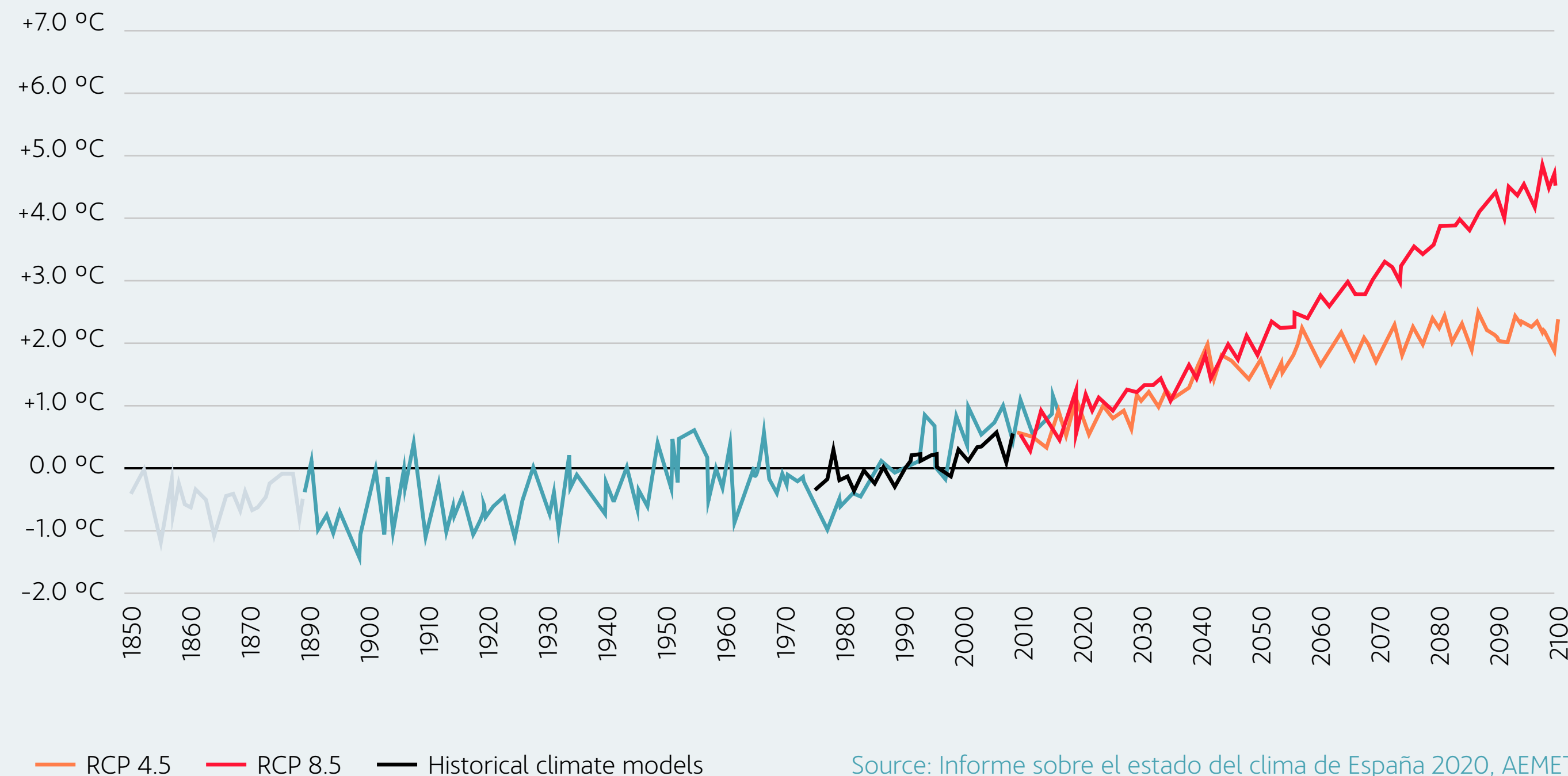
Under the probability/economic-reputational consequence assessment criteria, the risk scenario is given a probability of 5 out of 5 and the impact on production in economic terms is assessed as 1 out of 5, thus assessing the risk of the scenario as medium.

The capacity to manage risk is limited, but a policy of geographical and technological diversification of installed capacity has been established to mitigate the risk.

ACCIONA is also counteracting the drop in efficiency by researching solutions to increase efficiency and extend the useful life of wind turbines under optimal conditions of safety and reliability. The Turbine for Life programme diagnoses the state of health of turbines, provides predictive information on their behaviour and provides recommendations for decisions on their operation and maintenance. It also contributes to reducing the cost and extending the service life of wind turbines.

Another possibility for improving long-term risk management capacity is through studies to establish more concretely the impact of rising temperatures in the specific areas where wind farms operate.

Annual temperature anomaly in Spain and climate models



Source: Informe sobre el estado del clima de España 2020, AEMET

Managing the risk of loss of worker productivity due to rising temperatures

ACCIONA carries out construction work in warm countries such as Spain, Mexico, UAE, Ecuador, Brazil and Chile. In 2020, construction activity in these countries accounted for 13% of the company's sales.

Construction workers perform demanding physical activities and are exposed to excessive heat stress especially during the summer months. Projected increases in extreme heat due to changing climate are expected to increase the vulnerability of construction workers to heat stress. Heat stress can cause a host of conditions and illnesses to workers ranging

from headaches, dizziness, general discomfort to heat exhaustion and life-threatening heat stroke. Excessive occupational heat stress not only affects the individual, but also influences work productivity and performance.

The horizon of analysis of this risk is 2030, as no construction project of the group extends beyond this date. This study period will be extended in the following years. The maximum temperature in these countries in 2030 increases by about 1.1 °C in the RCP 8.5 scenario, while it increases by about 0.9 °C in the RCP 4.5 scenario over the historical period.

The EU-funded HEAT SHIELD project, in which ACCIONA participates, has found the following correlation between temperatures and loss of productivity.

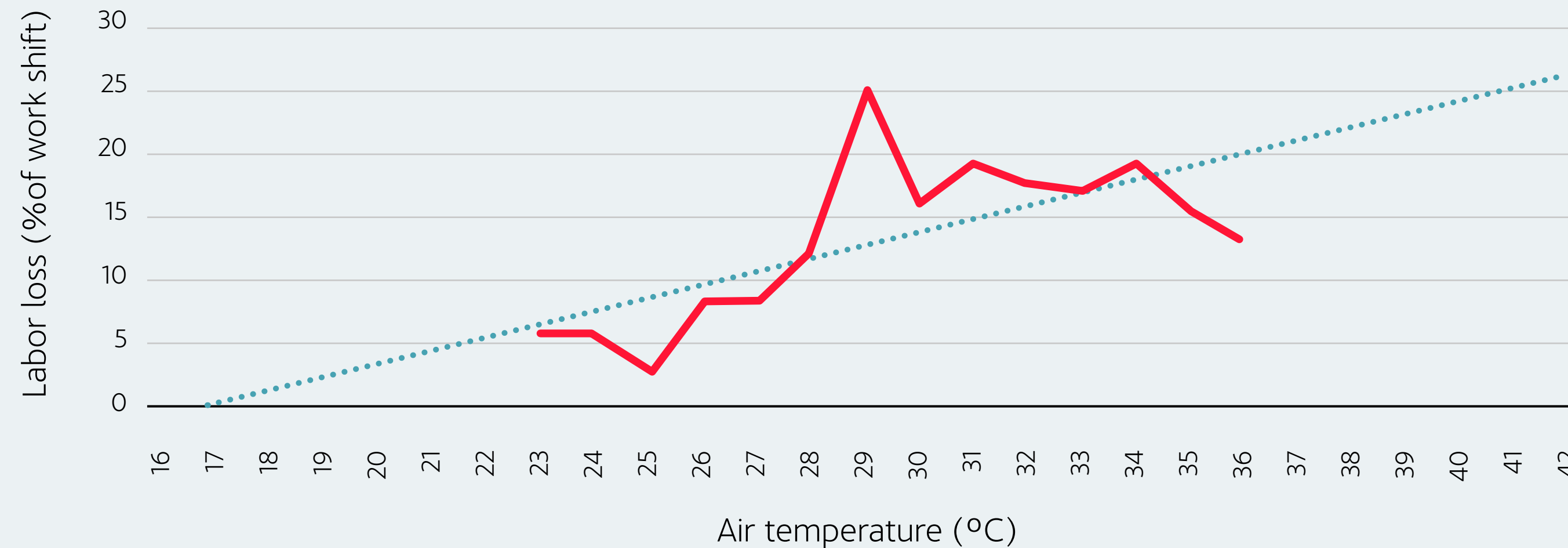
In an RCP 8.5 scenario, the productivity loss is about 1%. The project concludes that with appropriate measures such as hydration, real-time measurement of working conditions, breaks, changes in working hours and appropriate clothing, health problems and loss of productivity are substantially reduced.

Under the economic-reputational probability/consequence assessment criteria, the risk scenario is given a probability of 4 out of 5 and the impact on production in economic terms is assessed as 1 out of 5, thus assessing the risk of the scenario as medium.

The company's ZERO IoT project has developed a device consisting of a wristband and a sensor, which measures the worker's heart rate and all the environmental aspects that could affect him: temperature, humidity, etc. With this data, it analyses and evaluates each case in real time, creating and detecting risk patterns, and warning the worker when it is necessary to rest to avoid risks. In 2020, it was implemented at the A2 Section 2 Motorway Maintenance Centre and at other work centres.

Association between environmental air temperature and loss of labour

Source: Report on solutions to mitigate heat stress of construction sector workers, HEAT SHIELD project.



DETAILED STUDY OF TWO OF THE MAIN OPPORTUNITIES

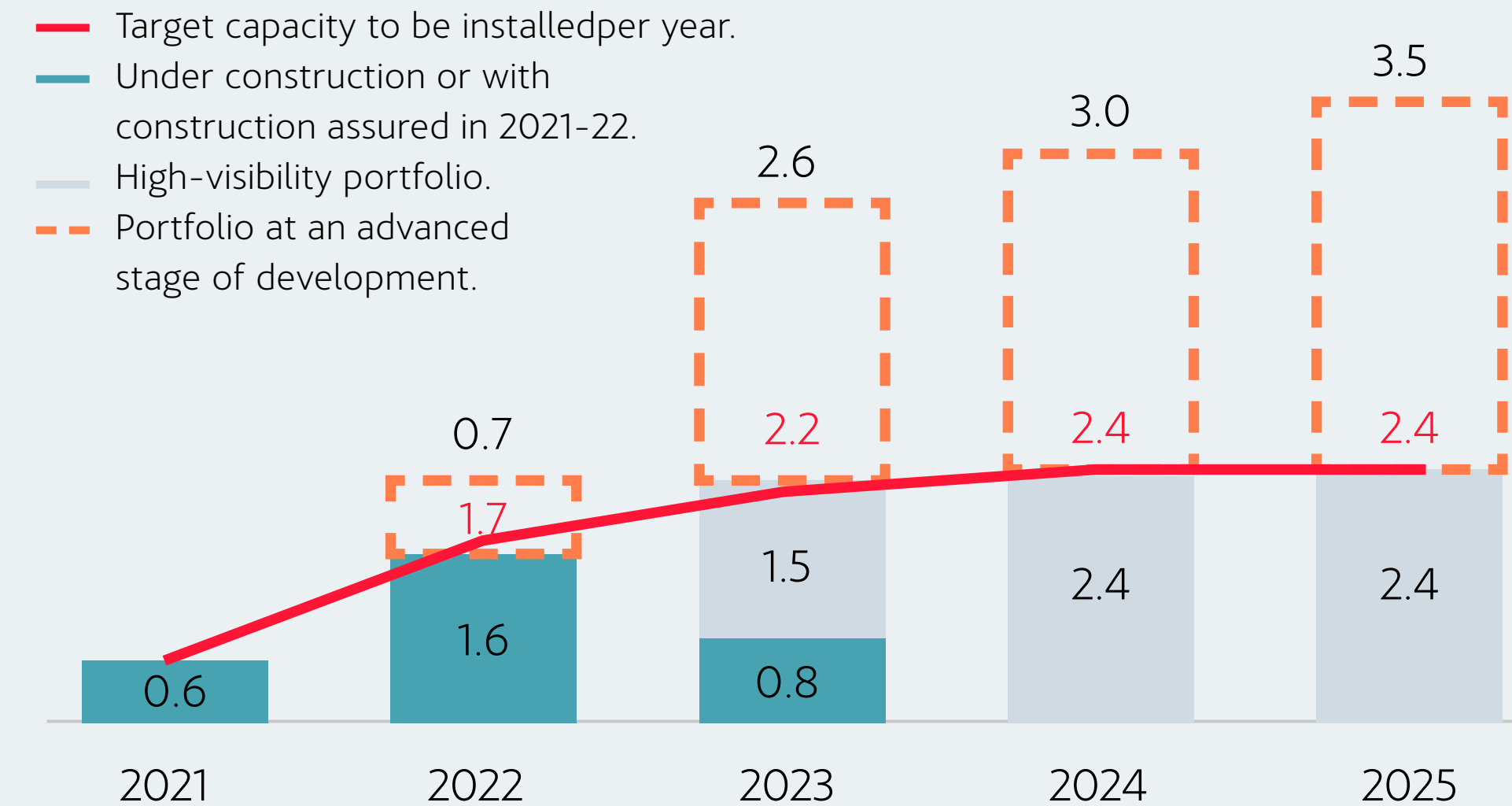
Increase in renewable energy generation activity

The Sustainable Development Scenario (SDS) issued by the International Energy Agency, designed to meet the energy-related United Nations Sustainable Development Goals and aligned with the Paris Agreement targets, forecasts global installed generation capacity to grow from 7.5 TW in 2019 to 16.6 TW in 2040, with renewable energy accounting for approximately 100% of the increase. Solar PV and wind will lead the transformation of the global electricity sector, representing 85% of

the envisaged power capacity additions within renewable energy. Solar PV annual capacity additions are expected to grow at double the pace of the last five years through to 2025 and keep rising through to 2030. The combined share of solar PV and wind in global generation is expected to thus rise from 8% in 2019 to nearly 30% in 2030.

ACCIONA continuously seeks to identify new opportunities to grow its project portfolio.

Forecast increase in ACCIONA's installed capacity for 2021-2025 (in GW)



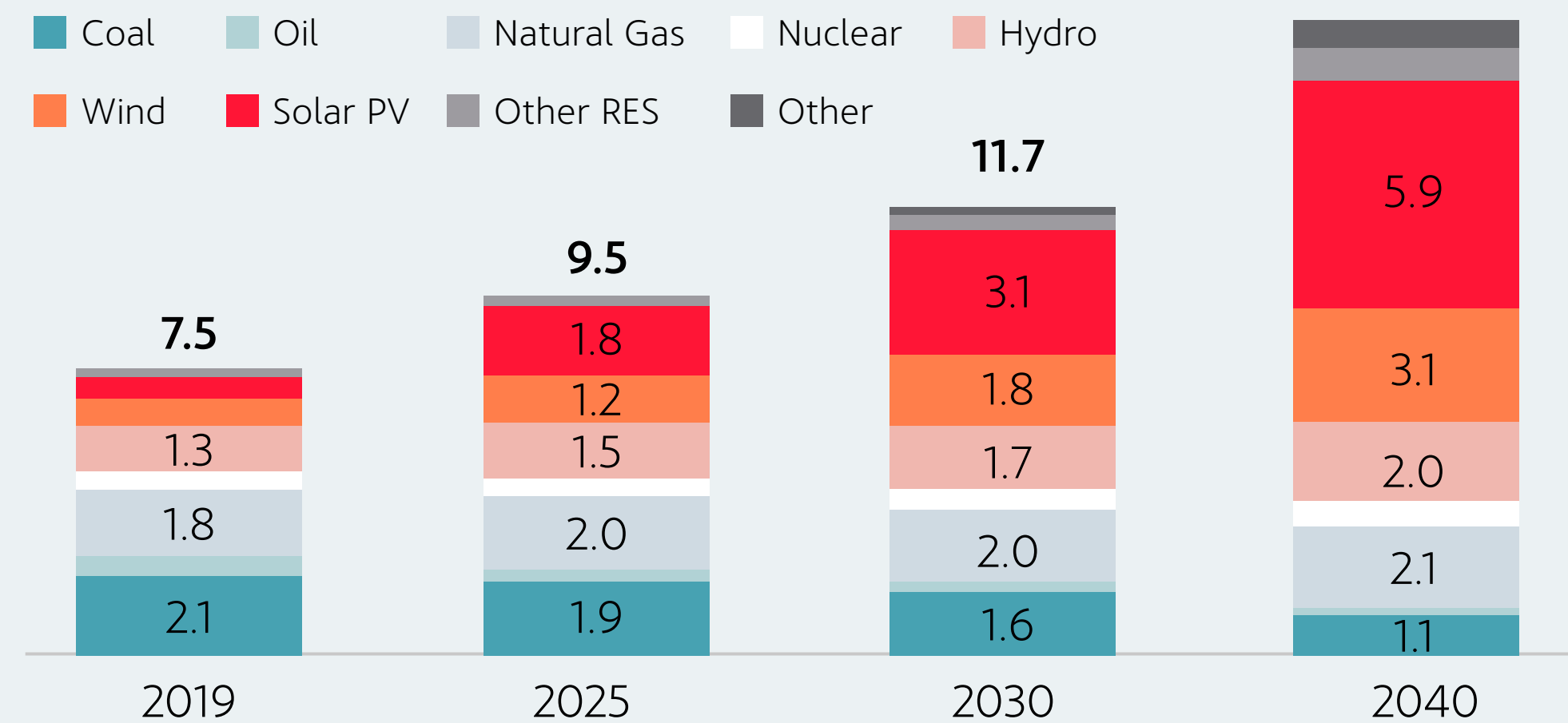
Leveraging on our integrated business model and strong understanding of the market across different geographies, it has developed an effective business plan to reach our target of 20GW by the end of 2025 from 10.7GW as of 31 Dec, 2020. Around half of the new capacity will be provided by wind farms and the other half will be solar photovoltaic.

In conclusion, ACCIONA's strategy of doubling its installed capacity in the first five years of

this decade is fully aligned with the global expansion needs of solar and photovoltaic renewable energy, which is expected to increase by more than 100% in this period of time.

More details of the study of this opportunity can be found in the prospectus sent by ACCIONA Energía to the Spanish National Securities Market Commission in the framework of its Initial Public Offering (pages 48 to 52).

World Electrical Capacity and Generation 2019-2040 (TW) according to SDS



Increase of the funding available for investment in low-carbon and climate change adapted transport infrastructure

As explained in the report Global Infrastructure Outlook - Infrastructure investment needs 50 countries, 7 sectors to 2040 prepared for the Global Infrastructure Hub of Oxford Economics, the need for investment in infrastructure worldwide is expected to reach 94 trillion dollars per year in 2040 to adapt to the pace of profound economic and demographic changes on the planet and to close the existing infrastructure gaps. In the case of investment in low-carbon transport (mainly railways, metros and trams), there is a total investment gap of 312 billion in the relevant countries for ACCIONA accumulated over the period 2016-2040.

On the other hand, the *World Investment Report 2014* estimated an annual gap of 60-100 billion dollars in infrastructure for a world adapted to climate change.

ACCIONA has structured its Infrastructure project portfolio to give greater weight to projects aligned with the opportunity detected in its main markets. Recent examples of low-carbon transport infrastructure awards include the Sao Paulo (Brazil, €2.3 billion) and Sydney (Australia, €1.24 billion) metros, the Tren Maya (Mexico, €713 million) and the Fargo-Moorhead flood channel (USA, €2.34 billion).

The group's positioning in the sustainable financing markets (see section Financing linked to climate commitments) has enabled it to raise the necessary financing to invest in these projects.

OTHER OPPORTUNITIES IN DEVELOPMENT

Shared motorbikes services

Following the launch of the service in 2018, there are now eight cities in which ACCIONA provides shared mobility services using electric motorbikes.

At the end of 2020, ACCIONA had a fleet of more than 12,000 motor-cycles powered by renewable electricity, making the company largest operator in the world in this sector.

Each shared vehicle means two private vehicles can be taken off the road and promotes the use of public transport, which it then complements. This year along more than 850 tCO₂e have been avoided, equivalent to the emissions generated by around 100,000 cars circulating per day, freeing space equivalent to more than 45 football stadiums.



ACCIONA is
largest shared
electric motorbikes
operator in
the world

Green Hydrogen

In line with the new EU Hydrogen Strategy, the first green hydrogen industrial plant in Mallorca will also become the first strategic reference (flagship) for Southern Europe, with the creation of a "green hydrogen ecosystem" in the Balearic Islands.

Power to Green Hydrogen Mallorca will generate, distribute and use at least 300 tonnes of renewable hydrogen per year, produced from solar energy. The target is to reduce the island's CO₂ emissions by up to 20,700 tonnes a year.

The project also falls under the "Hydrogen Road Map: a wager for renewable hydrogen", recently approved by the Spanish Government. This initiative seeks to position the country as a technological model in the production and use of renewable hydrogen; in 2030 it will reach a production output of 4 GW, mobilising a total estimated investment of € 8,900 million.

KEY CLIMATE METRIC AND INDICATORS

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EMISSIONS ROADMAP

NET ZERO 2040

In February 2021, ACCIONA became the first Spanish energy company to join The Climate Pledge, an initiative launched by Amazon and the NGO Global Optimism, for companies that pledge to achieve carbon neutrality by 2040, a decade before the date set in the Paris Agreement.

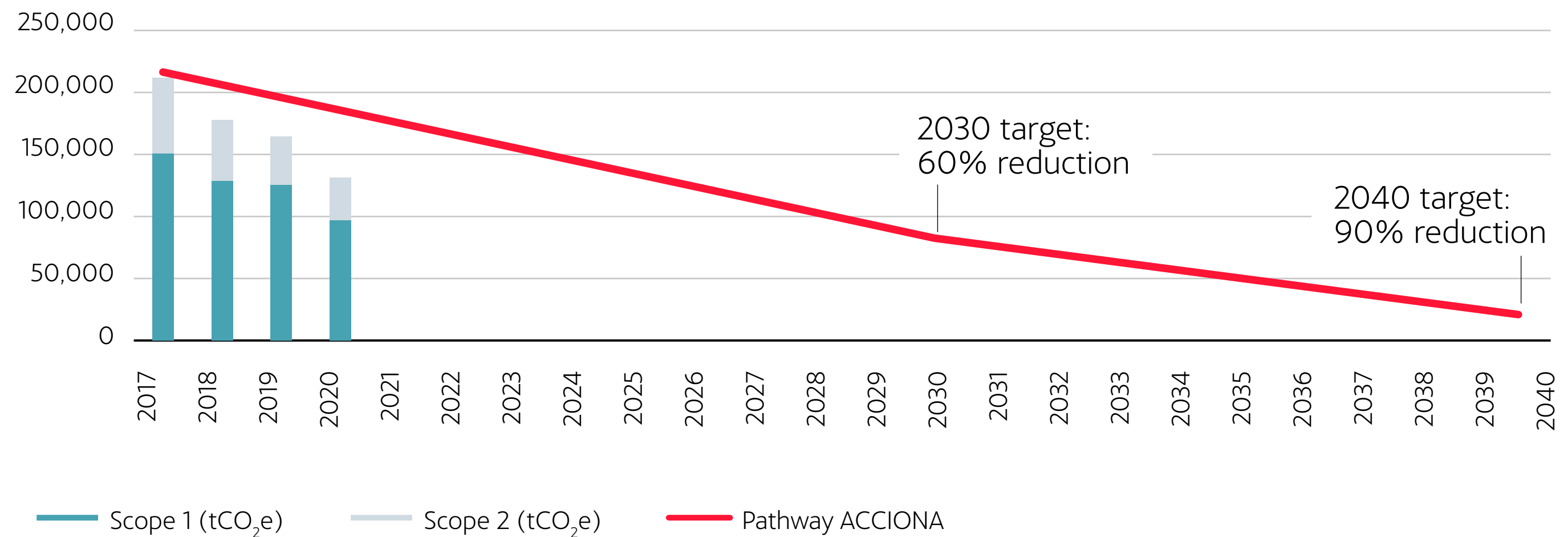
ACCIONA is committed to reducing its direct and energy consumption emissions by 60% between 2017 and 2030, as well as reducing value chain emissions by 47%, in line with the Paris Agreement’s more ambitious goal of limiting global warming to no more than 1.5°C above pre-industrial levels. ACCIONA’s emissions reduction targets are certified by the Science Based Targets (SBTi) initiative.

Net zero emissions will be achieved by 2040 by reducing emissions at least 90% compared to 2017, along with absorbing residual emissions through nature-based solutions such as tree planting.

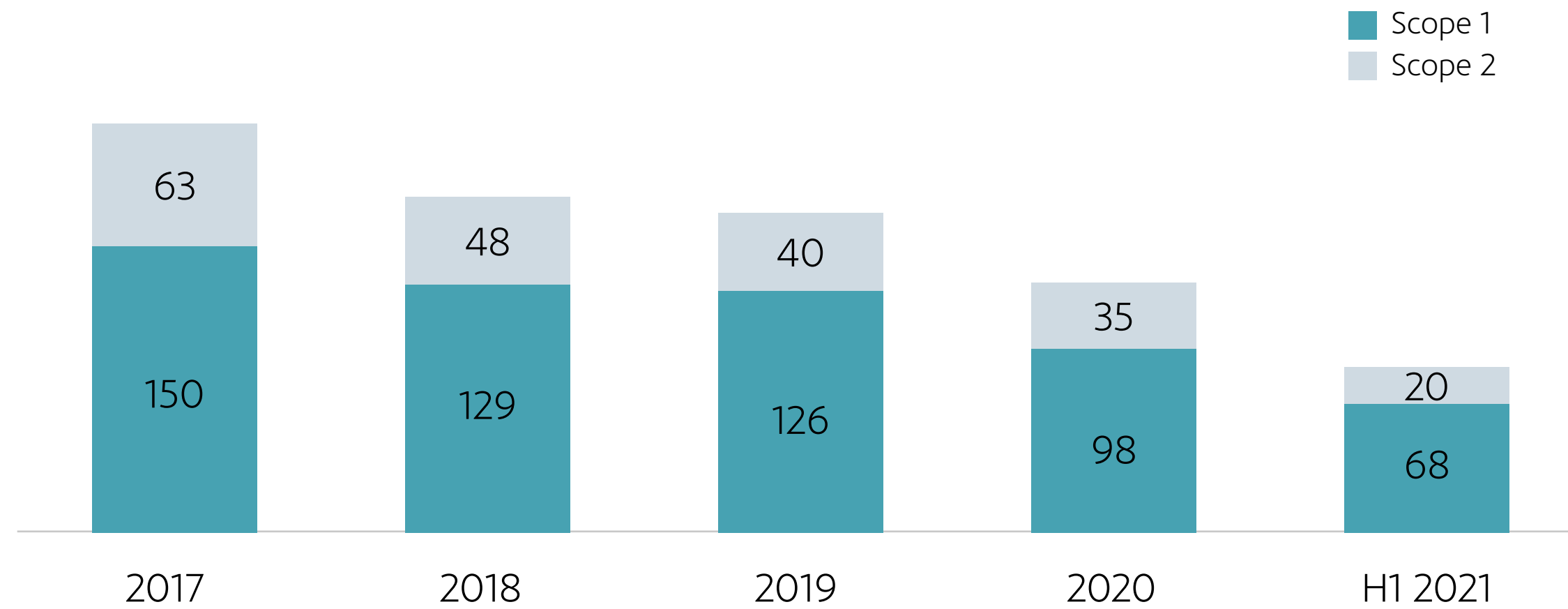
SCOPE 1 AND 2 EMISSIONS

The sum of scope 1 and scope 2 CO₂e emissions generated in 2020 was 133,146 tonnes, of which 98,194 tCO₂e were scope 1, and 34,952 tCO₂e were scope 2 market-based (107,663 tCO₂e scope 2 location-based). It has achieved a 38% reduction compared to 2017, making progress towards meeting the 60% reduction by 2030 and 90% reduction by 2040.

Scope 1 and 2 reduction targets in the framework of net zero 2040



Evolution of emissions generated (thousands of tonnes of CO₂e)

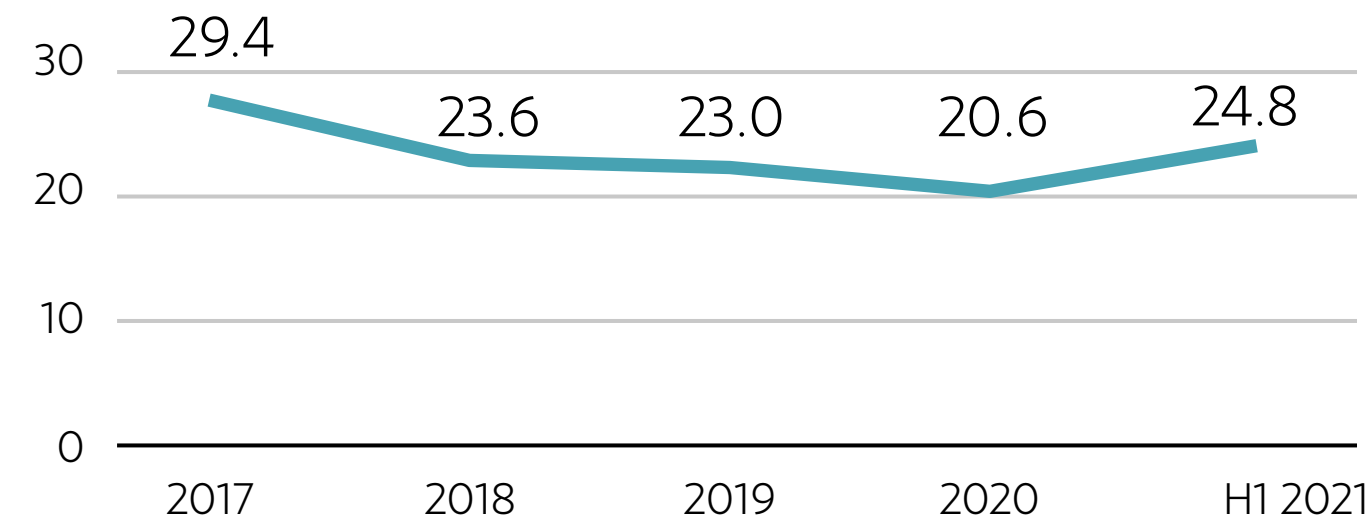


The fall in GHG emissions was due to an increase in the use of electricity to the detriment of fossil fuels in some processes. For example, electrification of tunnel building has allowed a reduction of 219 tCO₂e. Also particularly important are the implementation of energy efficiency measures, such as adjustment in biomass combustion plants, which has reduced CH₄ and N₂O emissions by more than 4,000 tCO₂e. Finally, the drop in activity deriving from the world pandemic also contributed to the reduction in GHG emissions last year.

In the first half of 2021, scope 1 and 2 emissions increased by 40%, due to the consolidation of new construction businesses in Australia, which generated 28,000 tonnes of CO₂. Half of these were generated in the Western Sydney Airport project.

In 2020, biogenic emissions generated totalled 462,803 tCO₂.

Intensity of GHG emissions (tCO₂/sales)



The company has achieved a 38% scope 1 and 2 reduction from 2017 to 2020

In the first half of 2021, scope 1 and 2 emissions increased by 40% due to the consolidation of new construction businesses in Australia

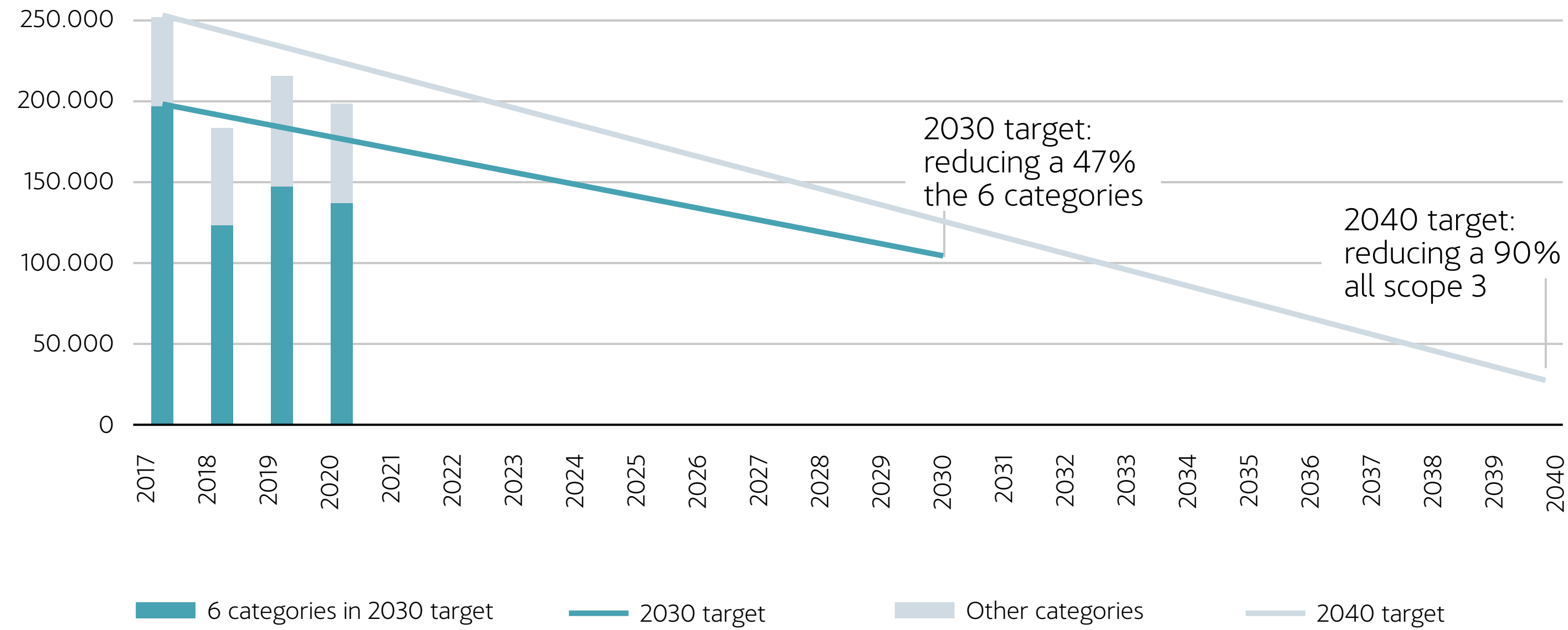
SCOPE 3 EMISSIONS

By 2020, ACCIONA set a science-based scope 3 GHG emissions reduction target for 2030 of 47% compared to the 2017 base year for the set of categories “Products, services and raw materials; capital goods; activity related to energy use (non-scope 1 and non-scope 2); upstream transport and distribution; employee commuting and use of sold products”. The scope 3 emissions figure for these 6 categories has decreased by 31% compared to 2017, while the decrease for all scope 3 emissions was 21%.

As part of its 2040 net zero target, ACCIONA aims to reduce its entire scope 3 by more than 90% by 2040 compared to 2017.

During 2020, ACCIONA continued to implement measures to reduce scope 3 emissions. For example, it introduced life cycle analysis tools in the design of projects, reducing GHG emissions also in phases that are not directly related to the execution of works. It has also included climate change risk in the supplier risk map and has made training courses on sustainability available to suppliers.

Scope 3 reduction targets in the net zero 2040



Scope 3 emissions in relevant categories for ACCIONA (tCO₂)

Category	2017	2018	2019	2020
Purchased goods and services	947,033	764,918	948,031	993,471
Capital Goods	630,764	299,156	400,978	255,640
Fuel and energy-related activities (non-scope 1 and non-scope 2)	147,461	25,109	26,626	23,375
Upstream transport and distribution	203,034	48,443	37,179	27,976
Waste generated in operations	14,861	10,451	3,764	6,189
Business travels	17,190	17,785	14,336	3,973
Employee commuting	55,568	61,957	61,487	60,198
Upstream leased assets	486,985	557,942	649,565	589,267
Use of sold products	10,677	54,657	13,325	21,291
End-of-life treatment of sold products	144	191	155	161
Investments	39,040	19,346	26,775	29,804
Total (tCO₂e)	2,552,757	1,859,956	2,182,221	2,011,346

The headings "Downstream transport and distribution", "Processing of sold products", "Downstream leased assets" and "Franchises" are considered irrelevant for ACCIONA because these activities are not carried out or their emissions are now included in scopes 1 and 2 or in another scope 3 category.


EMISSION CALCULATION

The emissions generated are calculated according to the criteria defined in the GHG Protocol, under the financial control scheme, consolidating as CO₂ equivalent emissions corresponding to all the GHGs that are important for the company: CO₂, CH₄, N₂O, HFC y SF₆. The criterion for the consolidation of energy consumption and other emissions follows the same accounting criterion.

The conversion factors used are those indicated by the Intergovernmental Panel on Climate Change (IPCC) in the 2006 IPCC Guidelines for Greenhouse Gas Inventories, the Spanish National Greenhouse Gas Inventory, the International Energy Agency, Red Eléctrica de España, the Department for Environment, Food and Rural Affairs (UK) and the European Environment Agency.

BIOGENIC EMISSIONS

In 2020, biogenic emissions generated totalled 462,803 tCO₂.

 The scope 3 emissions figure for categories in our SBT has decreased by 31% since 2017

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OTHER CLIMATE INDICATORS

AVOIDED EMISSIONS

Investment in renewable energy, thanks to its technical and economic competitiveness, contributes to reducing GHG emissions that cause climate change. It is currently the best long-term sustainable energy solution.

At the end of 2020, ACCIONA had 10,694 MW of renewable power installed, having generated 24,075 GWh. This renewable production has avoided the emission into the atmosphere of 13.2 million tonnes of CO₂e, 10,966 tNO_x, 31,412 tSO_x and 256 tPM10. These emissions correspond to those that would have occurred if ACCIONA's electricity production in each country had been generated using the country's fossil fuel electricity mix.

In H1 2021, avoided emissions remain unchanged compared to H1 2020 at 6.8 million tonnes, despite the increase in renewable production (+4%) due to lower fossil emission factors.

Emissions avoided per country by generating renewable electricity

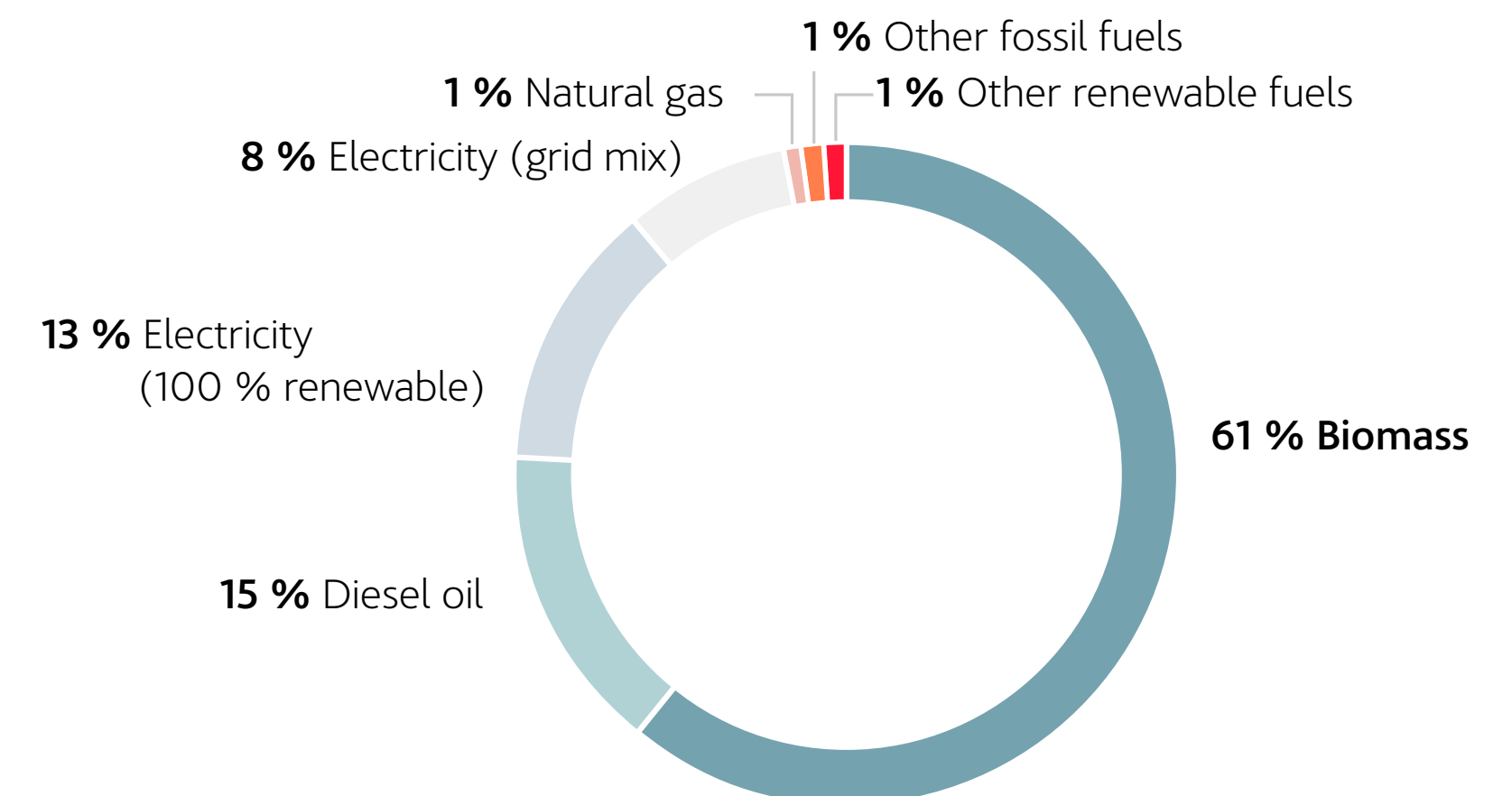
Countries	Installed capacity (MW)	Production (GWh)	Emissions avoided (tCO ₂ e)
Australia	453	1,239	978,880
Canada	181	503	358,690
Chile	713	1,461	1,072,312
Costa Rica	50	227	154,147
Croatia	30	71	36,779
United States	1,128	2,311	1,402,163
Egypt	186	432	228,369
Spain	5,677	12,486	5,446,283
Hungary	24	42	24,507
India	164	367	349,792
Italy	156	231	104,968
Mexico	1,335	3,528	2,022,024
Poland	101	230	183,581
Portugal	165	351	244,473
South Africa	232	530	524,421
Ukraine	100	67	66,830
TOTAL	10,694	24,075	13,198,219

OWN ENERGY CONSUMPTION

In 2020 ACCIONA consumed 7,316 TJ of energy, 75% of which came from renewable sources. This means that the company's fossil-fuel energy intensity stood at 0.3TJ/million euros sales, while energy intensity from renewable sources was 0.8TJ/million euros in sales.

The company has established a target for reducing non-renewable energy consumption in line with its science-based GHG emission reduction objective (13.86% compared to the 2017 figure, consolidated under the same criteria as in 2019). This target was met, with non-renewable energy consumption falling below the 2,2562 TJ target.

Energy consumption by source in 2020



Energy consumption (TJ)

Countries	2017	2018	2019	2020	H1 2021
Renewable	5,740	5,698	5,432	5,461	2,759
- Fuel	4,384	4,712	4,621	4,543	2,205
- Electricity	1,356	986	811	917	554
Non-renewable	13,331	4,488	2,013	1,855	1,137
- Fuel	8,787	1,692	1,623	1,297	967
- Electricity	4,544	2,796	390	557	170
Total (TJ)	19,071	10,186	7,445	7,316	3,896

Furthermore, in the framework of its new SMP 2021-2025, ACCIONA will have a target for renewable electricity consumption in 100% of its projects (provided there is availability).

Non-renewable energy consumption increased by 40% in the first half of 2021 compared to the same period last year due to the consolidation of new construction business in Australia, especially Western Sydney Airport.

The categories "Downstream transport and distribution", "Processing of sold products", "Downstream leased assets" and "Franchises" are considered irrelevant for ACCIONA either because these activities are not carried out or their consumption is now included in the company's consumption or in another category of external energy consumption. The 2017 and 2018 figures include or exclude activities whose attribution to the company as energy consumption of third parties has changed in the subsequent years.

THIRD-PARTY ENERGY CONSUMPTION

Presented below is the most relevant energy consumption outside the organisation, calculated according to the company's scope 3 categories. Its variation compared to the previous year was influenced by the pandemic, both in the volume of purchases from suppliers and their location, and in employee travel.

In 2020, ACCIONA had a scope 3 energy reduction target in line with its science-based GHG emission reduction target.

External energy consumption (GJ)

Item	2017	2018	2019	2020
Purchased goods and services		11,327,661	14,551,269	14,718,262
Capital goods		4,231,087	5,697,955	3,608,315
Fuel and energy-related activities (not scope 1 or scope 2)	21,891,112	517,024	543,894	506,160
Upstream transport and distribution		659,103	503,346	372,464
Waste generated in operations	197,506	138,896	50,023	82,248
Business travels	242,624	251,756	203,160	57,607
Employee commuting	788,330	853,119	850,388	852,323
Upstream leased assets	1,815,757	145,453	6,063,896	5,316,475
Use of sold products	836,599	622,020	201,701	279,147
End-of-life treatment of sold products	1,909	2,542	2,062	2,143
Investments	350,478	423,611	625,681	682,533
Total (GJ)	26,124,314	19,172,272	29,293,375	26,477,676

OTHER ENVIRONMENTAL INDICATORS

WATER TREATMENT AND DISTRIBUTION FOR CUSTOMERS

ACCIONA contributes to guaranteeing access to drinking water in water-stressed areas and environmental sustainability in areas with low levels of sanitation, through the construction, operation or maintenance of drinking water treatment, desalination and purification plants.

In 2020, the volume of water treated by ACCIONA amounted to 923 hm³ (439 hm³ in water-stressed countries), while water supplied from primary networks and groundwater sources amounted to 48 hm³. It has decreased mainly due to the decline in desalinated water generation in the Middle East region, most likely as a consequence of the global pandemic. In H1 2021, water production has increased by 8% compared to H1 2020 due to increased water purification activity in New Cairo.

WATER FOR OWN CONSUMPTION

Water is used for consumption in the company's facilities. This use includes freshwater catchments such as municipal, surface and groundwater, which ACCIONA aims to reduce by 7% in 2020 compared to 2017 (in 2020 the reduction was 61%). It also includes the use of water from sources that do not deplete available natural reserves, such as rainwater, recycled mains water and water reused or recycled on-site (in 2020, 48% of ACCIONA's total water for consumption had one of these three origins).

Water usage evolution

Countries	2017	2018	2019	2020	H1 2021
WATER TREATMENT AND DISTRIBUTION FOR CUSTOMERS (m³)					
Production at wastewater treatment plants discharged to surface water	251,550,688	416,580,208	364,710,907	400,382,251	102,928,637
Production at wastewater treatment plants discharged into the sea	27,855,000	28,771,011	67,961,696	61,172,270	9,772,128
Production at wastewater treatment plant for recycled water network	N/A	N/A	20,749,799	22,435,592	9,689,575
Production of drinking water at drinking water treatment plants	199,310,999	26,456,455	122,557,216	116,471,949	63,868,178
Production of drinking water at desalination plant	296,122,571	318,210,247	454,509,684	322,120,061	201,017,623
Supply of drinking water from primary network and groundwater sources	N/A	N/A	42,268,959	48,411,094	23,755,171
TOTAL	774,839,258	790,017,921	1,072,758,262	970,993,218	411,031,312
WATER FOR INTERNAL CONSUMPTION (m³)					
On-site recycled/reused water	221,134	250,859	652,989	1,706,633	582,677
Recycled water from networks	509,153	448,458	492,621	505,960	231,289
Rainwater	17,182	13,796	33,825	22,017	199,456
Municipal drinking water	1,699,584	1,754,917	1,175,724	1,202,212	1,057,682
Surface water	3,660,073	927,457	649,654	815,260	511,653
Groundwater	941,973	894,841	654,501	423,894	133,873
TOTAL	7,049,099	4,290,328	3,659,313	4,675,976	2,716,630

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On the other hand, the volume of water for own consumption increased in 2020, especially in the category of recycled/reused water consumption on-site, due to the upwelling of volumes used mainly as consumption in WWTPs (Waste Water Treatment Plants). In the first half of 2021, water consumption has risen significantly due to projects such as the E6 Ranheim-Vaernes road in Norway with 155,710 m³ and Western Sydney Airport in Australia.

ACCIONA also calculates the water consumption (surface and groundwater) associated with its suppliers, resulting in just over 5 hm³ for its direct suppliers and 34.7 hm³ for its entire supply chain.



The company treated 439 hm³ of water in water-stressed areas in 2020

Evolution in the use of water in areas with water stress

Countries	2017	2018	2019	2020	H1 2021
WATER TREATMENT AND DISTRIBUTION FOR CUSTOMERS (m³)					
Production at wastewater treatment plants discharged to surface water	0	90,000,000	128,052,494	128,871,294	0
Production at wastewater treatment plants discharged into the sea	0	0	0*	0	0
Production at wastewater treatment plant for recycled water network	N/A	N/A	0	0	0
Production of drinking water at drinking water treatment plants	0	320,000	82,086,123	91,443,423	51,237,282
Production of drinking water at desalination plant	159,612,002	204,411,609	308,963,858	218,225,482	147,859,076
Supply of drinking water from primary network and groundwater sources	N/A	N/A	0	0	0
TOTAL	159,612,002	294,731,609	519,102,474	438,540,199	199,096,358
WATER FOR INTERNAL CONSUMPTION (m³)					
On-site recycled/reused water	1,433	0	552,990	234,371	0
Recycled water from networks	0	0	0	0	0
Rainwater	0	14	18	6	0
Municipal drinking water	188,559	142,250	76,771	87,345	16,522
Surface water	0	0	0	9,547	0
Groundwater	715	18,188	1,372	3,332	0
TOTAL	190,707	160,452	631,150	334,601	16,522

CIRCULAR ECONOMY

ACCIONA is a pioneer in the transition to a circular economy. In fact, it was the first company in its sectors of activity to be awarded the AENOR circular business strategy certification.

The following diagram shows, as in the Circle Economy circularity gap de Circle Economy, los flujos de materiales engraph, the flows of materials at ACCIONA in 2020.

This year saw the end of the Waste Management Plan 2016-2020, which came into being at the same time as circular economy legislation was being developed worldwide. It covers the most representative types of waste at ACCIONA and aims to establish a general strategy in waste policy to promote the circular economy model.

The overall objectives pursued by the Plan in 2020 are:

- A 10% reduction in non-hazardous, non-recovered waste generated in 2015.
- A 10% reduction in hazardous non-recovered waste generated in 2015.
- The recovery of 50% of the total waste generated.

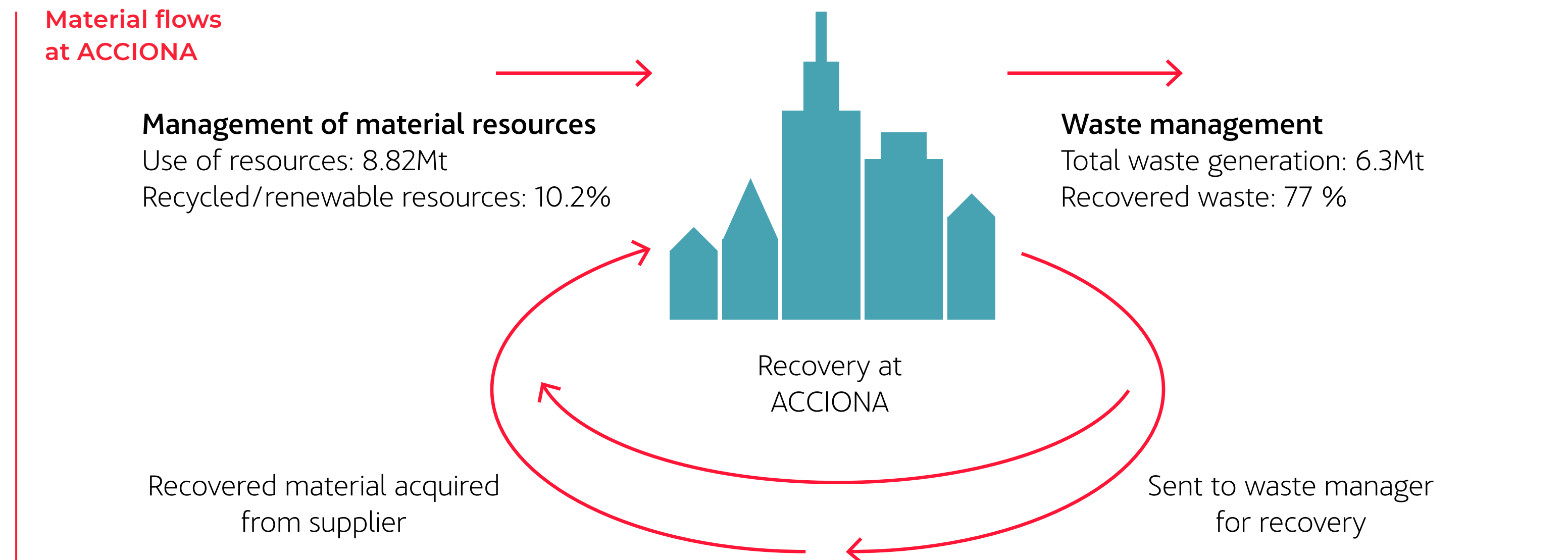
The plan also included recovery targets with different degrees of ambition for soil waste, rubble, dehydrated sewage sludge, slag, ash and plant remains. In addition, the company expected to reduce the generation of contaminated soils by 10% in 2020 compared to the base year 2015.

Looking to the new period 2021-2025, ACCIONA has resolved to increase its efforts in the area of the circular economy, and plans to halve the amount of non-recovered waste generated in 2020, and double the percentage of renewable/recycled resources used.

In 2020, the company generated a total of 5,071 tons of hazardous waste (49% less than in the base year 2015) and 6,269,769 tonnes of non-hazardous waste (30% less than in 2015), of which 1,457,220 were sent to landfill (75% less than in 2015) and 4,812,549 were recovered (reuse, recycling or other means). The latter figure constitutes 77% of the total

non-hazardous waste generation. It is worth highlighting, for example, the 100% reuse of legally recoverable slags and ashes generated in the company's biomass plants. The increase in waste generation on last year is due to the greater generation of soils at worksites such as a building work in Madrid and a road in Logroño (both in Spain).

The amount of waste sent to landfill grew by 340,000 tonnes up on 2020. There was also a drop in the recovery rate, due to the fact that the Forum Municipal Oerias project and the Calle Santander logistics centre project both involved excavating potentially contaminated soils (220,000 tonnes and 180,000 tonnes, respectively), not reusable by law. The increase in renewable resources is due to the increase in the use of recycled soils in construction projects, particularly the Relleno Zorrotzaurre project, in which 200,000 tonnes were used. Furthermore, for the construction of the E6 Ranheim-Værnes highway, we used waste paper sludge ash in stabilisation of quick clay surfaces.



Waste generation and management

Countries	2017	2018	2019	2020	H1 2021
Non-hazardous waste (tonnes)	12,118,376	9,602,772	3,784,469	6,269,769	3,211,732
Non-hazardous waste to landfill (tonnes)	6,923,817	4,053,423	940,177	1,457,220	829,629
% of non-hazardous waste to landfill	57%	42%	25%	23%	26 %
Non-hazardous waste recovered (tonnes)	5,194,559	5,549,349	2,844,293	4,812,549	2,382,102
% Non-hazardous waste recovered	43%	58%	75%	77%	74 %
Hazardous waste (tonnes)	21,104	8,633	2,761	5,071	3,004

Use of resources

Countries	2017	2018	2019	2020	H1 2021
Total resources (tonnes)	8,940,928	17,403,599	5,452,965	8,823,293	3,221,379
Recycled or renewable resources (tonnes)	1,763,063	5,065,995	490,135	901,199	581,525
Recycled or renewable resources (%)	20%	29%	9%	10%	18 %

POLLUTANTS

Global emissions of NO_x in 2020 were 1,539 tonnes, SO_x 141 tonnes and PM₁₀ 51 tonnes. The company set a target to reduce this type of emissions by 1.5% compared to the 2017 figures (discounting activities no longer attributable to ACCIONA). The target was met for all the indicators.

Evolution of other emissions

Substance (t)	2017	2018	2019	2020
NO _x	14,683	1,767	1,673	1,539
SO _x	3,351	248	193	141
PM ₁₀	958	76	74	51

The 2017 and 2018 figures include activities that are no longer attributable to the company.

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Table of contents according to the recommendations of the Task force on Climate-related Financial Disclosures (TCFD)

Areas	Recommended reports	Pages
Governance	Describe management's role in assessing and managing climate-related risks and opportunities.	23
	Describe the board's oversight of climate-related risks and opportunities.	11
Strategy	Describe the climate-related risks and opportunities the organisation has identified over the short, medium, and long term.	25-34
	Describe the impact of climate-related risks and opportunities on the organisation's businesses, strategy, and financial planning.	27-34
	Describe the resilience of the organisation's strategy, taking into consideration different climate-related scenarios, including a 2°C or lower scenario.	24-26
Risk Management	Describe the organisation's processes for identifying and assessing climate-related risks.	23-24
	Describe the organisation's processes for managing climate-related risks.	23-24, 27
	Describe how processes for identifying, assessing, and managing climate-related risks are integrated into the organisation's overall risk management.	23
Metrics and Targets	Disclose the metrics used by the organisation to assess climate-related risks and opportunities in line with its strategy and risk management process.	27-29
	Disclose scope 1, scope 2, and, if appropriate, scope 3 greenhouse gas (GHG) emissions, and the related risks.	36-39
	Describe the targets used by the organisation to manage climate-related risks and opportunities and performance against targets.	27-29, 36-38

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INDEPENDENT ASSURANCE REPORT TO ACCIONA, S.A. ON THE GREENHOUSE STATEMENT



KPMG Asesores, S.L.
Pº de la Castellana, 259 C
28046 Madrid

Independent Assurance Report to Acciona, S.A. on the Greenhouse Gas Statement

To the management of Acciona, S.A.:

We were engaged by ACCIONA, S.A (hereinafter ACCIONA) to report on ACCIONA's Greenhouse Gas Statement as set out on this report's annex, comprising the GHG Emissions Inventory for the year ended 31 December 2020 (hereinafter GHG Statement), about whether, based on our work performed, described in this report:

- Scope 1 and 2 emissions data included in ACCIONA's GHG Statement can be considered reliable and comply, in all significant aspects, with the World Resource Institute / World Business Council for Sustainable Development (WRI/WBCSD) Greenhouse Gas Protocol: A Corporate Accounting and Reporting Standard, Revised Edition, (GHG Protocol).
- For scope 3 emissions data included in ACCIONA's GHG Statement, anything has come to our attention that causes us to believe that is not properly prepared and presented, in all material respects, in accordance with the GHG Protocol.

This engagement was conducted by a multidisciplinary team including assurance practitioners, and specialists in environmental performance.

Management's responsibilities

ACCIONA management is responsible for the preparation and presentation of the GHG Statement annexed to this report that is free from material misstatement in accordance with the GHG Protocol and for the information contained therein. This responsibility includes designing, implementing and maintaining internal control relevant to the preparation and presentation of the GHG Statement that is free from material misstatement, whether due to fraud or error. It also includes selecting the GHG Protocol as the criteria against which to measure the GHG emissions.

Our responsibility

Our responsibility is to carry out a review to provide reasonable assurance on the preparation and presentation of scope 1 and 2 indicators, a limited assurance review on the preparation and presentation of scope 3 indicators, and to express a conclusion based on the work performed. We conducted our engagement in accordance with International Standard on Assurance Engagements (ISAE) 3410, Assurance Engagements on Greenhouse Gas Statements issued by the International Auditing and Assurance Standards Board (IAASB). This standard requires that we plan and perform our procedures to obtain a meaningful level of assurance about whether the GHG Statement is properly prepared and presented, in all material respects, as the basis for our assurance conclusion.



2

KPMG applies International Standard on Quality Control 1 (ISQC1) and accordingly maintains a comprehensive system of quality control including documented policies and procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

We have complied with the independence and other ethical requirements of the Code of Ethics for Professional Accountants issued by the Internal Ethics Standards Board for Accountants, which is founded on fundamental principles of integrity, objectivity, professional competence and due care, confidentiality and professional behaviour.

Reasonable assurance over reasonable assurance indicators

The procedures selected in our reasonable assurance engagement depend on our judgement, including the assessment of the risks of material misstatement of the indicators whether due to fraud or error.

In making those risk assessments, we have considered internal control relevant to the preparation and presentation of the indicators in order to design assurance procedures that are appropriate in the circumstances, but not for the purposes of expressing a conclusion as to the effectiveness of ACCIONA'S internal control over the preparation and presentation of the Statement.

Our engagement also includes assessing the appropriateness of the indicators with the criteria of the Greenhouse Gas Protocol, obtaining an understanding of the energy and emissions information to the sources from which it was obtained, evaluating the reasonableness of estimates made by ACCIONA, and re-computation of the calculations of the reasonable assurance indicators.

Limited assurance over limited assurance indicators

Our limited assurance engagement consisted of making enquiries of management and persons responsible for the preparation of information presented in the Statement and applying analytical and other evidence gathering procedures. These procedures included:

- Evaluation through interviews concerning the consistency of the description of the application of ACCIONA's policies and practices on GHG accounting and reporting.
- Risk analysis on the information covered by the Statement.
- Analysis of the processes of compiling and internal control over quantitative data reflected in the Statement, regarding the reliability of the information, by using analytical procedures and review testing based on sampling.
- Visit and remote review of ten sites selected on the basis of a risk analysis including the consideration of both quantitative and qualitative criteria.
- Reading the information presented in the Statement to determine whether it is in line with our overall knowledge of, and experience with, the climate performance of ACCIONA.

The procedures performed in a limited assurance engagement vary in nature and timing from, and are less in extent than for, a reasonable assurance engagement. Consequently, the level of assurance obtained in a limited assurance engagement is lower than that of a reasonable assurance engagement. This report may not be taken as an auditor's report.



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Conclusions

Our conclusion has been formed on the basis of, and is subject to, the matters outlined in this Independent Review Report. We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our conclusions on ACCIONA'S Greenhouse Gas Statement as set out on this report's annex.

- In our opinion, the Scope 1 and 2 indicators, reviewed with reasonable assurance, are prepared and presented, in all material aspects, in accordance with the World Resource Institute / World Business Council for Sustainable Development (WRI/WBCSD) Greenhouse Gas Protocol: A Corporate Accounting and Reporting Standard, Revised Edition (GHG Protocol), including the reliability of data, adequacy of the information presented and the absence of significant deviations and omissions.
- Based on the limited assurance procedures performed and the evidence obtained, as described above, nothing has come to our attention that causes us to believe that the Scope 3 limited assurance indicators have not, in all material respects, been prepared and presented in accordance with the GHG Protocol, including the reliability of data, adequacy of the information presented and the absence of significant deviations and omissions.

Purpose of our report

In accordance with the terms of our engagement, this Independent Review Report has been prepared for ACCIONA in relation to its 2020 Greenhouse Gas Statement and for no other purpose or in any other context.

KPMG Asesores, S.L.

Patricia Reverter Guillot

12 May 2021



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Annex

ACCIONA's Greenhouse Gas Statement FY2020

1 Purpose

The purpose of this annex is to set out information on ACCIONA's greenhouse gas (GHG) inventory for the year ended 31 December 2020.

The content of this statement has been subject to an independent review and covered by the assurance report issued by KPMG, to which this annex is attached.

2 Reporting Policies

Organizational boundaries

ACCIONA is using the financial control approach, in accordance with definitions provided by the GHG Protocol, for the definition and consolidation of its greenhouse gas inventory. GHG data included in the section 3 "Performance Data FY2020" of this statement refer to the emissions from the activities developed by the following business units (including associated offices):

- Energy
- Infrastructure (including Construction, Concessions, Water, Industrial and Services)
- Real Estate
- Grupo Bodegas Palacio 1894 (vineyards)
- Other business units: Corporate, ACCIONA Cultural Engineering and Bestinver

Operational boundaries

- GHG protocol scopes covered and sources included in each one:
 - Scope 1: Direct GHG Emissions from the use of fuels in premises and owned vehicle fleets including, where applicable, the generation of electricity.
 - Scope 2: Indirect GHG Emissions associated to the production of electricity purchased and used in premises. Both the market-based and the location-based estimations are presented.
 - Scope 3: Other Indirect GHG Emissions associated to upstream and downstream activities: upstream leased assets, employee commuting, business travel, waste generated in operations, end-of-life treatment of sold products, use of sold products, investments and suppliers, including purchased goods and services, capital goods, fuel and energy related activities and upstream transportation and distribution.
- All scope 1 and 2 emissions covered by the inventory are associated to combustion processes (direct and indirect production of heat and electricity and transport), and include CO₂, CH₄ and N₂O emissions. Leaks of HFC's and SF₆ are also included. Leaks of NF₃ and PFC's are not considered because ACCIONA doesn't manage this kind of gases. The emission factors used in the inventory cover CO₂ equivalent emissions associated to the above-mentioned processes.

Estimation methods

ACCIONA has developed its own system for the accounting and reporting of GHG data, which is based on the GHG Protocol. The following methods and emission factors have been used to estimate GHG emissions:

General estimation method for scope 1 and scope 2 emissions: emissions are estimated using an activity data (i.e. amount of fuel or electricity consumed) and an adequate conversion factor which determines the emissions of GHG per unit of activity data in CO₂ equivalent, including CO₂, CH₄, N₂O for scope 2 and additionally, SF₆ and HFC's emissions for scope 1 emissions.



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Specific methods for scope 3 emissions

ACCIONA is increasing annually the scope of data reported under scope 3. Estimation methods used for the categories included in section 3 "Performance Data" of this statement are summarized below:

- **Assets leased to the organization (including rentings, corporate offices and Concessions where energy is paid by the client).** Emissions are estimated based on fuel and electricity consumption associated to these assets and an adequate emission factor.
- **Employee commuting.** Emissions are estimated based on the information provided by a sample of employees in all countries where the Company operates regarding distance and type of transport used. Average activity data for each country is extrapolated to the total number of employees and adequate emissions factors are applied to estimate CO₂ equivalent emissions.
- **Business travel.** Emissions associated to air, car and train travel are estimated based on activity data (kilometers traveled) provided by travel agencies and an adequate conversion factor which determines the emissions of GHG per unit of activity data.
- **Waste from the organization.** The estimation covers emissions associated to the treatment of waste from construction, demolition and excavation activities. An adequate emission factor is applied to the activity data considering each type of treatment (i.e. reuse, recycle and landfill).
- **End-of-life treatment of sold products.** The estimation covers main products sold by the organization (wine and housing) and is based on the amount sold and an adequate conversion factor to calculate associated emissions.
- **Use of sold products:** Emissions generated for the next 30 years by the dwellings sold by ACCIONA Real Estate, taking into account the number of dwellings sold as well as the official annual emissions of the dwellings, given by their energy certificates.
- **Investments:** the general estimation method is used, considering activity data associated to the investments (i.e. amount of fuel or electricity consumed) and an adequate conversion factor to estimate CO₂ equivalent emissions.
- **Purchases of products, services and raw materials; capital assets; fuel-related activities (not included in Scope 1 or 2), Electric energy-related activities (not included in Scope 1 or 2) and upstream transportation and distribution.** The estimation was carried out based on purchases per country and activity sector, using input output tables.

A specific error analysis has not been performed. Activity data on employee commuting and purchases of goods and services is subject to uncertainties derived from the applied approach, above described. Additionally, the use of default emission factors lead to uncertainties in the estimation of emissions.

3 Performance data FY2020

Table 1. Emissions per GHG Protocol scopes

	ACCIONA								TOTAL
	Energy	Construction & Industrial	Concessions	Water	Services	Real Estate	Grupo Bodegas Palacio 1894	Others***	
Scope 1*	9,116	57,341	211	8,024	23,139	104	259	-	98,194
Scope 2 (Market-based)*	16,517	4,965	1,876	11,167	72	355	-	-	34,952
Scope 2 (Location-based)	33,675	8,340	1,876	62,342	72	1,087	271	-	107,663
Scope 3**	287,999	412,386	4,485	1,169,162	55,533	55,741	4,129	21,911	2,011,346

Figures given in CO₂e metric tonnes

Direct CO₂ emissions from biologically sequestered carbon are reported separately from the scopes, as required by the GHG Protocol. These emissions are associated to the burning of biogas, biodiesel and biomass and account for 462,803 metric tonnes of CO₂.

* All Scope 1 and 2 CO₂e emissions have been offset.

** Business travel emissions consolidated at corporate level. Waste generated in operations corresponding to debris and excavation lands (92% of total waste generation).

*** Corporation, ACCIONA Cultural Engineering & Bestinver

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REGENERATING CLIMATE

