

Appendix II Information about green funding projects

Appendix I

Financial details 156

Appendix II

Information about green funding projects 170

170

ACCIONA's funding strategy focuses on providing the most efficient solutions in terms of both economic growth and positive impact. Based on market conditions and the business strategy, the company chooses between two sustainable finance formats. One is a formula through which the funds are committed to specific areas of the company's sustainable agenda via specific infrastructure or service projects. The other links the cost of funding to improvements in the group's environmental, social and governance (ESG) dimensions.

FINANCING THE SUSTAINABLE AGENDA

This funding mechanism obliges ACCIONA to channel its investments to projects that contribute directly to the fulfilment of objectives linked to the sustainable agenda. The funds are mainly allocated to the development of renewable energy infrastructures, access to water and sanitation, sustainable mobility, circular economy and adaptation to climate change.

In this way, the company creates business opportunities capable of generating interest in the capital markets or the banks. Given this growing trend, in 2019 ACCIONA drew up a new green financing framework that expands its portfolio of eligible sustainable projects. The new scenario is based on projects' contribution to a low carbon economy, based on the eligibility criteria set out in the European Commission's taxonomy of green activities.

Funding transactions that choose this format fall under the scope of the European Union Green Bond Standard (EU-GBS) produced by the EU Technical Expert Group (TEG) on Sustainable Finance in June 2019. The EU-GBS is a voluntary standard available to issuers that wish to align with best practices in the market. It is designed to be globally relevant and accessible to issuers located both inside and outside the EU.

ACCIONA's Green Financing Framework was reviewed by Sustainalytics, which issued a Second-Party Opinion (SPO) ⁴⁸ confirming alignment with market best practices: the Green Bond Principles (GBP) published by the International Capital Markets Association (ICMA), and the Green Loan Principles (GLP) administered by the Loan Market Association (LMA).

Sustainable agenda funding transactions

Green transactions	Amount (million)	Maturity
Schuldschein EUR 155 M	155 EUR	Several
Bankia loan USD 55 M	55 USD	May 20
XS1737529468 EUR 59 M	59 EUR	October 2021
XS2036691868 EUR 66.4 M	66.4 EUR	August 2026
NSV EUR 50 M	50 EUR	October 2034
Syndicated loan Chile USD 200 M	150 USD	October 2024
Schuldschein EUR 167 M	167 EUR	Several
Unicredit loan EUR 50 M	50 EUR	January 2020
XS1631427322 EUR 17 M	17.9 EUR	June 2020
XS1684805556 EUR 65 M	65 EUR	December 2030
XS1525867104 EUR 22 M	22 EUR	November 2031
XS2122902468 EUR 50 M	50 EUR	February 2024

A total of 543 M€ were raised in 2019, in addition to the 348.3 M€ raised in previous years. After allocation of the funds to projects, the total amount remaining at the end of 2019 is 137 M€.

171

Projects and associated indicators

Funds under the previous funding framework were allocated to renewable energy. They were used to build the El Cortijo and Mt. Gellibrand wind farms. The instruments associated with the new fund allow investment in other sustainable projects, such as Quito Metro.



Those projects and their associated social and environmental indicators are shown below.

El Cortijo wind farm (Mexico)

Located in Tamaulipas (Mexico). Construction began in 2017 and the plant was commissioned in 2018. It represents an investment of 235 M USD. As a wind power plant, its environmental benefit is that it mitigates climate change.

⁴⁸ Available at:

https://accionacorp.blob.core.windows.net/media/3469809/second-party-opinion_acciona-s-green-financing-framework_november19.pdf

El Cortijo wind farm impact metrics

Rated installed capacity	183 MW
Power production in 2019	645 GWh
Emissions avoided per year, considering Mexico's conventional energy mix (IEA 2019 data)	374,556 tCO ₂
Number of homes equivalent to energy production (1 Mexican household consumes an average of 1,737 kWh per year)	371,057 households
Number of beneficiaries of social initiatives in the community in 2019 (estimated data)	173 people
Number of created jobs, according to our own socioeconomic impact study (estimated data)	5,676 job-years. A job-year is equivalent to a full-time job position with a one year length.

Mt. Gellibrand wind farm

Located in Victoria (Australia). Construction commenced in 2017 and it was commissioned in 2018. It represents an investment of 258 M AUD. As a wind power plant, its environmental benefit is that it mitigates climate change.

Mt. Gellibrand wind farm impact metrics

Rated installed capacity	132 MW
Power production in 2019	294 GWh
Emissions avoided per year, considering Mexico's conventional energy mix (IEA 2019 data)	257,705 tCO ₂
Number of homes equivalent to energy production (1 Australian household consumes an average of 6,839 kWh per year)	42,991 households
Number of beneficiaries of social initiatives in the community in 2019 (estimated data)	34,220 people
Number of created jobs, according to our own socioeconomic impact study (estimated data)	1,324 job-years. A job-year is equivalent to a full-time job position with a one year length.

Quito Metro

ACCIONA is building the first subway in Ecuador's capital city: 22 km long, with thirteen new stations in addition to two already built by the company. Construction commenced in 2016 and it will open to the public in 2020. As a low-carbon transport infrastructure, its main environmental benefit is that it mitigates climate change.

Quito Metro impact metrics

Emissions avoided due to fuel savings (planned data)	163,942 tCO ₂
Users (planned data)	400,000 passengers per day
Number of beneficiaries of social initiatives in the community in 2019 (estimated data)	19,218 people
Number of created jobs, according to our own socioeconomic impact study (estimated data)	32,760 job-years. A job-year is equivalent to a full-time job position with a one year length.

Funding with ESG improvement targets

This funding formula includes conditions tied to ACCIONA's fulfilment of sustainable performance improvement objectives, in the environmental, social and corporate governance (ESG) dimensions. Achievement of the objectives is assessed regularly by international rating agencies or, in the case of specific indicators, by independent auditors.

Funding deals linked to ESG objectives

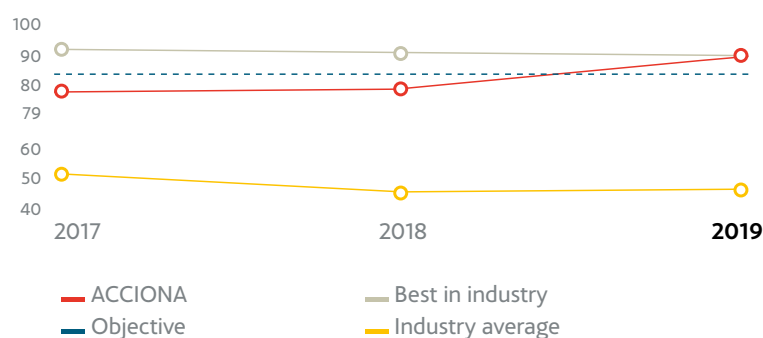
Green transactions	Amount (million)	Maturity	Target index
Bilateral Chile USD 30 M	30 USD	May 2020	CSA
Syndicated loan EUR 2,200 M -Tranche C	260 EUR	July 2022	CSA
Syndicated loan EUR 675 M	675 EUR	February 2024	CSA
Syndicated loan EUR 1,300 M	1,300 EUR	May 2024	CSA
Syndicated loan EUR 2,200 M -Tranche D	1,440 EUR	July 2024	CSA

The ESG variable to which this funding is linked is the Corporate Sustainability Assessment (CSA), performed annually by S&P RobecoSAM. The target was to raise ACCIONA's CSA score by 5 points from 79 out of 100 in the baseline year, 2018.

That goal was achieved in 2019, as ACCIONA scored 90 out of 100. ACCIONA's score matched the best of the utilities, the industry in which the company is classified.

ACCIONA's CSA goal and performance

173



VERIFICATION OF GREEN FUNDING

ACCIONA has requested KPMG Asesores to provide an independent review on non financial performance indicators included in this Annex of the selected projects that have received green funding. For more information, see the following pages.



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

Independent Assurance Report on the non-financial indicators included in Appendix II Information about green funding projects in the 2019 Integrated Report of Acciona, S.A.

(Free translation from the original in Spanish.
In the event of discrepancy, the Spanish language version prevails.)

To the Management of Acciona, S.A.:

We have been engaged by Acciona, S.A. (hereinafter, Acciona) to review the non-financial performance indicators included in "Appendix II. Information about green funding projects" within its Integrated Report for the year ended at 31 December 2019 (hereinafter Appendix II), selected from those proposed by ACCIONA according the Second-party opinion letters available in www.acciona.com/sustainability/sustainable-finance/ associated with the green bond issued in order to comply with the Green Bond Principles' fourth principle and under the framework of Green Bond Standard (EU-GBS) produced by the EU Technical Expert Group on Sustainable Finance.

Our report is presented in the form of an independent conclusion with a limited assurance indicating that, based on the work performed and the evidence obtained, there is nothing that has caught our attention and makes us think that the indicators are not reliable and do not comply, in all its material aspects, with the principles and guidelines for the determination of indicators included in the Sustainability Reporting Guidelines from the Global Reporting Initiative (GRI Standards).

The revised information is limited to the content of Appendix II above mentioned, in which Acciona has included selected non-financial indicators to comply with the current and projected progress of the environmental and social performance at El Cortijo (México) and Mt. Gellibrand (Australia) wind farms and Quito Metro in Ecuador (currently under construction).

Responsibilities of Acciona management

Acciona's management is responsible for the selection, preparation and presentation of Appendix II in accordance with the fourth principle of the Green Bond Principles (Guidelines and procedures for the issuance of green bonds) published by the International Capital Market Association, under the framework of Green Bond Standard (UE-GBS) produced by the EU Technical Expert Group on Sustainable Finance and the principles and guidelines for the determination of indicators included in the Sustainability Reporting Guidelines from the Global Reporting Initiative (GRI Standards). It is also responsible for the selection and presentation of the non-financial indicators of Appendix II from those proposed by the Second-party opinion letters associated with the green bond issued, including the establishment and maintenance of the control and performance management systems from which the information is obtained.



These responsibilities include the establishment of appropriate controls where Acciona's management considers necessary to enable that the preparation of non-financial indicators with a limited assurance review would be free of material errors due to fraud or errors.

Our responsibility

Our responsibility is to review Appendix II and report in the form of an independent conclusion with a limited assurance based on the evidence obtained. We conducted our engagement in accordance with the revised International Standard on Assurance Engagements ISAE 3000, "Assurance Engagements other than Audits or Reviews of Historical Financial Information" and the Standard 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 work to obtain a significant level of assurance about whether the Appendix II complies, in all its material aspects, with the principles and guidelines for the determination of indicators included in the Sustainability Reporting Guidelines from the Global Reporting Initiative (GRI Standards), as a basis for our limited assurance conclusion.

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.

Procedures performed

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

- Analysis of the processes of compiling and internal control over quantitative data reflected in the Appendix II, regarding the reliability of the information, by using analytical procedures and review testing based on sampling.
- Review of the application of the Global Reporting Initiative's GRI Standards through the Sustainability Reporting Standards requirements for the preparation of reports.
- Reading the information presented in the Appendix II to determine whether it is in line with our overall knowledge of, and experience with, the environmental and social performance in the projects above mentioned.

Our multidisciplinary team included specialists in environmental and social business performance.

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. Under no circumstances may this report be considered an auditor's report.



Conclusion

Our conclusion is based on and subject to the matters described in this Independent Assurance Report.

We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our conclusions.

Based on the limited assurance procedures performed and the evidence obtained, as described above, nothing has come to our attention that leads us to believe that the non-financial indicators included in Appendix II. Information about green funding projects, of Acciona's Integrated Report, for the year ended 31 December 2019 have not been prepared in all material respects in accordance with the principles and guidelines for the determination of indicators included in the Sustainability Reporting Guidelines from the Global Reporting Initiative (GRI Standards), including the reliability of data, the adequacy of the information presented and the absence of significant deviations and omissions.

Purpose of our report

In accordance with the terms and conditions of our engagement letter, this Independent Assurance Report has been prepared for Acciona in relation to its Appendix II. Information about green funding projects within 2019 Acciona's Integrated Report and should therefore not be used for any other purpose or in any other context.

KPMG Asesores, S.L.

(Signed on original in Spanish)

Patricia Reverter Guillot

30 April 2020