



# LETTER FROM THE CHAIRMAN

**José Manuel Entrecanales**

Chairman of ACCIONA

Dear Friends,

I would like to begin this *Sustainability Report* by briefly reviewing the main challenges for sustainable development at this time. We find ourselves at a time of uncertainty in a world of complex and interconnected systems, in which the major risks, primarily environmental, social, economic and geopolitical, remain very present.

Facing these challenges requires multilateral responses involving the private sector, Public Administrations, society and other stakeholders, who must work together with a common agenda. This reference framework (adopted in 2015 by 193 United Nations member states) are the Sustainable Development Goals.

With 2030 as time frame, the Sustainable Development Goals (SDGs) tackle major challenges facing humanity from a global and cross-cutting perspective, where the solution of certain problems will help to resolve others. Following this framework is mandatory for all and we companies can and must contribute towards its success through our activities.

At ACCIONA, via our projects in water, renewable energies and infrastructure, we contribute towards key objectives, among other reasons for being a *sine qua non* for achieving the rest. In particular, these objectives would be SDGs related to water access (no. 6), energy (no. 7), infrastructure (no. 9) and mitigating climate change (no. 13). Without these basic needs, it will be very difficult to achieve the development and prosperity necessary to attain the majority of the remaining SDGs.

And of course, we must progress towards a socially-inclusive economy that removes the links that bind economic growth with polluting emissions and environmental deterioration. To achieve this, it is essential to have stable regulatory environments that attract investment towards projects that foster Sustainability, Mitigation, Adaptation, Resilience and Transformation (SMART projects).

To respond and monitor our progress in these challenges, in ACCIONA we have designed our second Sustainability Master Plan 2016-2020, which contains cross-cutting goals for the entire organisation and specific for the businesses. Completed the second year of this Plan, next I would like to give you a brief overview of our performance in 2017, in its different areas:

In our relationship with **Society**, we assume the need to work together to improve people's quality of life through dialogue and support to the communities with which we interact. In 2017, via our own consolidated methodology, we managed our social impact in 100 projects, 22 % more than the previous year. Furthermore, we measured the socioeconomic and environmental impact of the projects on those areas in which we operate, such as the wind farms of Mount Gellibrand in Australia or San Roman in the United States, line 1 of the Quito Metro in Ecuador or the Kathu solar thermal plant in South Africa

Mitigating **Climate Change** is a strategic objective. At the Paris climate summit in 2015, we got engaged to be neutral in our carbon emissions. Thanks to energy efficiency and voluntary offsetting of 100 % of the emissions produced that could not be reduced, since 2016 we have been meeting our objective of zero net emissions. In addition, we have continued to contribute to produce non-contaminating energy in the world, avoiding emitting 14.4 million tonnes of CO<sub>2</sub> into the atmosphere, thanks to the 9,022 MW of installed capacity, exclusively renewable.

At ACCIONA we also respond to the challenges of the protection of **Environment**, such as water stress, circular economy and the protection of biodiversity, among others.

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In 2017, via our water purification and desalination activities, we have created a positive water footprint on the planet of 374 hm<sup>3</sup>, the equivalent to the annual water consumption by a population of 7 million inhabitants. With regard to circular economy, in 2017, in 10 projects it was carried out a life cycle analysis (LCA), evaluating their environmental impact from the acquisition of raw materials, their transport, construction and use to the end of their life.

In the area **Corporate Governance**, we have launched a Code of Conduct training course that was completed by 6,213 people during the year. Concerning risk management, the new sustainability risk identification and assessment methodology was approved and launched according to which climate change, environmental, social, labour, corporate governance and corruption risks are analysed for each country depending on the economic and financial consequences, the importance of the issue for each business, the potential impact on the reputation and the management of the companies on each risk. Additionally, we continued our progress in human rights due diligence following the “United Nations Guiding Principles for Business and Human Rights”.

With regard to **People**, our commitment is to create an attractive, inspiring and successful working environment. Within the specific objectives, in 2017 we reviewed our Selection Methodology and developed the Performance Management Model. We also launched a course specific on Sustainability available to 10,584 employees in 41 countries. In relation to occupational health and safety, global programmes have been consolidated to improve the preventive culture, such as the “LIDER” Program in Infrastructure or THINK SAFE in Energy, among others. As a result, the global accident frequency rate dropped from 3 to 2.7 in 2017.

ACCIONA's commitment to its **Value Chain** results in preventing, mitigating and managing the risks of its supply chain. In 2017, we implemented the “No Go Policies”, which prevents the hiring of suppliers in the event of breaching some ethical and integrity-based principles, among other factors. We also believe that it is essential to align the suppliers with our commitment to sustainability, and as such we have designed a specific course for suppliers with a practical approach. In addition, as a result of our commitment to guarantee the quality and safety of our products, we have achieved a greater index of satisfied customers, reaching 99.8 %.

In our commitment to **Innovation**, we strive to maintain our position at the cutting edge. With this in mind, the trend towards the interconnection and communication of everyday objects with the internet is now a part of the company. The new designs that facilitate the digitalisation of our processes, Big Data or our contribution to smart cities are based on this vision. This new paradigm significantly reinforces ACCIONA's Innovation strategy and, as such, in 2017, our innovation figure reached a historic maximum of EUR 209.4 million. In this way, we have complied with our goal of maintaining an innovation over sales figure (2.9 %) of over double that of the European average (1.4 %). Equally notable is the launch of l'MNOVATION #Startups, the first corporate start-up accelerator for infrastructure and renewable energy in Spain.

Ultimately, these advancements in the seven areas of the Sustainability Master Plan constitute significant progress across all of the sustainability dimensions that

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we have set as a company. This endeavour has been recognised by our different stakeholders. As a result, we are present in the main sustainability indexes and rankings, such as CDP Climate, Water and Supply Chain A List, FTSE4Good, STOXX Global Climate Change Leaders Index or on the 2018 Global 100 Most Sustainable Corporations in the World index, among others. In addition, ACCIONA is part of different initiatives that promote sustainable development, including the United Nations' Global Compact, Corporate Leaders Group (CLG), World Business Council for Sustainable Development (WBCSD), World Economic Forum and the Alliance of CEO Climate Leaders, among others.

In the coming years, we want to continue responding to the major challenges of the Sustainable Development Goals. Our commitment is strong and we are gaining ground through the Sustainability Master Plan to contribute to economic growth, social development and environmental protection.

Finally, I would like to thank you for your continued trust and invite you to learn more about our efforts in the following chapters of this *Sustainability Report*.

SINCE 2016 WE  
HAVE FULFILLED  
WITH OUR  
OBJECTIVE  
OF ZERO NET  
EMISSIONS