

# MATERIALITY ANALYSIS

## FOCUS ON THE MOST RELEVANT ISSUES

Due to the diverse business lines and countries in which it operates, ACCIONA deals with different key issues for the company and its stakeholders.

To bring accountability into focus, ACCIONA developed a Materiality Analysis that identified the most relevant sustainability aspects for its different businesses.

THIS ANALYSIS  
COMBINES  
THE INTERNAL  
VIEWPOINT OF  
THE DIFFERENT  
BUSINESSES  
AND THE  
EXTERNAL  
VIEWPOINT  
OF THE  
STAKEHOLDERS

This chapter provides details on the procedure followed to identify the aspects that are most relevant for ACCIONA and its stakeholders and that potentially have the greatest impact on the business.

This study allows the company to understand the level of awareness about aspects relating to business strategy, identify the expectations and needs of stakeholders and focus the accountability strategy. It combines the internal viewpoint of the different businesses and the external viewpoint of the stakeholders, thus applying the Principles for defining report content of the Global Reporting Initiative (GRI) in accordance with the GRI 101 Standard: Foundation.

In the analysis performed for the *Sustainability Report 2017*, the relevant aspects identified in the previous year were updated on the basis of the macro trends analysed during the design of the Sustainability Master Plan (SMP) for each of ACCIONA's main lines of business (Energy and the different Infrastructure divisions: Construction, Water, Services and Industrial). A new initiative in 2017 was the extension of the study to the Infrastructure's Concessions business, which allowed the relevant issues to be identified and prioritised. Also, for the second year running, materiality analyses were carried out for other ACCIONA businesses (Bestinver, Grupo Bodegas Palacio 1894, ACCIONA Inmobiliaria and Trasmediterranea).

## METHODOLOGY (GRI 102-42; GRI 102-43)



### STAKEHOLDERS CONSULTED (GRI 102-42; GRI 102-43)

Various competitors, Public Administrations and regulatory bodies, media outlets, employees, investors and analysts, local communities and the scientific community were consulted in carrying out this study.

In addition, these analysed sources reflect the opinion of other ACCIONA stakeholders present in their sectors of activity, as shareholders, partners and customers, amongst others.

### 1. IDENTIFICATION OF MATERIAL ASPECTS

The *Materiality Analysis 2017* is an update of the aspects identified in the previous year, using sources of reference information for ACCIONA's sectors. For instance, these include the competitor analysis for its various businesses as well as the different think tanks and directives such as the Financial Stability Board, the European Directive on non-financial and diversity information, the draft legislation of the European Union entitled Winter Package, among others. Also taken into account were the sector materiality analyses of the Sustainability Accounting Standards Board (SASB) for the following industries: Renewable Resources & Alternative Energy, Water Utilities, Engineering & Construction Services, Services, Investment Banking and Brokerage, Alcoholic Beverages, Agricultural Products, Cruise Lines and Marine Transportation, Real Estate Services and Real Estate Owners, Developers & Investment Trusts. All of these sources helped to identify the nuances and particularities of these aspects for each business line.

### 2. PRIORITISATION OF MATERIAL ASPECTS

The prioritisation of these aspects was determined on the basis of a twofold analysis of data sources:

THE ASPECTS  
CLIMATE CHANGE,  
NON-FINANCIAL  
RISKS, ETHICS  
AND ANTI-  
CORRUPTION,  
LABOUR HUMAN  
RIGHTS AND  
OCCUPATIONAL  
HEALTH AND  
SAFETY ARE  
RELEVANT  
IN ALL OF  
ACCIONA'S  
MAIN  
BUSINESSES

#### a. External relevance given by investors and opinion leaders:

- Criteria and aspects assessed in the Dow Jones Sustainability Index survey.
- Expectations of investors in terms of social, environmental and corporate governance criteria.
- Analysis of relevant aspects for the stakeholders identified in the press and on social networks.
- Consultation with international bodies and sector institutions, taking into account the main countries where ACCIONA conducts its business: World Wildlife Fund (WWF), Asociación Mexicana de Energía, Asociación de Empresas de Energías Renovables (APPA), American Wind Energy Association (AWEA), International Energy Agency (IEA), Canada Green Building Council, Australia Green Building Council, World Economic Forum, Ellen McArthur Foundation, Water Association, Global Compact Chile, Canadian Water and Wastewater Association (CWWA), Asociación Nacional de Empresas de Agua y Saneamiento de México (ANEAS), and World Business Council for Sustainable Development (WBCSD).

#### b. Internal relevance based on internal documents and stakeholders:

- Analysis of the Sustainability Master Plan 2020.
- Consultations with the Sustainability Committees of the businesses: the members of the Committee provided their viewpoint of the relevance of the aspects selected in 2016, on which this year's final list is based.

### 3. VALIDATION OF MATERIAL ASPECTS

For the assessment and validation of the material aspects of 2016, a series of meetings (focus groups) were held with the Sustainability Committees of each of ACCIONA's businesses, in which the assessments made in the previous phase were debated and validated. The validation of material aspects in 2017, which arise from last year's list, was carried out via the Sustainability managers of the ACCIONA group.

## RESULTS OF THE ANALYSIS BY BUSINESS LINE (GRI 102-47)

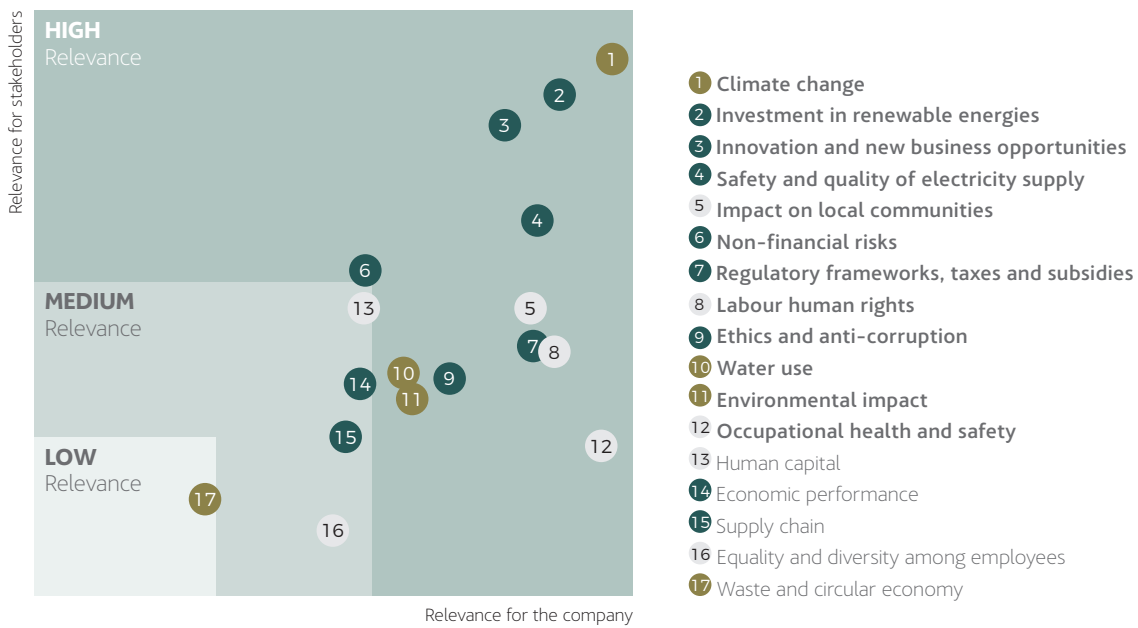
The material aspects identified for the different divisions of ACCIONA are represented below: Energy, Infrastructure (Construction, Concessions, Water, Services and Industrial) and Other businesses (Bestinver, Grupo Bodegas Palacio 1894, ACCIONA Inmobiliaria and Trasmediterranea). The ● blue colour represents the aspects that form part of the economic dimension, ● green represents the environmental dimension and ● grey denotes the social dimension, differentiating the issues as in the GRI Standards.

The preparation of the matrices was based on a list of different aspects for each business (according to their relevance for the type of activity). On the basis of these lists (of varying length), the aspects were prioritised following the methodology previously described.

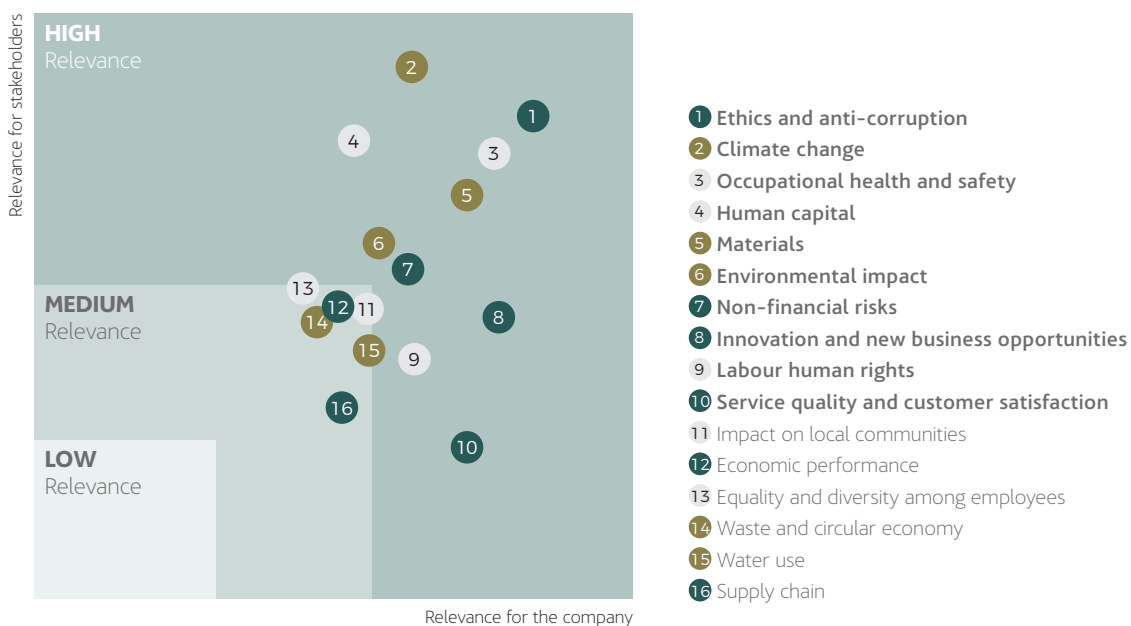
Several aspects are relevant in all of ACCIONA's main businesses: Climate change, Non-financial risks, Ethics and anti-corruption, Labour human rights, and Occupational health and safety.

Other of the aspects that stand out as the most relevant in the majority of these businesses are the following: Innovation and new business opportunities, Service quality and customer satisfaction, Human capital and Environmental impact.

### Material aspects for ACCIONA ENERGY:

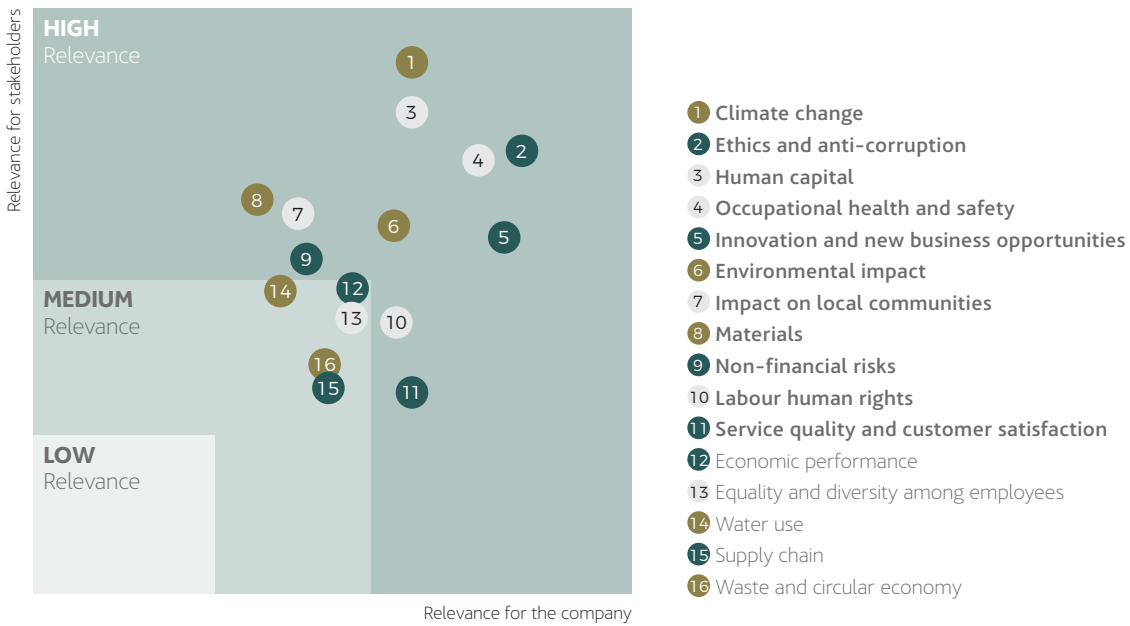


### Material aspects for ACCIONA INFRASTRUCTURE: Construction

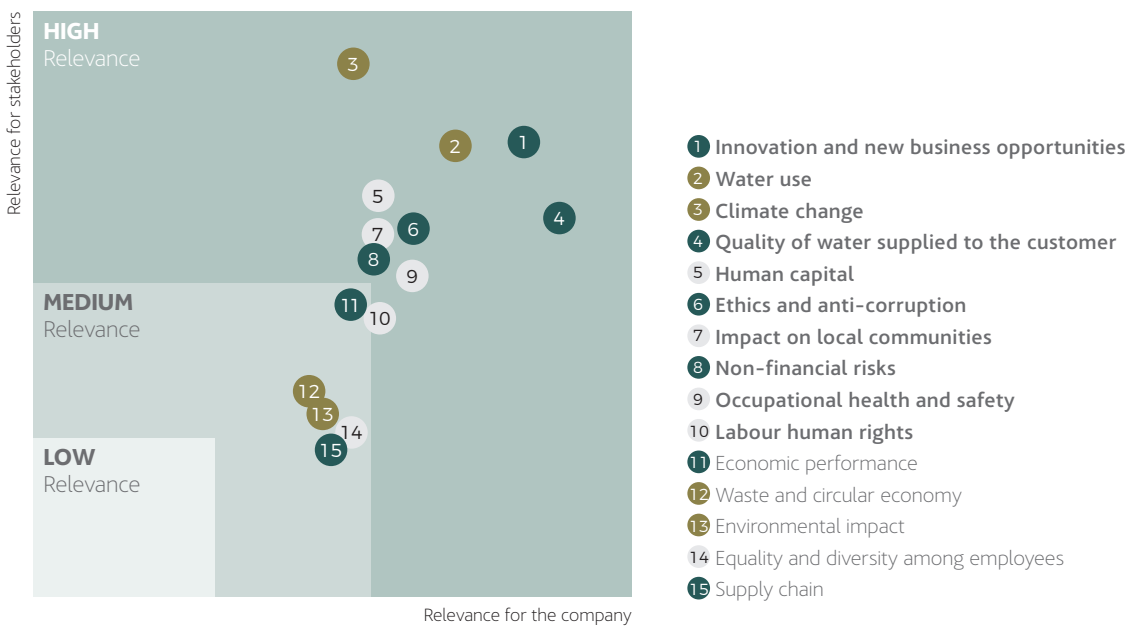


(GRI 102-47)

### Material aspects for ACCIONA INFRASTRUCTURE: Concessions

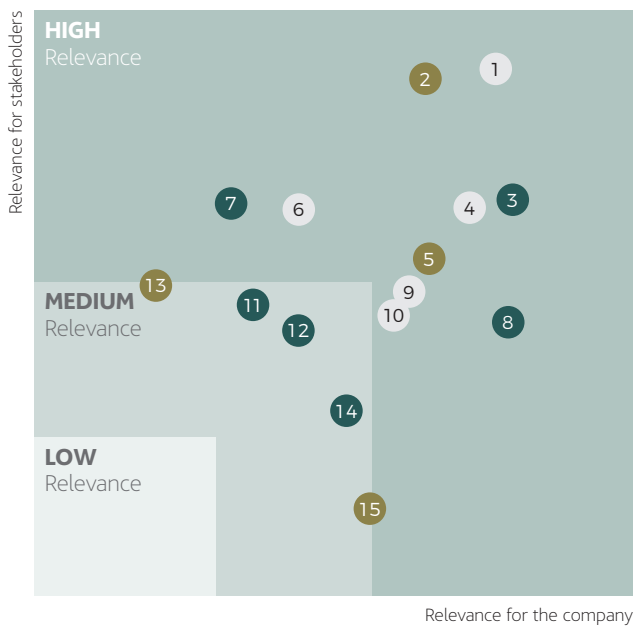


### Material aspects for ACCIONA INFRASTRUCTURE: Water



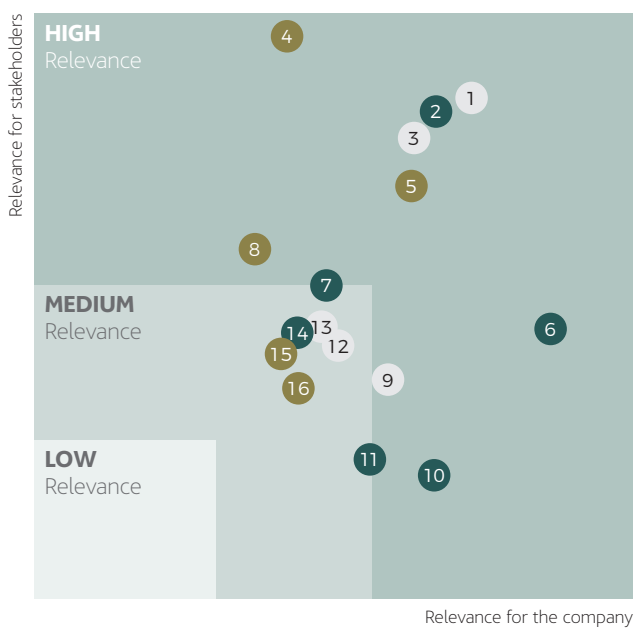
(GRI 102-47)

### Material aspects for ACCIONA INFRASTRUCTURE: Services



- 1 Human capital
- 2 Climate change
- 3 Ethics and anti-corruption
- 4 Occupational health and safety
- 5 Environmental impact
- 6 Impact on local communities
- 7 Non-financial risks
- 8 Service quality and customer satisfaction
- 9 Labour human rights
- 10 Equality and diversity among employees
- 11 Innovation and new business opportunities
- 12 Economic performance
- 13 Water use
- 14 Supply chain
- 15 Waste and circular economy

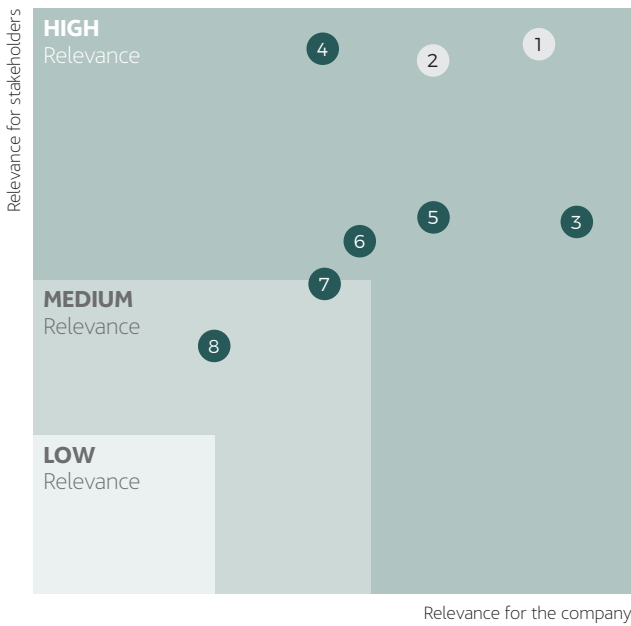
### Material aspects for ACCIONA INFRASTRUCTURE: Industrial



- 1 Human capital
- 2 Ethics and anti-corruption
- 3 Occupational health and safety
- 4 Climate change
- 5 Materials
- 6 Innovation and new business opportunities
- 7 Non-financial risks
- 8 Environmental impact
- 9 Labour human rights
- 10 Service quality and customer satisfaction
- 11 Supply chain
- 12 Equality and diversity among employees
- 13 Impact on local communities
- 14 Economic performance
- 15 Waste and circular economy
- 16 Water use

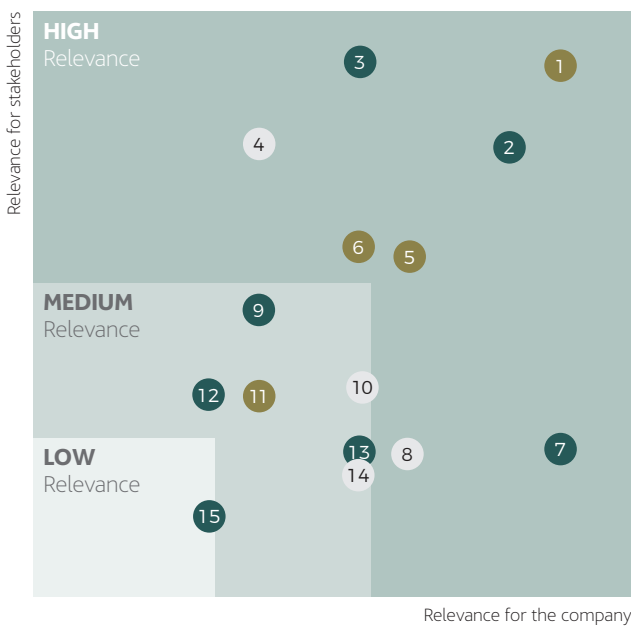
(GRI 102-47)

### Material aspects for BESTINVER



- 1 Human capital
- 2 Equality and diversity among employees
- 3 Service quality and customer satisfaction
- 4 Economic performance
- 5 Ethics and anti-corruption
- 6 Non-financial risks
- 7 Innovation and new business opportunities
- 8 Supply chain

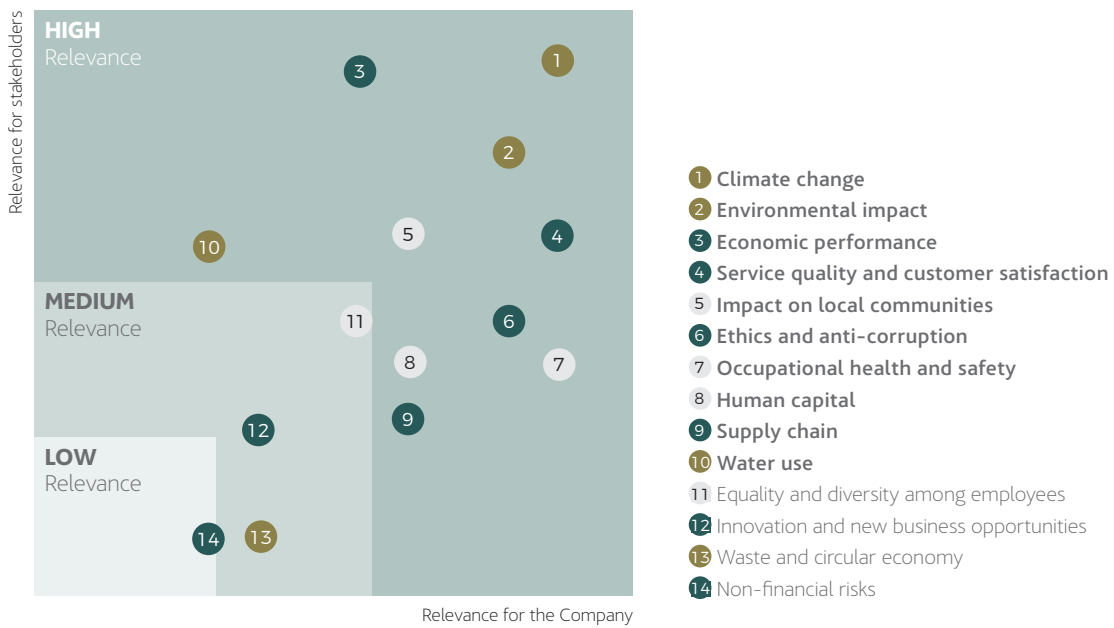
### Material aspects for GRUPO BODEGAS PALACIO 1894



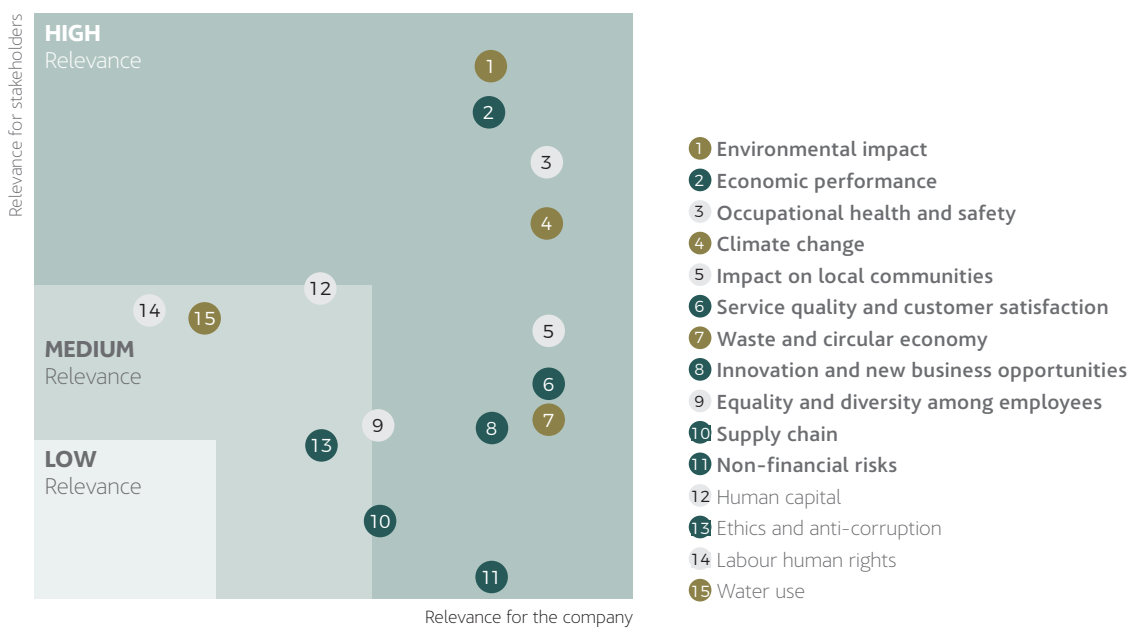
- 1 Climate change
- 2 Product safety and quality
- 3 Economic performance
- 4 Impact on local communities
- 5 Water use
- 6 Environmental impact
- 7 Service quality and customer satisfaction
- 8 Equality and diversity among employees
- 9 Supply chain
- 10 Human capital
- 11 Waste and circular economy
- 12 Innovation and new business opportunities
- 13 Ethics and anti-corruption
- 14 Occupational health and safety
- 15 Non-financial risks

(GRI 102-47)

## Material aspects for ACCIONA INMOBILIARIA



## Material aspects for TRASMEDITERRANEA



(GRI 102-47)



## DETERMINING THE CONTENT (GRI 102-46)

Below is a full list of the identified aspects, along with the related GRI Standards and the coverage of each of them. As can be seen in the previous section, all of the aspects are relevant in one ACCIONA business or another.

This *Report* details all of the GRI Standards associated with the aspects, highlighting those businesses where each aspect in question is relevant. Similarly, the specific chapters of each business provide greater detail on the high-relevance aspects pertaining to them.

### Material aspects in some of ACCIONA's businesses

MATERIAL ASPECTS IN SOME OF ACCIONA'S BUSINESSES*	DEFINITION OF THE ASPECTS
<b>Climate change</b>	Measures adopted by the company to contribute to mitigating climate change (policies, energy efficiency, greenhouse gas emissions, etc.), to adapting to climate change (adapting projects or assets to external climatological phenomena), and to managing associated risks and opportunities.
<b>Non-financial risks</b>	The companies need to implement mechanisms for risk detection, monitoring and quantification. In the area of sustainability, the analysis of environmental, social and good governance risks is considered relevant, also including the country risk (inherent in transnational operations and thereby contributing to an appropriate international expansion).
<b>Ethics and anti-corruption</b>	As part of corporate governance, it is considered necessary to create an anti-corruption policy and a code of ethics and conduct, as well as to promote legal compliance, integrity in bids and tenders, and transparency in tax contribution.
<b>Human rights and labour rights</b>	Measures implemented to guarantee employees' human rights. It is considered pertinent to minimise the risk of infringement in the areas of child labour, disciplinary issues, discrimination, freedom of association and working conditions, amongst others.
<b>Occupational health and safety</b>	Workers' health and safety management demands a process of awareness raising and training, accompanied by identifying risks and mitigation measures. On top of reducing the number of accidents in the workplace, it is important to identify those suppliers who are certified.
<b>Innovation and new business opportunities</b>	Having a sustainable innovation roadmap leads to new business opportunities. This roadmap may include aspects such as investment in R&D, development of new technologies, establishing measurable targets and working with third parties.
<b>Service quality and customer satisfaction</b> (common, except for Water and Energy)	Establishing mechanisms to gather opinions of customers, with the ability to measure their satisfaction and manage the existing relationship.
<b>Human capital</b>	Strategy and plans implemented in the company to attract and retain talent: processes to assess the performance, employee satisfaction surveys, investment in training and other instruments that encourage commitment, such as grants or incentives linked to objectives. All of this contributes to reducing employee turnover.

\* If a business is not specified, it is a common aspect and, as such, is considered in the materiality analysis of all businesses.

	RELATED GRI STANDARDS	COVERAGE (GRI 103-1)
	GRI 103: Management approach. GRI 201-2: Financial implications and other risks and opportunities due to climate change. GRI 302: Energy. GRI 305: Emissions.	<ul style="list-style-type: none"> <li>• Within and outside of the organisation.</li> <li>• The organisation contributes directly to the impact.</li> </ul>
	GRI 102-15: Key impacts, risks and opportunities. GRI 103: Management approach.	<ul style="list-style-type: none"> <li>• Within the organisation.</li> <li>• The organisation contributes directly to the impact.</li> </ul>
	GRI 102-16 and GRI 102-17: Ethics and integrity. GRI 103: Management approach. GRI 205: Anti-corruption. GRI 206: Anti-competitive behaviour.	<ul style="list-style-type: none"> <li>• Within and outside of the organisation.</li> <li>• The organisation contributes directly to the impact.</li> </ul>
	GRI 103: Management approach. GRI 406: Non-discrimination. GRI 407: Freedom of association and collective bargaining. GRI 408: Child labour. GRI 409: Forced or compulsory labour. GRI 410: Security practices. GRI 412: Human rights assessment.	<ul style="list-style-type: none"> <li>• Within and outside of the organisation.</li> <li>• The organisation contributes directly to the impact.</li> </ul>
	GRI 103: Management approach. GRI 403: Occupational health and safety.	<ul style="list-style-type: none"> <li>• Within and outside of the organisation.</li> <li>• The organisation contributes directly to the impact.</li> </ul>
	GRI 103: Management approach. GRI 201: Economic performance.	<ul style="list-style-type: none"> <li>• Within and outside of the organisation.</li> <li>• The organisation contributes directly to the impact.</li> </ul>
	GRI 102-43: Approach to stakeholder engagement. GRI 103: Management approach.	<ul style="list-style-type: none"> <li>• Within and outside of the organisation.</li> <li>• The organisation contributes directly to the impact.</li> </ul>
	GRI 102-43: Approach to stakeholder engagement. GRI 103: Management approach. GRI 401: Employment. GRI 404: Training and education.	<ul style="list-style-type: none"> <li>• Within the organisation.</li> <li>• The organisation contributes directly to the impact.</li> </ul>

MATERIAL ASPECTS IN SOME OF ACCIONA'S BUSINESSES*	DEFINITION OF THE ASPECTS
<b>Environmental impact</b>	In order to ensure appropriate environmental management, it is deemed necessary to develop a policy, assess the vulnerability to regulation, establish compliance objectives and manage the potential Environmental Management Systems certifications. Furthermore, management of the impact on biodiversity encompasses measures such as analysing the state of the affected ecosystems and developing protection measures.
<b>Impact on local communities</b>	The negative impact of the company's activities on local communities must be managed, starting with an appropriate dialogue with them. This impact incorporates aspects such as population displacement, noise or dust generated, the visual impact and citizen safety. Furthermore, the company's activities also have positive repercussions on local communities, such as the generation of wealth and local job creation or the hiring of local suppliers.
<b>Water use</b>	An appropriate management of water use encompasses catchment, consumption and the related discharge. In order to achieve this, it is recommended that businesses measure their water footprint and set objectives to reduce it.
<b>Equality and diversity among employees</b>	Measures implemented to guarantee diversity and equal opportunities, including the incorporation of people at risk of social exclusion and providing training on aspects relating to multiculturalism, as well as to promote a work-life balance and reduce the salary gap.
<b>Economic performance</b>	Economic sustainability encompasses factors such as the economic value generated or distributed and the growth of the company, ensuring solvency, profitability and cost effectiveness.
<b>Materials</b> (specific to Construction, Industrial and Concessions)	Managing the use of materials encompasses saving materials, promoting the use of recycled materials, the management of hazardous materials and the certification of construction materials.
<b>Supply chain</b>	The environmental, social and ethics criteria must also be applied when managing suppliers. This includes establishing policies, correctives measures in the event of breaches, assessing risks and identifying suppliers' water and carbon footprint.
<b>Waste and circular economy</b>	An appropriate management of waste involves updating policies, researching new uses for waste and innovation in the field of recycling. The circular economy promotes change towards an economy that is efficient in its use of resources, taking into account an analysis of the full life cycle of the products and services.
<b>Safety and quality of electricity supply</b> (specific to Energy)	Customer satisfaction goes hand in hand with safety and quality of electricity supply. This aspect encompasses access to energy, supply capacity commitment, the state of infrastructure, the diversification of the mix from renewable energies and innovation in production technologies.
<b>Product safety and quality</b> (specific to Grupo Bodegas Palacio 1894)	Customer satisfaction goes hand in hand with safety and quality of the product. This aspect encapsulates the company's commitment to the customer, innovation in new production technologies, responsible marketing and initiatives adopted with regard to manufacturing environmentally friendly products.
<b>Quality of water supplied to the customer</b> (Specific to Water)	Customer satisfaction goes hand in hand with quality of the water supplied. This aspect covers risk management for health and the environment, the policies to minimise those risks, guaranteeing access to water and treating the water.
<b>Level of development in renewable energies</b> (specific to Energy)	The development of renewable energies will be determined by new opportunities for investment and collaboration in accordance with strategic criteria, including public-private collaboration and stable frameworks that ensure a return on investment.
<b>Regulatory frameworks, taxes and subsidies</b> (specific to Energy)	The regulatory frameworks considered relevant are those that provide stability for generating renewable energies, including long-term plans, carbon pricing policies and legislation on regulating the tariff deficit, which may all have an impact on the financial results.

\* If a business is not specified, it is a common aspect and, as such, is considered in the materiality analysis of all businesses.

	RELATED GRI STANDARDS	COVERAGE (GRI 103-1)
	GRI 103: Management approach. GRI 303: Water. GRI 304: Biodiversity. GRI 306: Effluents and waste.	<ul style="list-style-type: none"> <li>• Within and outside of the organisation.</li> <li>• The organisation contributes directly to the impact.</li> </ul>
	GRI 103: Management approach. GRI 203: Indirect economic impacts. GRI 204-1: Proportion of spending on local suppliers. GRI 413: Local communities.	<ul style="list-style-type: none"> <li>• Within and outside of the organisation.</li> <li>• The organisation is connected to the impact through its business relationships.</li> </ul>
	GRI 103: Management approach. GRI 303: Water.	<ul style="list-style-type: none"> <li>• Within and outside of the organisation.</li> <li>• The organisation contributes directly to the impact.</li> </ul>
	GRI 102-8: Information on employees and other workers. GRI 103: Management approach. GRI 202-1: Ratios of standard entry level wage by gender compared to local minimum wage. GRI 405: Diversity and equal opportunity. GRI 406: Non-discrimination.	<ul style="list-style-type: none"> <li>• Within the organisation.</li> <li>• The organisation contributes directly to the impact.</li> </ul>
	GRI 103: Management approach. GRI 201: Economic performance.	<ul style="list-style-type: none"> <li>• Within and outside of the organisation.</li> <li>• The organisation contributes directly to the impact.</li> </ul>
	GRI 103: Management approach. GRI 301: Materials.	<ul style="list-style-type: none"> <li>• Within and outside of the organisation.</li> <li>• The organisation contributes directly to the impact.</li> </ul>
	GRI 103: Management approach. GRI 204: Procurement practices. GRI 308: Supplier environmental assessment. GRI 414: Supplier social assessment.	<ul style="list-style-type: none"> <li>• Within and outside of the organisation.</li> <li>• The organisation is connected to the impact through its business relationships.</li> </ul>
	GRI 103: Management approach. GRI 306-2 Waste by type and disposal method. GRI 306-4 Transport of hazardous waste.	<ul style="list-style-type: none"> <li>• Within and outside of the organisation.</li> <li>• The organisation contributes directly to the impact.</li> </ul>
	GRI 102-43: Approach to stakeholder engagement. GRI 103: Management approach.	<ul style="list-style-type: none"> <li>• Within and outside of the organisation.</li> <li>• The organisation contributes directly to the impact.</li> </ul>
	GRI 103: Management approach. GRI 416: Customer health and safety. GRI 417: Marketing and labelling. GRI 419: Socioeconomic compliance.	<ul style="list-style-type: none"> <li>• Within and outside of the organisation.</li> <li>• The organisation contributes directly to the impact.</li> </ul>
	GRI 103: Management approach. GRI 303: Water. GRI 416: Customer health and safety. GRI 419: Socioeconomic compliance.	<ul style="list-style-type: none"> <li>• Within and outside of the organisation.</li> <li>• The organisation contributes directly to the impact.</li> </ul>
	GRI 103: Management approach. GRI 201: Economic performance.	<ul style="list-style-type: none"> <li>• Within and outside of the organisation.</li> <li>• The organisation contributes directly to the impact.</li> </ul>
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ALL OF THE GRI STANDARDS ASSOCIATED WITH THE ASPECTS INCLUDED IN THIS REPORT PUT THE FOCUS ON THOSE BUSINESSES IN WHICH EACH ASPECT IS RELEVANT