

# Materiality analysis, delving deeper into the activity

An analysis of the most important social, environmental and corporate governance matters, which allows us to identify and promote changes in areas regarding sustainability.

## Approach and scope

G4-18a

The main new feature of the ACCIONA Sustainability Report 2013 is its adaptation to the criteria, principles and content of the new G4 framework of the Global Reporting Initiative (GRI) for the preparation of sustainability reports.

This new version of the GRI guide requires that the Company performs a materiality analysis to identify aspects of a social, environmental and governance nature that have a significant impact on the Company's business and its stakeholders.

Hence, ACCIONA can focus the Sustainability Report 2013 in a way that responds more satisfactorily to the markets and the Company's different audiences. This approach also provides an opportunity to achieve greater depth and foster significant changes

in sustainability-related areas in which the Company is either a benchmark or possesses broad experience.

ACCIONA's Materiality Analysis 2013 places the focus on the six main countries in which ACCIONA operates - i.e., Spain, Brazil, Mexico, Australia, Chile and Canada - and on the Company's four main business lines (Infrastructure, Energy, Water and Service). However, it is important to note that the report also includes significant information on the Company's other activities.

## Methodology

G4-24



### 1. IDENTIFICATION OF MATERIAL ASPECTS (G4-24)

The Materiality Analysis 2013 cross-checks the areas of the ACCIONA Sustainability Master Plan against the Company's business lines in order to identify specific aspects for each of the organization's activities.

Aspects were determined on the basis of the ACCIONA Materiality Study 2012, with existing topics discussed in greater depth and new social, environmental and corporate governance topics added, in accordance with the following sources:

- For the identification of different stakeholders expectations in relation to sustainability, the report relies on one of the benchmark studies in the field, produced by the Global Reporting Initiative itself: *Sustainability Topics for Sectors: What do stakeholders want to know?*
- The *Dow Jones Sustainability Index* questionnaire revealed investors' new expectations and priorities in sustainability, with special interest in the Company's change of category from

*Heavy Construction to Electric Utilities.*

- Based on the analysis of news in the press, materiality also ensures the inclusion of topics that are of the greatest interest for society as a whole, in keeping with the relevance gained in the written media.

An examination of the aforementioned sources on each of these aspects led to the identification of sub-aspects that were divided into *Management-related aspects* and *New material aspects*, with the aim of achieving greater depth in relevant topics and facilitating the reporting process on the basis of the criteria and requirements of the G4 Guide.

### 2. PRIORITIZATION OF MATERIAL ASPECTS (G4-24)

The analysis of the aforementioned sources assigns a weight percentage to each aspect, allowing for their prioritization in terms of materiality for each business line, in accordance with the degree of relevance granted by stakeholders according to the analyzed sources.

In addition, pursuant to the organization of aspects and sub-aspects identified in each of the areas of the ACCIONA Sustainability Master Plan by business line, the following analyses were made:

- Identification of the stage of the value chain in which each of the sub-aspects has an impact.
- Identification of risks and opportunities with long-term trends for each area of the Sustainability Master Plan based on the described sub-aspects.
- Identification of good practices of other benchmark companies in each sector by area in the Sustainability Master Plan on the basis of the described sub-aspects.

### 3. VALIDATION OF MATERIAL ASPECTS (G4-24)

In order to carry out an internal assessment and validation of the identified material aspects, a series of meetings were held with the Sustainability Committees of ACCIONA businesses to enable them to provide an internal view of the Company. Along with the previously discussed external

results, this allows for the development of a matrix with material aspects ranked according to the importance of the aspect to the Company and for stakeholders.

### 4. REVIEW OF MATERIAL ASPECTS (G4-24, G4-25 AND G4-26)

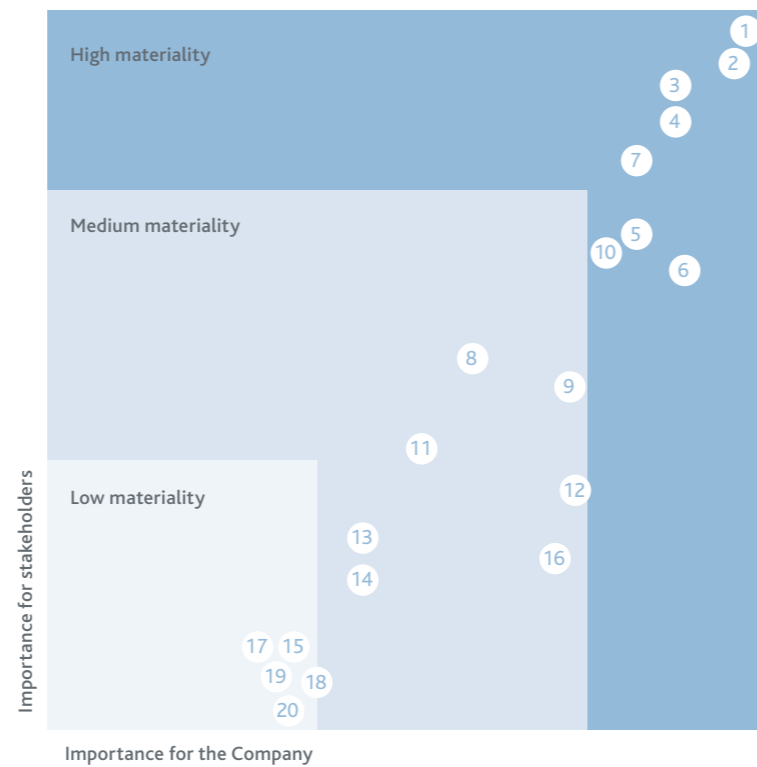
Finally, external consultations were undertaken to review the material aspects with different stakeholders making up the sustainability context for ACCIONA and its different business lines. Opinion leaders and sustainability experts contacted included representatives of benchmark organizations in sustainability at an international level and in countries where the focus lies; analysts and investors; public administrations; non-governmental organizations, the academic world; and suppliers. (G4-24).

## Materiality analysis results

The material aspects for each of ACCIONA's main business lines (Infrastructure, Energy, Water and Service) are detailed below. The Company considers to be material all aspects that reached a medium or high materiality level in the analysis.

It should be noted that, even though the Materiality Analysis is limited to these four divisions, the Company considers that the activity of other business lines generates significant impacts of an ethical, environmental and social nature. Accordingly, the Company provides detailed information throughout the report on the management of such aspects in these additional divisions.

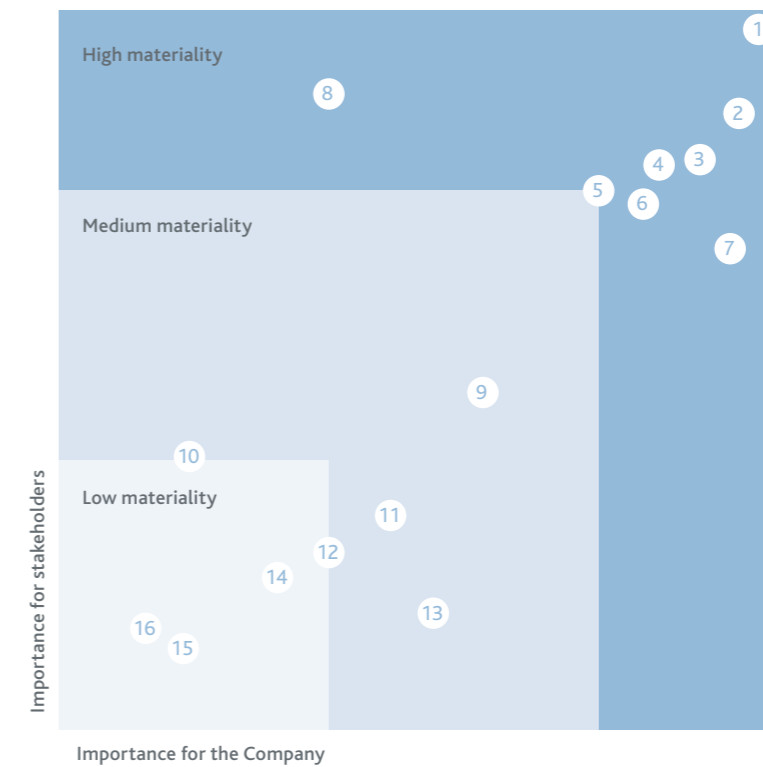
→ Material aspects of ACCIONA Infrastructure (G4-19)



### Material aspects

- |  |  |
|--|--|
| 1. Health and safety   | 11. Equality and diversity                 |
| 2. Climate change strategy                                       | 12. Customers                              |
| 3. Impacts of climate change                                     | 13. Materials                              |
| 4. Water   | 14. Waste                                  |
| 5. Good governance   | 15. Social investment                      |
| 6. Suppliers   | 16. Job creation                           |
| 7. Talent attraction and retention/<br>Human capital development | 17. Life cycle of<br>products and services |
| 8. Biodiversity  | 18. Sustainable innovation                 |
| 9. Labor conditions  | 19. Environmental<br>management            |
| 10. Impact on local communities<br>and dialogue                  | 20. Sustainability performance             |

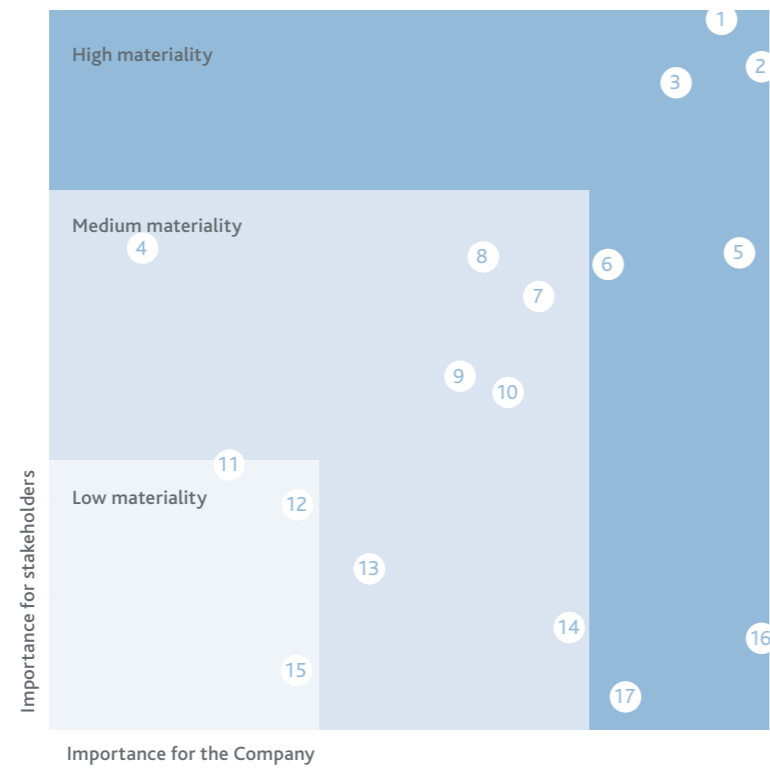
→ Material aspects of ACCIONA Energy (G4-19)



### Material aspects

- |   |  |
|---|--|
| 1. Climate change strategy/impact                                   | 9. Environmental management                |
| 2. Health and safety  | 10. Life cycle of products and<br>services |
| 3. Dialogue and impact on local<br>communities/Job creation         | 11. Good governance                        |
| 4. Innovation   | 12. Supply safety and quality              |
| 5. Biodiversity   | 13. Waste                                  |
| 6. Suppliers  | 14. Equality and diversity                 |
| 7. Talent attraction and retention<br>and human capital development | 15. Sustainability performance             |
| 8. Water  | 16. Materials                              |

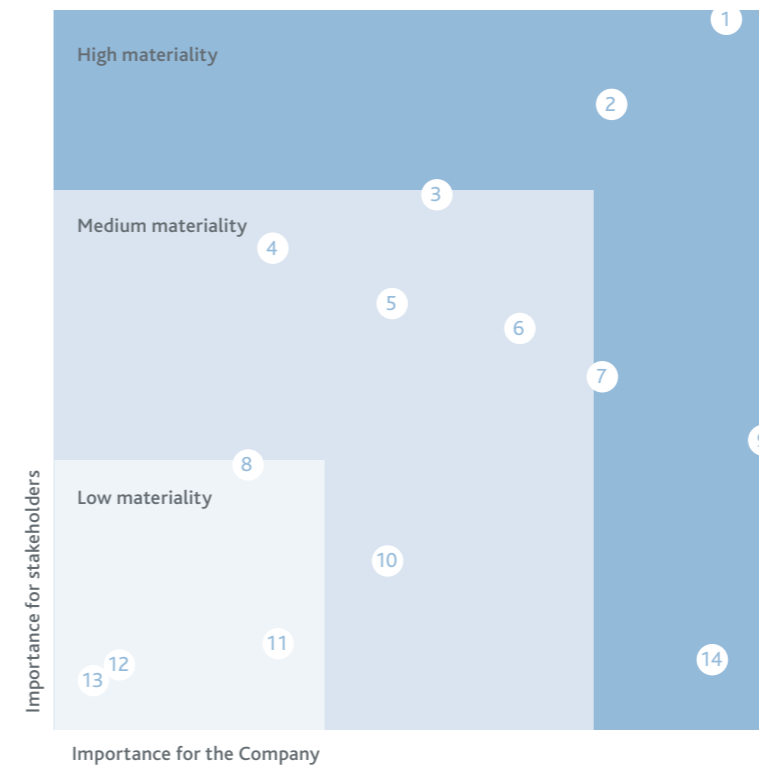
→ Material aspects of ACCIONA Agua (G4-19)



**Material aspects**

- |                                    |   |
|------------------------------------|---|
| 1. Water                           | 10. Climate change strategy             |
| 2. Water quality                   | 11. Life cycle of products and services |
| 3. Impact on local communities     | 12. Dialogue with local communities     |
| 4. Waste                           | 13. Good governance                     |
| 5. Health and safety               | 14. Human capital development           |
| 6. Customers                       | 15. Equality and diversity              |
| 7. Biodiversity                    | 16. Sustainable innovation              |
| 8. Talent attraction and retention | 17. Sustainability performance          |
| 9. Suppliers                       |   |

→ Material aspects of ACCIONA Service (G4-19)



**Material aspects**

1. Health and safety
2. Talent attraction and retention and Human capital development
3. Climate change strategy and impact
4. Biodiversity
5. Good governance
6. Environmental management
7. Equality and diversity
8. Suppliers
9. Customers and customer feedback mechanisms
10. Innovation
11. Impact on local communities
12. Waste
13. Sustainability performance
14. Dialogue with social actors

The representation matrices of material aspects by business lines identify global aspects. Each aspect for each division is defined below, specifying whether the aspect has an internal impact or affects external stakeholders and, consequently, its impact goes beyond the organization (G4-19, G4-20 and G4-21).

→ G4-19, G4-20, G4-21

→ G4-19, G4-20, G4-21

ASPECTS	MATERIAL ASPECT INSIDE THE ORGANIZATION		MATERIAL ASPECT INSIDE THE ORGANIZATION			MATERIAL ASPECT OUTSIDE THE ORGANIZATION
	ACCIONA (applicable to all business lines)	ACCIONA Infrastructure	ACCIONA Energy	ACCIONA Agua	ACCIONA Service	
Water	<ul style="list-style-type: none"> <li>Management policies and systems</li> <li>Measurement of water footprint</li> </ul>	<ul style="list-style-type: none"> <li>Water consumption in construction and throughout buildings' useful life</li> </ul>	<ul style="list-style-type: none"> <li>Impacts on water resources of hydraulic power generation</li> </ul>	<ul style="list-style-type: none"> <li>Sea water extraction</li> <li>Risks in water stress zones</li> </ul>	<ul style="list-style-type: none"> <li>Not applicable</li> </ul>	✓
Talent attraction and retention and Human capital development	<ul style="list-style-type: none"> <li>Performance assessment</li> <li>Remuneration linked to personal and corporate targets</li> <li>Satisfaction surveys</li> <li>Turnover rates</li> </ul>	<ul style="list-style-type: none"> <li>No specific aspect</li> </ul>	<ul style="list-style-type: none"> <li>Motivation</li> <li>Qualified workers</li> </ul>	<ul style="list-style-type: none"> <li>Ensuring objectivity of promotion systems</li> <li>Training systems in 2.0 environments</li> </ul>	<ul style="list-style-type: none"> <li>Availability gap of middle managers</li> </ul>	✗
Biodiversity	<ul style="list-style-type: none"> <li>Biodiversity policy</li> <li>Impacts on biodiversity</li> </ul>	<ul style="list-style-type: none"> <li>Protection and restoration of damaged habitats</li> </ul>	<ul style="list-style-type: none"> <li>Fragmentation of habitats</li> <li>Bio-remediation</li> </ul>	<ul style="list-style-type: none"> <li>Photo-trapping mechanisms</li> </ul>	<ul style="list-style-type: none"> <li>Not applicable</li> </ul>	✓
Good governance	<ul style="list-style-type: none"> <li>Human rights</li> <li>Risk management</li> </ul>	<ul style="list-style-type: none"> <li>Payments to governments</li> <li>Antitrust</li> </ul>	<ul style="list-style-type: none"> <li>Payments to governments</li> <li>Antitrust</li> </ul>	<ul style="list-style-type: none"> <li>Payments to political parties and governments</li> <li>Antitrust</li> </ul>	<ul style="list-style-type: none"> <li>Not applicable</li> </ul>	✓
Water quality	<ul style="list-style-type: none"> <li>Not applicable</li> </ul>	<ul style="list-style-type: none"> <li>Not applicable</li> </ul>	<ul style="list-style-type: none"> <li>Not applicable</li> </ul>	<ul style="list-style-type: none"> <li>New quality improvement processes</li> <li>Water contaminant management</li> </ul>	<ul style="list-style-type: none"> <li>Not applicable</li> </ul>	✓
Life cycle of products and services	<ul style="list-style-type: none"> <li>Life cycle analysis</li> <li>Environmental impact in each stage</li> </ul>	<ul style="list-style-type: none"> <li>Non-material</li> </ul>	<ul style="list-style-type: none"> <li>Bio-fuels life cycle assessment</li> </ul>	<ul style="list-style-type: none"> <li>Non-material</li> </ul>	<ul style="list-style-type: none"> <li>Not applicable</li> </ul>	✓
Customers	<ul style="list-style-type: none"> <li>Customer satisfaction</li> <li>Receiving customer feedback</li> </ul>	<ul style="list-style-type: none"> <li>Analysis of impacts on customers</li> </ul>	<ul style="list-style-type: none"> <li>Not applicable</li> </ul>	<ul style="list-style-type: none"> <li>Health risks</li> </ul>	<ul style="list-style-type: none"> <li>Needs identification</li> <li>Generation of customer efficiencies</li> </ul>	✓
Labor conditions	<ul style="list-style-type: none"> <li>Protection of employees' human rights</li> </ul>	<ul style="list-style-type: none"> <li>Labor conditions of temporary and migrant workers</li> </ul>	<ul style="list-style-type: none"> <li>Not applicable</li> </ul>	<ul style="list-style-type: none"> <li>Not applicable</li> </ul>	<ul style="list-style-type: none"> <li>Not applicable</li> </ul>	✗
Job creation	<ul style="list-style-type: none"> <li>Fostering local hiring</li> </ul>	<ul style="list-style-type: none"> <li>Generation of direct and indirect local jobs</li> </ul>	<ul style="list-style-type: none"> <li>Not applicable</li> </ul>	<ul style="list-style-type: none"> <li>Not applicable</li> </ul>	<ul style="list-style-type: none"> <li>Not applicable</li> </ul>	✓
Sustainability performance	<ul style="list-style-type: none"> <li>No common aspects</li> </ul>	<ul style="list-style-type: none"> <li>Non-material</li> </ul>	<ul style="list-style-type: none"> <li>Non-material</li> </ul>	<ul style="list-style-type: none"> <li>Variable remuneration targets in OHS and gender equality</li> </ul>	<ul style="list-style-type: none"> <li>Non-material</li> </ul>	✗
Climate change strategy	<ul style="list-style-type: none"> <li>Climate change policy</li> <li>Risk assessment</li> </ul>	<ul style="list-style-type: none"> <li>Scope 3 emissions</li> <li>Customer requirements in projects</li> </ul>	<ul style="list-style-type: none"> <li>Impact of clean energies</li> <li>Transparency in CO<sub>2</sub> trading</li> </ul>	<ul style="list-style-type: none"> <li>ISO 50001 certification</li> </ul>	<ul style="list-style-type: none"> <li>Customer requests for sustainable products and services</li> </ul>	✓
Environmental management	<ul style="list-style-type: none"> <li>Global environmental policy</li> <li>Certified management systems</li> </ul>	<ul style="list-style-type: none"> <li>Non-material</li> </ul>	<ul style="list-style-type: none"> <li>Environmental impact assessment in power generation plants</li> <li>Near misses</li> </ul>	<ul style="list-style-type: none"> <li>Not applicable</li> </ul>	<ul style="list-style-type: none"> <li>Environmental fines and sanctions</li> </ul>	✓
Equality and diversity	<ul style="list-style-type: none"> <li>Measures in work-life balance</li> </ul>	<ul style="list-style-type: none"> <li>Diversity and equality policy</li> <li>Labor market access of people at risk of social exclusion</li> </ul>	<ul style="list-style-type: none"> <li>Non-material</li> </ul>	<ul style="list-style-type: none"> <li>Non-material</li> </ul>	<ul style="list-style-type: none"> <li>Equality plan</li> <li>Equality seal of distinction</li> </ul>	✗
Impact on local communities and dialogue	<ul style="list-style-type: none"> <li>Social action policy</li> <li>Volunteering program</li> <li>Partnering with sector platforms</li> </ul>	<ul style="list-style-type: none"> <li>Construction deficiencies with health and safety impacts</li> <li>Measurement of projects' impact</li> </ul>	<ul style="list-style-type: none"> <li>Health risks to communities</li> <li>Resettlements</li> </ul>	<ul style="list-style-type: none"> <li>Non-material</li> </ul>	<ul style="list-style-type: none"> <li>Non-material</li> </ul>	✓
Impact of climate change	<ul style="list-style-type: none"> <li>Measurement of economic impact</li> </ul>	<ul style="list-style-type: none"> <li>Energy efficiency in buildings</li> </ul>	<ul style="list-style-type: none"> <li>Not applicable</li> </ul>	<ul style="list-style-type: none"> <li>Not applicable</li> </ul>	<ul style="list-style-type: none"> <li>Not applicable</li> </ul>	✓
Innovation	<ul style="list-style-type: none"> <li>Sustainable innovation roadmap</li> <li>R&amp;D investments</li> </ul>	<ul style="list-style-type: none"> <li>Non-material</li> </ul>	<ul style="list-style-type: none"> <li>Renewable energies <i>Smart technologies</i></li> <li>Public-private partnerships in R&amp;D</li> </ul>	<ul style="list-style-type: none"> <li>Water reuse <i>Smart Water Grid</i></li> <li>Third party partnerships</li> </ul>	<ul style="list-style-type: none"> <li>Integral and innovative services</li> <li>Process re-engineering</li> </ul>	✓
Social investment	<ul style="list-style-type: none"> <li>Infrastructure access projects</li> </ul>	<ul style="list-style-type: none"> <li>Non-material</li> </ul>	<ul style="list-style-type: none"> <li>Non-material</li> </ul>	<ul style="list-style-type: none"> <li>Not applicable</li> </ul>	<ul style="list-style-type: none"> <li>Not applicable</li> </ul>	✓
Materials	<ul style="list-style-type: none"> <li>No common aspects</li> </ul>	<ul style="list-style-type: none"> <li>Labeling and certification of construction materials used</li> </ul>	<ul style="list-style-type: none"> <li>Not applicable</li> </ul>	<ul style="list-style-type: none"> <li>Not applicable</li> </ul>	<ul style="list-style-type: none"> <li>Not applicable</li> </ul>	✓
Suppliers	<ul style="list-style-type: none"> <li>Policy of extending ESG commitments to suppliers</li> <li>Corrective measures for non-compliance</li> </ul>	<ul style="list-style-type: none"> <li>Integration of sustainability criteria</li> <li>Measurement of water footprint of supply chain</li> </ul>	<ul style="list-style-type: none"> <li>Requirements in environmental actions</li> <li>Safety practices for suppliers</li> </ul>	<ul style="list-style-type: none"> <li>Integration of sustainability criteria</li> <li>Suppliers' water and carbon footprints</li> </ul>	<ul style="list-style-type: none"> <li>Non-material</li> </ul>	✓
Waste	<ul style="list-style-type: none"> <li>Protocols of identification, separation, disposal, reuse and recycling</li> </ul>	<ul style="list-style-type: none"> <li>Waste management in construction, demolition and excavation</li> </ul>	<ul style="list-style-type: none"> <li>Not applicable</li> </ul>	<ul style="list-style-type: none"> <li>Reporting on untreated wastewater</li> <li>Waste valorization</li> </ul>	<ul style="list-style-type: none"> <li>Non-material</li> </ul>	✓
Health and safety	<ul style="list-style-type: none"> <li>Risk identification</li> <li>Awareness raising and training</li> </ul>	<ul style="list-style-type: none"> <li>Disclosure of near misses</li> <li>Extension of good practices to customers and suppliers</li> </ul>	<ul style="list-style-type: none"> <li>Safety practices in electrical power plants</li> <li>Incident monitoring and reduction</li> <li>Disclosure of near misses</li> </ul>	<ul style="list-style-type: none"> <li>Certified health and safety management system for employees, partners and contractors</li> <li>Disclosure of near misses</li> </ul>	<ul style="list-style-type: none"> <li>Certification of management system</li> </ul>	✓

Non-material: Aspect identified with low materiality. Not applicable: Aspect not identified in the study for business line.