

# Independent Assurance Report

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## **Independent Review Report to the Management of ACCIONA, S.A.**

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

In accordance with our engagement letter, ACCIONA, S.A. management has requested that we provide reasonable and limited assurance on the non-financial information contained in the Sustainability Report of ACCIONA, S.A. (hereinafter ACCIONA) for the year ended 31 December 2016 (hereinafter "the Report").

The indicators covered by reasonable assurance are GRI G4-10, G4-11, G4-EC5, G4-EC6, G4-EC9, G4-EN3, G4-EN11, G4-EN15, G4-EN16, G4-EN21, G4-LA1, G4-LA3, G4-LA5, G4-LA9, G4-LA10, G4-LA11, G4-LA12, G4-LA13, on the quantitative information derived from these indicators, related to the progress on complying with 2020 Sustainability Master Plan objectives (hereinafter SMP 2020), and on the qualitative information related to the progress on complying with Sustainability Master Plan objectives. The indicators covered by limited assurance comprise the other indicators described in the GRI Index of the Report.

### **Management responsibilities**

ACCIONA management is responsible for the preparation and presentation of the Report in accordance with the Sustainability Reporting Guidelines version 4.0 (G4) and the Sector Supplement for Construction & Real Estate and Electric Utilities of the Global Reporting Initiative as described in point G4-32 of the Report for limited and reasonable assurance indicators.

It is also responsible for compliance with the Materiality Disclosure Service, obtaining confirmation from the Global Reporting Initiative on the proper application of these. Management is also responsible for the information and assertions contained within the Report; for the implementation of processes and procedures which adhere to the principles set out in the AA1000 AccountAbility Principles Standard 2008 (AA1000APS); for determining ACCIONA's objectives in respect of the selection and presentation of sustainable development performance, including the identification of stakeholders and material issues; and for establishing and maintaining appropriate performance management and internal control systems from which the reported performance information is derived.

These responsibilities include establishing such controls as management determines are necessary to enable the preparation of limited and reasonable assurance indicators that are free from material misstatement whether due to fraud or error.

### **Our responsibility**

Our responsibility is to carry out a review to provide reasonable assurance on the preparation and presentation of the indicators GRI G4-10, G4-11, G4-EC5, G4-EC6, G4-EC9, G4-EN3, G4-EN11, G4-EN15, G4-EN16, G4-EN21, G4-LA1, G4-LA3, G4-LA5, G4-LA9, G4-LA10, G4-LA11, G4-LA12, G4-LA13, on the quantitative information derived from these indicators, related to the progress on complying with 2020 Sustainability Master Plan objectives, and on the qualitative information related to the progress on complying with Sustainability Master Plan objectives, a limited assurance review on the preparation and presentation of the other indicators within the review scope, and to express a conclusion based on the work performed. We conducted our engagement in accordance with 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) and with the Performance Guide on the revision of Corporate Responsibility Reports of the Instituto de Censores Jurados de Cuentas de España (ICJCE). These standards require that we plan and perform the engagement to obtain limited assurance about whether the report is free from material misstatement.

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 behavior.

We have also conducted our engagement in accordance with Accountability Assurance Standard AA1000 APS 2008 (Type 2), which covers not only the nature and extent of the organisation's adherence to the AA1000 APS, but also evaluates the reliability of performance information as indicated in the scope.

#### **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 Report.

Our engagement also includes assessing the appropriateness of the indicators with the criteria of the Global Reporting Initiative's G4 Sustainability Reporting Guidelines, obtaining an understanding of the compilation of the financial and non-financial 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 Report, and applying analytical and other evidence gathering procedures. These procedures included:

- Verification of ACCIONA's processes for determining the material issues, and the participation of stakeholder groups therein.
- Interviews with management and relevant staff at group level and selected business unit level concerning sustainability strategy and policies and corporate responsibility for material issues, and the implementation of these across the business of ACCIONA.
- Evaluation through interviews concerning the consistency of the description of the application of ACCIONA's policies and strategy on sustainability, governance, ethics and integrity.
- Risk analysis, including searching the media to identify material issues during the year covered by the Report.
- Review of the consistency of information comparing General Basic Content with internal systems and documentation.
- Analysis of the processes of compiling and internal control over quantitative data reflected in the Report, regarding the reliability of the information, by using analytical procedures and review testing based on sampling.
- Review of ten sites through visits and remote review, selected on the basis of a risk analysis including the consideration of both quantitative and qualitative criteria.

- Review of the application of the Global Reporting Initiative's G4 Sustainability Reporting Guidelines' requirements in accordance with the comprehensive option for preparing Reports.
- Reading the information presented in the Report to determine whether it is in line with our overall knowledge of, and experience with, the sustainability performance of ACCIONA.
- Verification that the financial information reflected in the Report was audited by independent third parties.

Our multidisciplinary team included specialists in AA1000 APS, stakeholder group dialogue and in social, environmental and economic 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. This report may not be taken as an auditor's report.

### **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.

In our opinion, the indicators GRI G4-10, G4-11, G4-EC5, G4-EC6, G4-EC9, G4-EN3, G4-EN11, G4-EN15, G4-EN16, G4-EN21, G4-LA1, G4-LA3, G4-LA5, G4-LA9, G4-LA10, G4-LA11, G4-LA12, G4-LA13, the quantitative information derived from these indicators, related to the progress on complying with Sustainability Master Plan objectives, and the qualitative information related to the progress on complying with Sustainability Master Plan objectives, reviewed with reasonable assurance, are prepared and presented, in all material aspects, in accordance with the Sustainability Reporting Guidelines version 4.0 (G4) and the Sector Supplement for Construction & Real Estate and Electric Utilities of the Global Reporting Initiative as described in point G4-32 of the GRI Index, 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 limited assurance indicators have not in all material respects, been prepared and presented in accordance with the Sustainability Reporting Guidelines version 4.0 (G4) and the Sector Supplement for Construction & Real Estate and Electric Utilities of the Global Reporting Initiative as described in point G4-32 of the GRI Index, including the reliability of data, adequacy of the information presented and the absence of significant deviations and omissions.

Additionally, nothing has come to our attention that causes us to believe that as a result of ACCIONA implementing the procedures described in sections G4-26 and G4-27 of the Report, any material issues have been omitted as applies to the principles of inclusivity, materiality and responsiveness as included in the AA1000 AccountAbility Principles Standard 2008.

Under separate cover, we will provide ACCIONA management with an internal report outlining our complete findings and areas for improvement. Without prejudice to our conclusions presented above, we present some of the key observations and areas for improvement below:

**In relation to the INCLUSIVITY principle**

For the establishment of the new 2020 Sustainability Master Plan (hereinafter SMP 2020), ACCIONA has taken into account its main stakeholders and continues to respond to its commitment to update the company's sustainability strategy. ACCIONA also carries out specific consultations with its stakeholders focusing on the social and environmental assessment of its projects. This way, stakeholders are a key element in the characterization of risk and in the definition of measures to be implemented in the projects developed. In order to continue working on the company's relations with its stakeholders, it is recommended to enrich and strengthen ACCIONA's approach to those who are directly and indirectly affected by the company's activity, to identify its expectations and perceptions in a global manner and establish prioritized relationship actions to reinforce both company performance and decision making.

**In relation to the MATERIALITY principle**

ACCIONA continues to conduct a materiality analysis annually to identify, prioritise and validate those matters relevant to the company. As the main novelties of the 2016 financial year, the study has been extended to "Other Businesses" (Bestinver, Grupo Bodegas Palacio 1894, Inmobiliaria and Trasmediterranea) and concrete material issues has been considered for Construction and Industrial. However, in order to gain clarity in the report, the results obtained for ACCIONA material subjects could be grouped by dimension (economic, environmental, ethical or social, among others). Also, it would be recommended to review the degree of relevance of material issues and their degree of coverage in the contents of the Report to ensure that the company considers and responds to those issues that matter and impact both within the company and outside the organization.

**In relation to the RESPONSIVENESS principle**

Through its new SMP 2020, ACCIONA responds to the main challenges related to sustainable development and establishes its new sustainability strategy. This new Plan, structured into strategic and operational objectives, applies to the entire organization and to all businesses. In future years, the company should focus on accountability, measurement and monitoring of its performance and the achievement of its objectives that should be prioritised and aligned with the interests and expectations of stakeholders in a comprehensive and balanced manner, as well as being part of the communication strategy of the company.

**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 2016 Sustainability Report and for no other purpose or in any other context.

KPMG Asesores, S.L.

(Signed)

José Luis Blasco Vázquez

20 April 2017





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