

07 About this report



Principles governing this report

For the past thirteen years, Abengoa has been publishing its Corporate Social Responsibility Report (CSRR), in which it describes the company's main **activities and impacts, strategy and business model**, changes in **perimeter** and structure, as well as its **goals and objectives**.

This is the first year the company is publishing an **Integrated Report**, which combines the **Activity Report (AR)** and the **Corporate Social Responsibility Report (CSRR)**, in

accordance with the reporting framework published by the International Integrated Reporting Council (IIRC) and in line with its directives and contents. The report was also prepared in keeping with the **G4 guidelines** of the Global Report Initiative (GRI), applying the exhaustive option. Furthermore, Abengoa adheres to the principles of the **AA1000 Accountability Principles Standard (APS)** (2008) and provides information on progress in fulfilling the ten principles of the **United Nations Global Compact**, which govern company performance, activity and strategy.

G4-3, G4-28, G4-29, G4-30 y G4-32

Principles governing report contents

Principle	Who defines it?	How is it defined?	How does Abengoa apply it?
Inclusivity / Stakeholder engagement	AA1000 (APS) / GRI / IR	This refers to the manner in which the company considers stakeholder engagement in designing and developing its strategy.	G4-24, G4-25, G4-26 y G4-27 Abengoa considers stakeholder ⁽¹⁾ engagement at all company levels: <ul style="list-style-type: none"> › In the course of company activity through the different consultation channels in place. › In preparing the report, including the recommendations of the Independent Panel of Experts on Sustainable Development (IPESD)⁽³⁾ and through the consultation processes carried out as part of the procedure for determining materiality. › In designing company strategy and during preparation of the Strategic CSR Plan (SCSRP)⁽²⁾. With the aim of bolstering these consultation processes, the company directs ongoing efforts toward enhancing the consistency and homogeneity of its communications throughout the organization.
Relevance / Materiality	AA1000 (APS) / GRI / IR	The company should provide information that is relevant to its stakeholders; that is to say, information that influences stakeholder decisions and which has an impact on company business.	As described later on in this same chapter, the company performs annual consultation among its stakeholders, thereby enabling updating of materiality analysis. Deeper analysis was conducted this year on the information related to the most relevant topics according to geographic areas and the risks associated with each territory.
Responsiveness	AA1000 (APS)	This refers to the way an organization addresses stakeholder issues that affect the organization's sustainability performance.	In addition to the responses provided to stakeholders through the channels the company has in place for this purpose, Abengoa considers its Integrated Report to be a key instrument in addressing stakeholder concerns. The report provides in-depth coverage of the issues deemed most significant by company stakeholders and by the Independent Panel of Experts on Sustainable Development (IPESD), and includes the Responsible Management Balance Sheet (RMBS), a scorecard comprising the most relevant sustainability indicators. Additionally, materiality analysis included consultation with departmental and plant heads across the various regions in order to prioritize relevant stakeholder (investors, suppliers, customers, community, etc.) issues.
Sustainability context / Strategic focus and future orientation	GRI / IR	The report should present the organization's performance in the wider context of sustainability, affording a vision of the organization's strategy for creating value.	To continue moving forward in this direction, Abengoa has geared its report towards explaining how the company responds to global challenges and the company's present situation. The report also describes how, through company activity and performance, Abengoa seeks to minimize the negative impacts and maximize the positive impacts deriving from company operations.
Completeness	GRI	The report should include topics reflecting the company's main impacts in the realm of CSR and their corresponding degrees of coverage.	For the past three years, Abengoa has engaged in the exercise of identifying relevant issues and their level of coverage. To this end, the company has taken into consideration its entire value chain (from suppliers to customers) in the process of prioritization and has begun to include the main geographies in which the company operates at each point along the chain.

(1) The chapters entitled "Financial Capital", "Human Capital" and "Social and relationship capital" describe the company's main stakeholders.

(2) Independent group of experts in different areas of sustainability who evaluate Abengoa's Corporate Social Responsibility performance and strategy on an annual basis. Further information is available on the [corporate website](#).

(3) Further information can be found in the chapter entitled "Strategic Challenges".

Principles governing information quality

Principle	Who defines it?	How is it defined?	How does Abengoa apply it?
Balance	GRI	The report should reflect positive and negative aspects of the organization's performance.	Abengoa continues to work towards providing the information (both positive and negative) derived from company management processes. Additionally, as a way to ensure transparency, the company voluntarily undergoes evaluation by the IPESD. Given the unusual situation in which the company finds itself, this year's report seeks to explain to every stakeholder how this situation has been managed during the period.
Comparability and consistency	GRI / IR	The organization should select, compile and disclose information systematically in order for the information to be comparable with other organizations and to show its evolution over time.	Indicators deemed most relevant by the company are reported for the purpose of enabling information to be compared with that reported by its main competitors. Additionally, the report presents data from the last three years (with a comparable scope) to make historical information on the company's performance available to the reader.
Accuracy	GRI	The reported information should be sufficiently accurate and detailed for stakeholders to be able to assess the organization's performance.	The independent review this report has undergone ensures the accuracy of the quantitative data, and provides assurance of proof and suitable context for the qualitative information included.
Timeliness	GRI	The organization should present its Integrated Report according to a regular schedule so that information is available in time for stakeholders to make informed decisions.	Since 2002 Abengoa publishes an annual CSR Report. Additionally, together with its financial information, the company publishes key indicators in the area of CSR on a biyearly basis (Responsible Management Balance Sheet). These indicators are verified by an independent third party as part of the company's commitment to providing up-to-date information to its stakeholders.
Clarity	GRI	The organization should make information available in a way that is accessible and understandable to stakeholders.	Given the complexity of its activity, the company has directed efforts over the year to showing its activity in an illustrated manner, using simple, clear and understandable language.
Reliability and completeness	GRI / IR	The organization should compile, analyze and disclose information and processes used in the preparation of the report in a way that they can be subject to examination of quality and materiality criteria.	As explained in this chapter of the report, the company has a CSR management system that brings together all norms, policies and performance regarding non-financial information.
Connectivity of information	IR	The report should show the interrelatedness and dependencies between the components that affect the organization's ability to create value over time.	The report reveals how the different social, environmental and economic aspects increase the company's capacity to generate value in the long term.
Concision	IR	The report should be concise.	In order to make a more concise report, Abengoa has worked to include certain information in the appendix, so that the report contains only the most relevant information.

Scope of the information included in Integrated Report 2015 *G4-17, G4-18, G4-22*

Unless specified otherwise in the text or in the data reported, all information and all performance indicators included in the report refer to **activity conducted in 2015** by the companies **under the control of Abengoa** (reflected in the annual accounts) and which have a social, environmental and economic **impact both within and outside the corporation's perimeter**. With the aim of facilitating comparability in the information reported, also included are data pertaining to previous years.

In light of the acquisitions and divestitures carried out over the course of the year, the scope of consolidation is not identical to that of 2014. The main difference in relation to previous years is that since July 2015, Abengoa has had less than 50 % stake in Atlántica Yield (formerly known as Abengoa Yield), therefore all companies that comprised it have been excluded from Abengoa's scope of reporting.

G4-13

Focusing the report on materiality *G4-19, G4-20, G4-21*

An **analysis of materiality helps** Abengoa to **identify aspects that are relevant when drawing up enterprise responsibility strategy** in accordance with the expectations of industry stakeholders.

This study adheres to the requirements established by the G4 standard of the Global Reporting Initiative (GRI), a framework which identifies the impact these matters have on the geographies in which the company operates throughout its value chain as one of its main values. Taken into consideration, therefore, was not only the relevance of the topics, but the point to which they are relevant along the value chain.

In 2015, Abengoa performed a materiality analysis that lends continuity to the studies conducted in previous years, taking both variables into consideration. This also constitutes a tool that enables the company to uphold the **principles of inclusiveness, relevance and responsiveness set out under the AA1000 Standard**.

This definition of material information reflects a formal procedure conducted by the company in its CSR management and which also **serves to determine information that is sufficiently relevant for inclusion in the Integrated Report**, information that should be presented in other formats (such as on the corporate website or in other reports), and information that is irrelevant.

This process is carried out through internal committee meetings held, press analysis, information requested in the DJSI (Dow Jones Sustainability Index), opinion makers, consultations with those in charge of maintaining stakeholder dialogue, country risk analysis in countries where Abengoa has a higher volume of business, etc.

Topics considered to be material for the company are selected and classified in order of importance into four categories: "focus", "report", "report in other reports" and "do not report".

Phase I: Identifying relevant issues

Based on the examination of materiality from the preceding year, issues defined by the IPESD, issues included in the SCSRP, matters defined by SASB* and those analyzed in Phase II.

* Sustainability Accounting Standards Board is a non-profit organization that has developed a guide on sustainability reporting for businesses, including the prioritization of relevant indicators for a number of sectors.

Diagram of Abengoa value generation



Phase II: External assessment of relevant issues

External identification and prioritization of issues and interviews held with managers in charge of maintaining stakeholder dialogue.

- DJSI
- Press analysis
- Opinion leaders
- Contry risk analysis
- Interviews with those in charge of the relationships with stakeholders

Ongoing process to assess the relative importance of issues within the value chain and the regions in which the company operates.

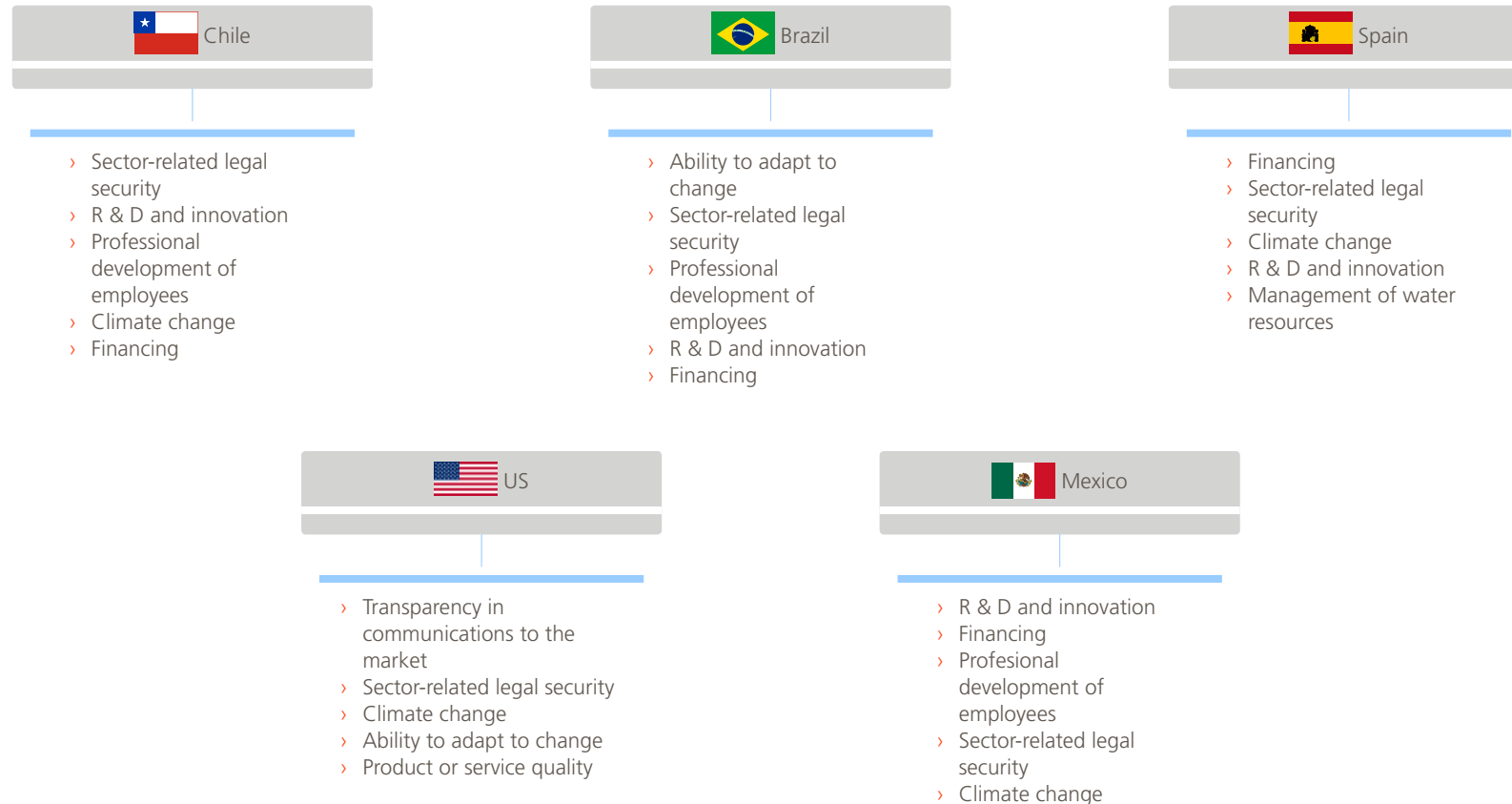
Phase III: Internal prioritization of relevant issues

Prioritization of relevant issues by the company's management team.



Included as a new feature this year was the **analysis of country-related risk in countries where Abengoa has a higher sales volume**. A quantitative study was conducted on aspects entailing risk in countries where the company conducts more business. For each issue, a set of indicators was selected to provide the basis for computing the risk level associated with each issue in the countries analyzed.

Listed below are topics posing greater global risk in each one of the countries to undergo analysis:



Based on the press analysis conducted, the issues entailing greater risk for Abengoa, in order of frequency, were the following:

- › Transparency in communications to the market: including various news items in connection with the alleged lack of transparency in the company's disclosure of figures.
- › Corporate governance: due to the resignation of the chief financial officer of Abengoa Yield¹ and representatives of the Benjumea family leaving the company's Board of Directors.
- › Sector-related legal security: as a result of news in connection with the reduction in bonuses for renewable energy and new taxes on the value of electrical power production, among others.

Internal prioritization was carried out in the committee meeting on Relevant Issues that is held annually. This committee comprises company employees from all areas of non-financial information management and takes into consideration criteria such as diversity (responsibility, geography and gender). During the meeting, assessments were made regarding the significance, in terms of impact for the business, of each one of the issues at the **different points along the value chain**.

When taking into consideration the internal prioritization performed by company heads and the external prioritization analyzed by various stakeholders, the topics identified as being most important were as follows:

- › Financing.
- › Attracting and retaining talent.
- › Ability to adapt to change.
- › Transparency in communications to the market.
- › Business ethics and anti-corruption.

Value generation chain

Based on previous studies conducted in defining the value chain, efforts were devoted to updating this chain and adding more information to the same, such as the inclusion of the geographical component.

In order to define the value generation chain, the classification of issues and the three strategic axes defined under the SCSRP were taken into account. The aim was to align these topics with company strategy and to consider, in a balanced manner, each one of the axes in the study performed.

To this end, the matters examined were grouped together according to the three strategic axes:

- › Global management and responsible governance.
- › External value creation.
- › Internal value creation.

The chain will be updated annually in order to take into account structural changes or changes in company strategy and to progressively supplement any processes or geographies deemed to pose greater risk.

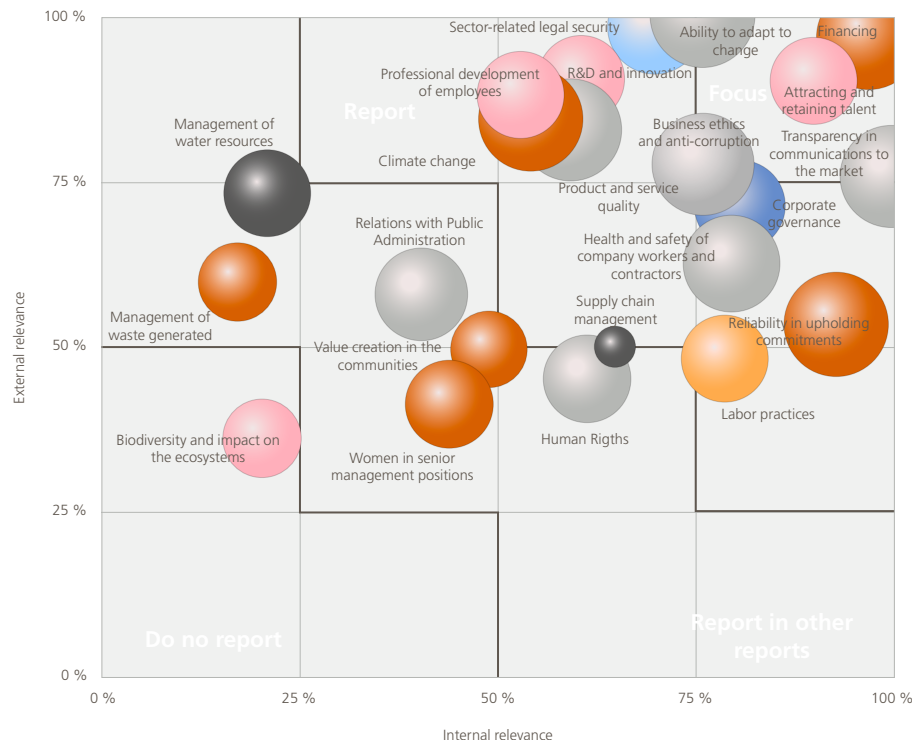
Once the company's chain has been defined, with which it has the capability to generate value and competitiveness, the previously described issues were grouped together, identifying the phases in which they are more critical within the chain.

G4-23

The diagram shows the **results obtained from internal and external prioritization**. This provides the basis for determining the topics on which exhaustive information ("**focus**")² must be included in the report ("**report**"), and indicates the **number of times that each issue impacts the components of the value chain**, which is represented by the size of the spheres. The company continues to work on identifying the main geographies in which the "focus" issues bear greater relevance.

Note 1 Former US subsidiary, now known as Atlantica Yield.

Note 2 Upper quadrant of the diagram.



Focus issues

- > Financing
- > Attracting and retaining talent
- > Ability to adapt to change
- > Transparency in communications to the market
- > Business ethics and anti-corruption

Issues to report

- > Corporate governance
- > Sector-related legal security
- > R&D and innovation
- > Professional development of employees
- > Product and service quality
- > Climate change
- > Health and safety of company workers and contractors
- > Reliability in upholding commitments
- > Labor practices
- > Supply chain management

G4-19, G4-20, G4-21

In March 2016, the procedure applied to relevant issues was reviewed to determine whether topics identified as being material were meeting expectations and needs with regards to information for company stakeholders, especially regarding the unusual situation in which the company finds itself.

Process and functions of the Independent Panel of Experts on Sustainable Development (IPESD)

Since 2008, Abengoa has voluntarily undergone assessment by the Independent Panel of Experts on Sustainable Development (IPESD)³. This group of experts of renowned international prestige in fields related to sustainable development analyzes the company's performance in the realm of Corporate Social Responsibility (CSR), as well as its capacity to respond to the expectations of its stakeholders.

Each year, following analysis of the company's CSR impacts and strategy, the panel formulates a series of questions or recommendations, which are addressed at a face-to-face meeting of the managers and directors of each area. Afterwards, the panel internally analyzes the company's positioning with regards to the various questions and prepares a recommendation report. Abengoa undertakes a commitment to disclosing this report in its Corporate Social Responsibility Report for the corresponding year. The entire process was coordinated by an independent third party.

For the past eight years, professionals representing business, academic and institutional fields have made up this panel. In 2015, the panel was presided over by [María Mendiluce](#), director of Energy and Climate Change at the World Business Council for Sustainable Development (WBCSD). The panel currently also has the following members: [Marina Grossi](#), president of the Brazilian Business Council for Sustainable Development (CDBDS); [Raymond Torres](#), director of the ILO International Institute for Labour Studies; [Annapurna Vancheswaran](#), Senior Director of the Energy and Resources Institute; and [Anne-Christine Wegener](#), anti-corruption and integrity consultant at the Deutsche Gesellschaft für Internationale Zusammenarbeit (GIZ).

Note 3 More information on the [corporate website](#).

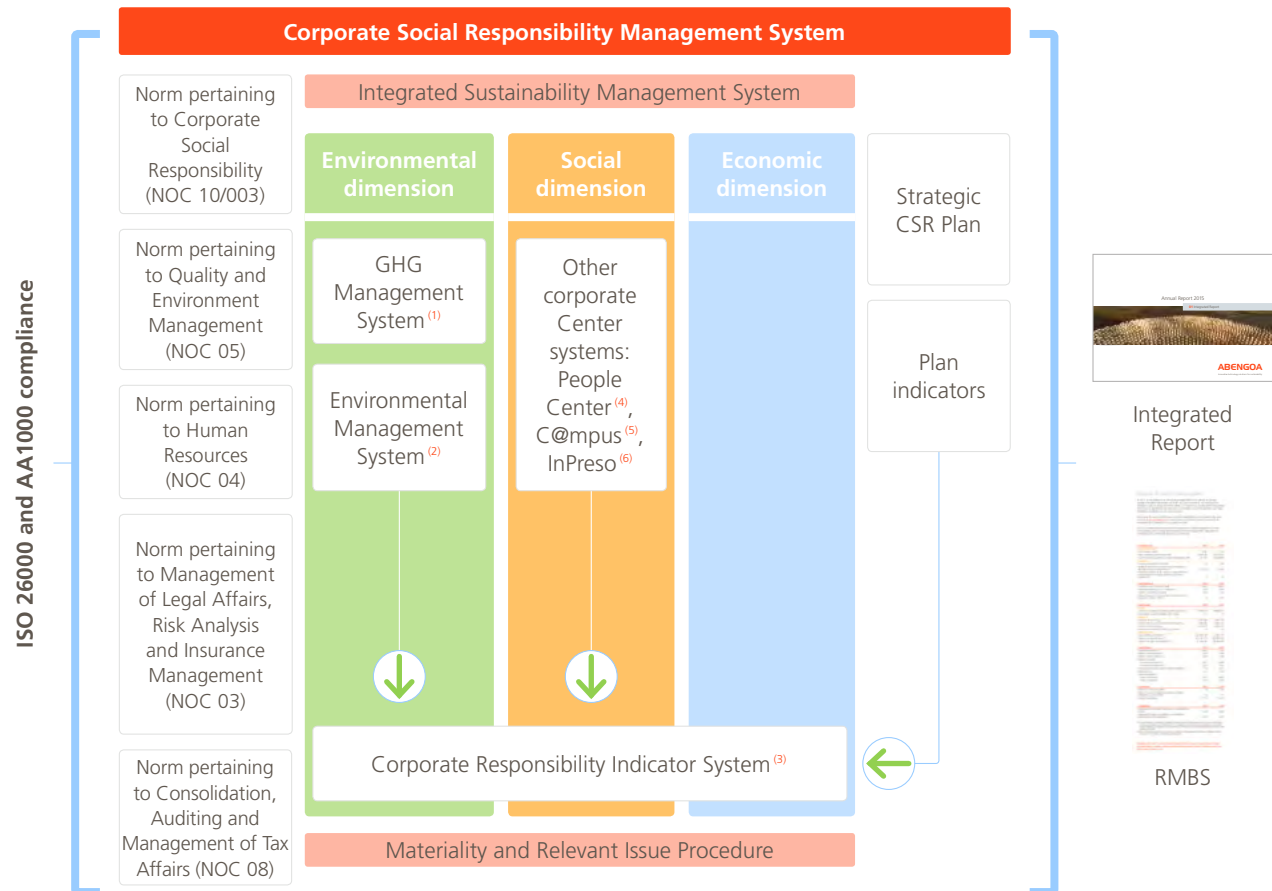
Corporate Social Responsibility Management System

Abengoa has a Corporate Social Responsibility Management System in place. The aim of the system is to control non-financial information in order to facilitate responsible management of the company by minimizing negative impacts of day-to-day operations and maximizing positive impacts.

This system integrates any signs of identity shown by Abengoa in its mission, vision and values, in conjunction with the policies defined by the company or public commitments it has undertaken over the course of its history.

The “Integrated Sustainability Management System” computer tool brings together all Abengoa non-financial information, which facilitates management thereof and affords the company a robust internal control system that ensures information quality.

Illustrated below are the different components that provide input to the system:



- (1) Greenhouse Gas (GHG) Management System: managing the GHG emissions associated with Abengoa products and services, including supplier emissions.
- (2) Environmental Management System: managing the facility-level impact of Abengoa operations on the environment.
- (3) Corporate Social Responsibility (CSR) Management System: covering indicators that are relevant for the company in the three dimensions comprising CSR: environmental, social and economic.
- (4) People Center: computer tool that manages all of the information pertaining to employee contracts and payroll.
- (5) C@mpus: used to manage training at Abengoa.
- (6) InPreso: contains information relating to employee health and safety and hours worked.

How Abengoa ensures information quality

It is essential for Abengoa to have **reliable and rigorous information** readily available to enable the company to accurately determine the impact of its operations. To this end, Abengoa **has devised a set of internal controls that are part of the CSR management system** applied to the different tools used for reporting and consolidating non-financial information.

On an annual basis, a plan is drawn up for internal auditing of non-financial information. This program includes the tasks to be carried out during the period according to materiality analysis.

In 2015, the following work was conducted:

- › **19 exhaustive audits:** involving onsite examination of all non-financial indicators reported by the group companies with a higher volume of business.
- › **15 monitoring and control visits:** where, apart from reviewing the company's management systems, six GRI indicators reported by the company were verified.
- › **1 Remote audit of corporate systems:** consisting of offsite review of corporate HR systems.
- › **129 Internal audits performed by business groups,** on GHG Inventory, CSR indicators, quality, global footprint and product labeling.

These controls are inspected by the non-financial internal auditing unit, which is dedicated exclusively to verifying information pertaining to the three dimensions of CSR.

G4-33