

## 05. About this report



## Principles governing this report

For the past 14 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.

For the second consecutive year, Abengoa has published an integrated report with information on its performance, in response to the organisation's undertaking to align its business strategy with non-financial aspects.

In 2016, the organisation has adapted the publication of its report to the company's existing circumstances. Thus, Abengoa has prepared its report **pursuant to the guidelines of the G4 Global Reporting Initiative (GRI)**, in accordance with the essential option. Furthermore, Abengoa remains committed to the principles of the **AA1000 Accountability Principles Standard - APS (2008)** and provides information on progress in fulfilling the 10 principles of the **United Nations Global Compact**, which govern the company's strategy.

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

### Principles governing report contents G4-24, G4-25, G4-26 y G4-27

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.	Abengoa considers stakeholder engagement to be of key interest in all levels of the organisation, in particular in the course of company activity, in designing business strategy and through the different consultation channels available.
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.	Using the channels of communication with stakeholders, and analysing the sectoral documents of the period, Abengoa analyses the most relevant issues to provide a response to their reporting expectations.
Responsiveness	AA1000 (APS)	This refers to the way an organisation addresses stakeholder issues that affect the organisation'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 includes the Responsible Management Balance Sheet (RMBS).
Context of sustainability / Strategic focus and future orientation	GRI / IR	This report should present the organisation's performance in the wider context of sustainability, affording a strategic vision for creating value.	Abengoa focuses its report so that it explains how the company has responded to the global challenges and the company's present situation. The report also describes how, through company activity and performance, Abengoa seeks to minimise the negative impacts and maximise the positive impacts deriving from company operations.
Completeness	GRI	This report should include topics reflecting the company's main impacts in the realm of CSR and their corresponding degree of coverage.	Since 2012, Abengoa has carried out an exercise to identify relevant issues and their level of coverage. To do this, it has considered its entire value chain (from suppliers to customers).
Balance	GRI	The report should reflect positive and negative aspects of the organisation's performance.	Abengoa continues to work towards providing the information (both positive and negative) derived from company management processes. This report has attempted to provide in-depth information on the company's present situation and the changes that are taking place to achieve the solidity indexes that the organisation has enjoyed in recent years. Special attention has also been paid to the language used in each chapter to facilitate the reader's understanding.

**Principles governing report contents G4-24, G4-25, G4-26 y G4-27**

Principle	Who defines it?	How is it defined?	How does Abengoa apply it?
Comparability and consistency	GRI / IR	The organisation should select, compile and disclose information systematically in order for the information to be comparable with other organisations and to show its evolution over time.	Indicators deemed most relevant by the company 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 two years (with a comparable scope) to make historical information on the company's performance available to the reader. The complicated situation that the company has experienced in recent times has led us to restrict the scope of the report to the essential conformity option, which includes the relevant indicators, based on the analysis of materiality carried out.
Accuracy	GRI	The reported information should be sufficiently accurate and detailed for the stakeholders to be able to assess the organisation's performance.	The independent review this report has undergone ensures the accuracy of the quantitative data, and provides assurance of proof and suitable content for the qualitative information included.
Timeliness	GRI	The organisation should present its report according to a regular schedule so that information is available in time for stakeholders.	Since 2002, Abengoa has published its CSR Report annually. Likewise, through relevant facts and publications on its website, the company informs stakeholders of relevant information on the company.
Clarity	GRI	The organisation 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 years to showing its activity in an illustrative manner, using simple, clear and understandable language.
Reliability and completeness	GRI / IR	The organisation shall compile, analyse 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 organisation'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.
Conciseness	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 the Integrated Report 2016

G4-13, G4-17, G4-18, G4-22

Unless specified otherwise in the text or in the data reported, all information on all performance indicators included in the report refer to **activity conducted in 2016** 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 the two previous years.

Due to the acquisitions and divestitures carried out over the course of the year, the consolidation perimeter differs to that of 2015. The main differences are, among others, the sale of the Bioethanol plants in the USA (Indiana, Illinois, Nebraska, and York) and the sale of the stake in the Ashalim and Shams Power Company project <sup>1</sup>.

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

An analysis of materiality helps Abengoa to **identify and delve deeper into aspects that are relevant** when **designing and drawing up enterprise responsibility challenges** in accordance with the **expectations of stakeholders**.

The 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 the main values.

In 2016, the organisation paid special attention to the consequences that the sale of assets and the refinancing of debt have had in the countries where Abengoa conducted its activity.

For this reason, Abengoa's analysis of materiality in recent years has been affected by the limited resources during the restructuring process. However, the efforts to respond to stakeholders led to a simplified materiality procedure that allows the company to comply, once again this year, with the **principles of inclusiveness, relevance and responsiveness set out under the AA1000 standard**.

The materiality analysis for this report was developed in three phases:

**1. Identifying relevant issues of the previous period:** based on the examination of materiality from the preceding year, the GRI standard, those defined by the SASB <sup>2</sup>.

**2. External assessment of relevant issues:** through identification of those issues that have required most attention in the communication channels available and the information collected from the frequent questions that the stakeholders sent to Communications and Investors Relations Departments.

**3. Internal assessment of relevant issues:** identification of the issues that the managers of the company's main areas have considered relevant, both for the organisation as well as its stakeholders.

Issues that were considered relevant in 2015 show similarities with respect to the results of 2016, justified by the length of the restructuring process, which led to a significant pause in the company's activity.

### Relevant issues 2016

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

Note 1 See the divestments and sales of assets in note 6.2 of the Annual Accounts, published on the Abengoa website.

Note 2 Sustainability Accounting Standards Board is a nonprofit entity which has developed a guide about the presentation of sustainability-related information for companies, including the prioritization of relevant indicators for certain sectors.

To identify the issues of most interest or concern, the patterns of behaviour of stakeholders have been analysed using the company's **main communication tools**, based on the results obtained in 2015. In 2016, the Abengoa website received 1,481,428 visits, distributed as follows:

Section	Visits	Percentage (%)
<a href="http://www.abengoa.es">www.abengoa.es</a>	458,461	30.95
<a href="http://www.abengoa.com">www.abengoa.com</a>	277,661	18.74
Compañía	28,464	1.92
Company	41,657	2.81
Innovación	7,700	0.52
Innovation	2,052	0.14
RSC	10,644	0.72
CSR	6,763	0.46
Accionistas e inversores	62,068	4.19
Shareholders & Investors	75,880	5.12
Sala de Prensa	17,233	1.16
Press Room	20,266	1.37

Likewise, in the press analysis carried out, the most risky issues for Abengoa were:

- › Terms of the company's restructuring for financial creditors and bondholders
- › Deadlines for accession to the financial restructuring plan
- › Progress of the restructuring process throughout the year
- › Deadlines for approval of the standstill agreement

Although in 2015 the press expressed a clear concern about transparency in communications and corporate governance of the company, this year has been marked by the publications surrounding the process of restructuring the organisation and its financial consequences.

Furthermore, the key communication managers were interviewed with the stakeholders and the information requests were analysed in the company's most frequently used mailboxes (Investor Relations and Communication).

In 2016 the shareholder's mailbox ([ir@abengoa.com](mailto:ir@abengoa.com)) handled 4,068 requests, mainly classified into four groups:

- › The impact of the restructuring on their investments in the company
- › The terms offered to financial creditors
- › Consequences for shareholders
- › Procedure for taking part in the restructuring under the different terms offered

Elsewhere, the communication mailbox ([comunicacion@abengoa.com](mailto:comunicacion@abengoa.com)) received over 43,000 enquiries. As an e-mail address used by the media, the most recurring subject matters correspond to those specified in the press analysis.

Lastly, the identification of relevant internal issues was conducted through interviews with those **responsible for the main areas of the company**, focusing on the issues that aroused greater interest during 2016, with further information available throughout the chapters of this report.

When taking into consideration the internal prioritisation performed by company heads and the external prioritisation analysed 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 anticorruption

In 2015, the importance of customising the most relevant issues within the **value chain** led to a study based around three strategic axes, which has been maintained in this period:

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

The value chain is 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. **G4-23**

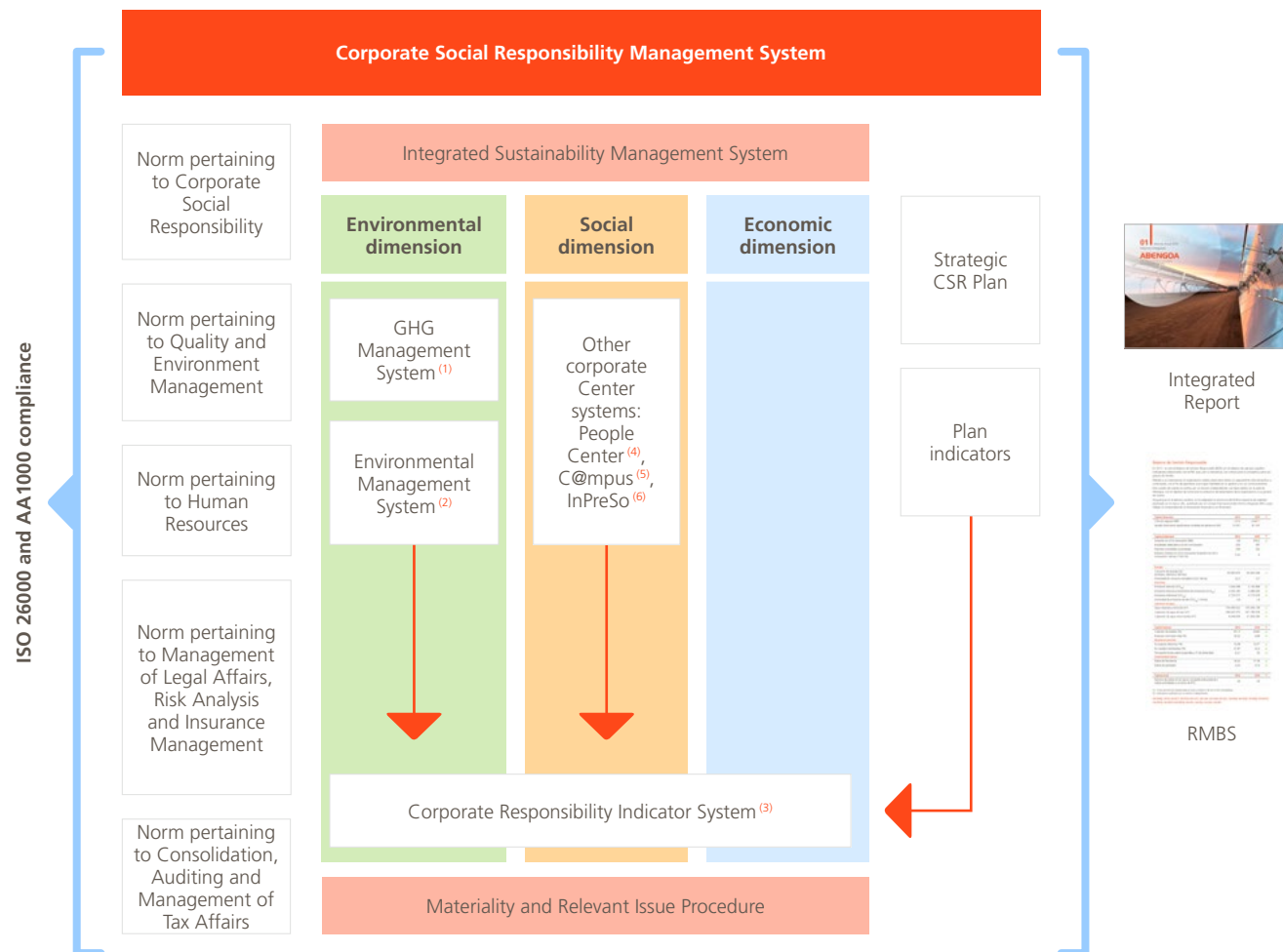
## Corporate Social Responsibility Management System

The purpose of Abengoa's Corporate Social Responsibility Management System<sup>3</sup> is to control non-financial information in order to facilitate responsible management of the company by minimising negative impacts of day-to-day operations and maximising positive impacts.

The system reflects the mission, vision and values of Abengoa and is based on the policies defined by the company, as well as the public commitments that have been acquired throughout its history. This system has also been designed in accordance with the ISO 26000:2010<sup>4</sup>.

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:



Note 3 Corporate Social Responsibility Management System: this considers those relevant indicators for management of the company's performance in the three areas of CSR (social, environmental and economic).

Note 4 ISO 26000:2010: an International standard that sets out the action guidelines for all types of organisations in areas related to social responsibility, the environment, human rights and the rights of consumers.

(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 by the CSR department for internal auditing of non-financial information that covers, according to a materiality analysis, the tasks to be performed during the period. It also defines the risks and controls that are inspected by the non-financial internal audit function, exclusively dedicated to verifying the information related to the three aspects of CSR. **G4-33**

Due to the difficult and exceptional situation the company has experienced over the last year and given that in 2016 the scope and the frequency of reporting have been reduced, the exhaustive or remote audits have been temporarily suspended and will be reactivated in 2017 to comply with the goal of ensuring the quality of non-financial information.