

# 01

Integrated Report

## ABENGOA

Annual Report 2018

Innovative technology solutions  
for sustainability

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**01.** A message from  
the chairman





**Gonzalo Urquijo  
Fernández de Arazo**  
Chairman of Abengoa

Dear all,

Once again, I would like to start this letter by talking about Health and Safety. As you know, here at Abengoa our first and most important concern is for people. Our commitment in this area is unconditional. In this regard, we are proud of having achieved a significant improvement in the Health and Safety indicators for 2018: our Frequency Rate with Sick Leave<sup>1</sup> has been 3.2, 30.4% below the 2017 figure, which means that we have made significant

Note 1 **FRSL = (Number of Accidents with Sick Leave/Number of Hours Worked) \*1,000,000. Includes own and subcontracted personnel.**

progress towards achieving our goal of zero accidents in the workplace.

The total number of Abengoa employees as of 31 December 2018 is 13,450, with a distribution of 20.6 % in Spain and 79.4 % abroad.

We have also continued to make progress with our financial results, recording a significant improvement in profitability with respect to 2017. In particular, we posted an Ebitda of € 188 M. I would like to remind you that this metric stood at € 127 million in 2017 and € -241 in 2016.

This increase is mainly due to higher profitability in certain projects, reduction of overheads and decline in consultancy expenses related to the financial restructuring process (€ 28 M). Thus, Ebitda would have reached € 216 million compared to the € 179 million of the 2017 Ebitda without these non-recurring expenses.

Indeed, we continue to advance and take steps towards meeting our growth objective and consolidating the recovery of our business, which has continued to grow in 2018 thanks to new contracts, completion of construction in certain projects, divestment of assets and to new business opportunities in the pipeline for which we are likely to submit a bid.

In 2018 Abengoa was awarded new projects for a total of 1.5 billion euros. Among these, our participation in the largest solar complex in the world, Mohammed bin Rashid Al Maktoum Solar Park, in Dubai and construction of

the largest reverse osmosis desalination plant in Saudi Arabia, in Rabigh, take pride of place. To these can be added the electromechanical installation work of the Lagoh shopping centre (Spain), the engineering and construction works for a mine owned by Shougang Hierro Peru, an electromechanical installation for Codelco, the largest copper supplier in the world (Chile), the substations and transmission lines for Quebrada Blanca mining company (Chile) and the operation and maintenance contracts of solar, water and transmission and distribution plants entered into in Latin America and India.

Furthermore, Abengoa currently has a pipeline of identified projects worth 28 billion euros, within which we prioritise turnkey projects or EPCs for third parties with a value of less than 100 million euros.

We have also completed major projects such as electrification of the Meca-Medina high-speed line in Saudi Arabia, extension of the water treatment plant built in Mexico for Naturgy and the multifunctional Antel Arena space in Montevideo (Uruguay). Likewise, the A3T efficient cogeneration plant in Mexico has been loading energy onto the national grid since December 2018.

As noted above, one of the reasons for this improvement is the significant effort the company is making to reduce overheads and adapt its structure to the current level of activity, always in a socially responsible manner. These expenses amounted to 77 million euros in 2018, a significant improvement compared to 125 million euros in 2017, a year-on-year reduction

that represents a 38 % drop and 83 % compared to 2015.

Moreover, in 2018 we took a major step in the development of our project for the future, made possible once again by the backing and trust of our clients and financial creditors.

As you all know, we launched a new financial restructuring process in the second half of last year, aimed at ensuring the company's future viability, and it was successfully concluded in April 2019.

Due to both the complexity of a transaction that, taken as a whole, involved the largest corporate restructuring in Europe (excluding financial companies) in addition to the ability to maintain and grow the engineering and construction business, the basis for the company's viability, the process put the extraordinary capacity of our team to the test once again.

This new restructuring has met the three main challenges Abengoa faced: satisfying the need for liquidity and working capital to finance our operations, obtaining new guarantee lines to continue developing the engineering and construction business and submitting bids for more projects and providing the company with a capital structure in line with the expected activity level. Abengoa has thus become a viable company that competes on the domestic and international markets in its benchmark sectors.

With respect to divestment, one of the year's key milestones was the sale of our stake in Atlantica Yield. You will recall that

we reached an agreement with Algonquin Power & Utilities Corp (APUC) in 2017 for the sale of the first 25 % of Atlantica Yield for USD 24.25 per share and for the creation of the joint venture AAGES. We are very excited about the new business opportunities that this venture is creating. The agreement was concluded in March 2018.

This year we have also reached a new agreement with Algonquin for the sale of the remaining 16.47 % of our stake in Atlantica Yield at USD 20.90 per share. This represents an 8 % premium on the listed price at the time. The sale was closed in November and therefore Abengoa has divested its total holding in the Nasdaq-listed company. The transaction resulted in total revenues of roughly 950 million dollars at an average sale price of USD 23.00 per share, well above the market price for Atlantica Yield over the period.

This was not the only divestiture carried out in 2018. We continued throughout the year to demonstrate our ability to rotate assets by selling off a variety of smaller assets: the agreement for sale of the Buhaira building, the former corporate headquarters in Seville, for example, or the Covisa cogeneration plant and the IHSA hydroelectric plant, among others.

I would now like to take the opportunity to draw attention to milestones we have reached in recent months in terms of Corporate Social Responsibility. Companies, as the main economic agents in society, have a great responsibility to implement real equality at all levels of their organisation, which is why senior management has set

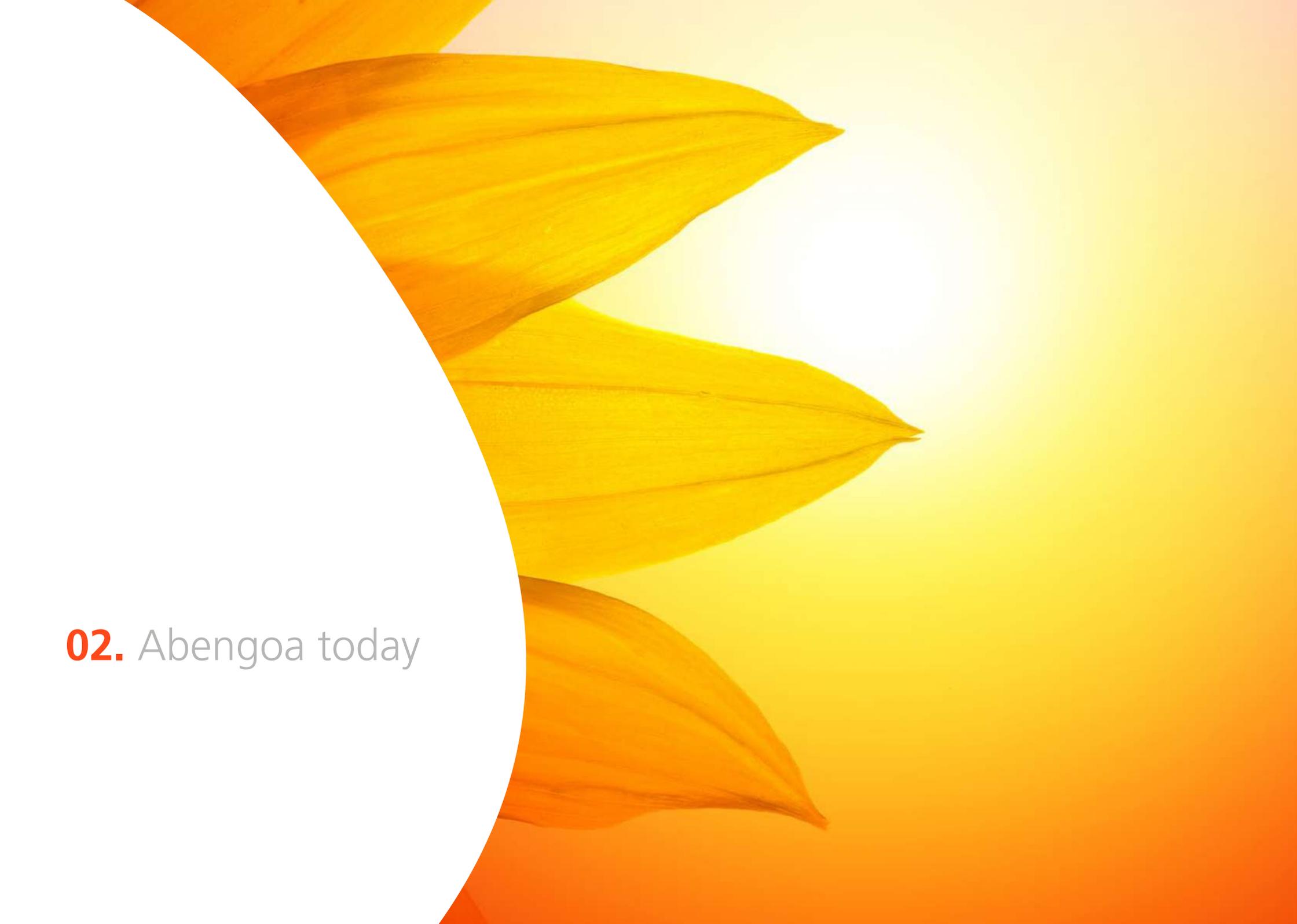
specific objectives in the Strategic CSR Plan to drive a social change that will have a direct impact on all areas of the organisation.

Our adhesion to the Diversity Charter in Spain through the OTP Group Foundation and, more recently in 2019, to the Eje&CON Code of Good Practices for Talent Management and Improvement of Competitiveness in the company are evidence of the strength of our commitment in this area. We intend to continue our work to achieve these goals.

And we will continue to focus on the development of EPC projects for third parties and on enhancing our competitiveness in our target markets and geographic regions as part of our drive to grow and improve our business indicators.

I would not want to end this message without giving a special vote of thanks to all our stakeholders (clients, employees, shareholders, financial creditors and suppliers, etc.). Without them, without their support and trust, none of the milestones reached last year or those that we have set for the future would have been possible. May these lines serve to convey my trust and support. You can be sure that Abengoa is on the road to recovering its business and the confidence of its markets.

*102-10, 102-14, 102-15*

The background features a warm, golden-yellow gradient. On the left side, there is a large white circle. Overlapping the right edge of this circle and extending towards the center are several overlapping, elongated, pointed shapes in shades of yellow and orange, resembling stylized leaves or petals. The overall composition is clean and modern.

## **02.** Abengoa today

## Where we are and where we are going

Abengoa has been busy drawing up the feasibility plan agreed with investors and creditors since March 2017, when the restructuring process in which the company had been immersed for two years came to a successful conclusion. This Plan focusses on our traditional engineering and construction business in which the company has accumulated more than 75 years' experience.

To be more specific, this feasibility plan proposes orienting our activity in the energy and environmental sectors, combining them in a balanced manner with project development of concession-type infrastructures in sectors in which Abengoa has achieved competitive advantages, mainly of the technological type, that enable higher value creation ratios.

The viability plan is based on five main pillars:

- › A **multidisciplinary team** and a culture and capacity for multifunctional work.
- › **High capacity** in the fields of **engineering and construction** and significant strength in business development in markets with high growth potential such as **energy and water**.
- › **Technological capabilities** in our markets of choice, mainly solar power and water.
- › A **more efficient organisation** with competitive overheads.
- › A financial approach in tune with the current reality in which **financial discipline** and very rigorous financial risk assessment prevail.

Abengoa has managed to recover its commercial activities on the basis of growth in the third-party engineering and construction business, progress in the sale of non-strategic assets and other initiatives to reduce debt and improve liquidity.

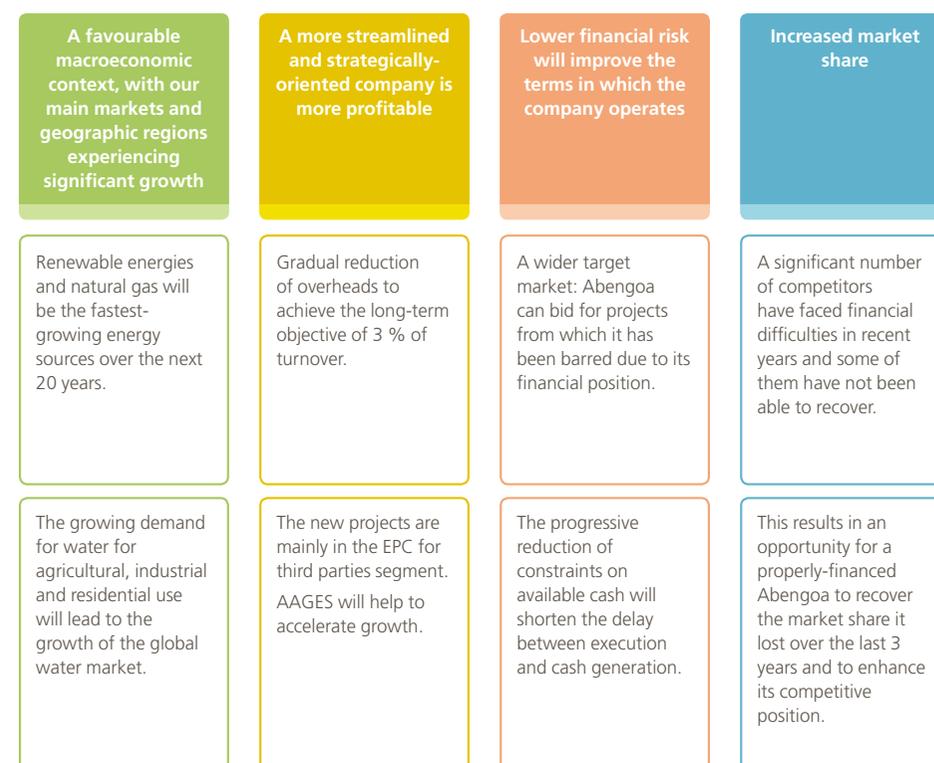
The company has been working on additional actions, specifically a new ten-year feasibility plan and a new financial restructuring process in order to achieve these objectives.

In January 2019 Abengoa presented its new **10-year viability plan**, approved by the Board of Directors on 10 December 2018 and finally adopted on 21 January 2019. Among its main objectives, the following are especially noteworthy:

- › A new financial restructuring process with the aim of **stabilising the liquidity** position and ensuring the **guaranties** that the Group needs, reducing the company's financial risk.

- › To **reduce overheads** to the target of 3 % of turnover as of 2020.
- › To draw up a **business plan based on EPC projects for third parties** with a significant contribution from the strategic alliance with AAGES.
- › To **improve the group's competitiveness** and consolidate our position on the key markets and regions for the business.
- › To **implement the divestment plan** without significant deviations in terms of deadlines and amounts.
- › To **implement the supplier payment plan** without significant deviations from the estimated projection.

The new 10-year viability plan places Abengoa in a post-restructuring scenario within a favourable macroeconomic context and an enhanced competitive position.



The **financial restructuring process**, the purpose of which is to change the terms of the existing financing arrangements and to restructure the group's financial debt, **was finally concluded in April 2019** and is achieving the following objectives:

- › To generate 97 million euros of **new liquidity** through issuance of convertible bonds of A3T, the efficient cogeneration plant that Abengoa is building in Mexico.
- › To provide 140 million euros in the **new guaranty lines** required to drive growth in the engineering and construction for third parties business.
- › To **reduce the financial debt** of the group's businesses and transform the majority of the remaining debt into a mandatory convertible instrument.

Within the framework of the restructuring, an agreement has also been reached with the objecting creditors of the financial debt object of the 2017 restructuring for the refinancing of said debt as part of the convertible instruments or through application of payments or promissory agreements, debt relief and grace periods. The result of these agreements is that we are no longer subject to the litigation risk that existed until now.

## A viable company with a solid base



## Pillars of the future

Abengoa will base its future growth on two of its main strengths: excellence in its **technical capabilities and international positioning**. Therefore, in this new stage it will focus its efforts on the organisation's core activities in which it has robust, consolidated experience.

As a result of its new strategy, Abengoa divides its activity into four business areas that perform business development, tenders, engineering and project execution:

Energy	Water	Transmission and Infrastructure	Services
<ul style="list-style-type: none"> <li>› Conventional and renewable electric power generation.</li> <li>› Capabilities covering engineering, procurement, construction and commissioning.</li> <li>› 9 GW of installed conventional energy capacity.</li> <li>› In-house solar power technology, world leader in installed capacity.</li> </ul>	<ul style="list-style-type: none"> <li>› Specialist in infrastructures for the comprehensive water cycle.</li> <li>› Excellence in technical skills and international positioning.</li> <li>› Proven experience and track record in water treatment and hydraulic infrastructures, leaders in desalination.</li> <li>› 1.5 M m3/day of installed desalination capacity and 2.3 M m3/day of purified water.</li> </ul>	<ul style="list-style-type: none"> <li>› Leading international contractor in transmission and infrastructure for energy, industry, transport, the environment and communications.</li> <li>› More than 27,000 km of transmission lines and more than 330 substations built in the last 15 years.</li> <li>› Railway area with more than 4,500 km of electrified track and more than 80 traction substations.</li> </ul>	<ul style="list-style-type: none"> <li>› Service providers for infrastructures in the transmission, water and renewable and conventional energy generation sectors.</li> <li>› Optimisation of O&amp;M, improvement of management and increased production.</li> <li>› 25-year average contract life.</li> </ul>

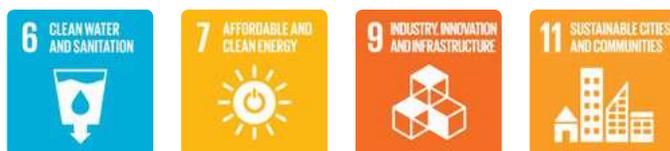
## Sustainability remains the core value

Here at Abengoa, sustainability is one of the main drivers of our strategy and a differentiating priority factor.

Analysis of the global mega-trends reveals that aspects such as population growth, resource stress, urban growth, enhancement of the quality of life and the demand for new infrastructures are already a reality. For this reason, the company focuses its main strategic activities on responding to the growing needs in terms of energy and water supply in an increasingly demanding society.

The projects we carry out highlight Abengoa's capabilities in the field of sustainability, the perspectives of which have been reactivated since the Paris Summit. Today, despite the current fossil fuel prices, even the most pessimistic forecasts predict significant growth in these sectors. Abengoa is a leading global player in the renewable energy and water markets where it has been in the vanguard for the last decade, a track record that enables us to face the future with confidence.

All projects handled by the business are aimed at providing sustainable solutions for **fulfilment of various sustainable development goals**.



SDG6: Desalination activity. Goals 6.1, 6.4, 6.a and 6.b.  
(<http://www.un.org/sustainabledevelopment/es/water-and-sanitation/>).

SDG7: Renewable energy and transmission activity. Goals 7.1, 7.2, 7.3 and 7.b  
(<http://www.un.org/sustainabledevelopment/es/energy/>).

SDG9: Resilient infrastructure construction activity, driving inclusive, sustainable industrialisation and fostering innovation. Goals 9.1, 9.4. and 9.5  
(<http://www.un.org/sustainabledevelopment/es/infrastructure/>).

SDG11: Goal 11: Sustainable cities and communities as our business mission. Goals 11.3, 11.6 y 11.b (<http://www.un.org/sustainabledevelopment/es/cities/>).

## Main figures 102-07, 201-1

In 2018, Abengoa had a turnover of € 1,303 million, 12 % down on 2017, and an EBITDA of € 188 million, 48 % more than the previous year.

Item	2018	2017	Var (%)
<b>Income statement (€M)</b>			
Sales	1,303	1,480	(12)
Ebitda	188	127	48
Operating margin	14 %	9 %	56
Net income	(1,498)	4,278	(135)
<b>Balance sheet</b>			
Total assets	3,830	6,359	(40)
Equity	(4,251)	(2,408)	(77)
Corporate net debt	4,096	3,254	26
<b>Share information (€M)</b>			
Latest quote (€/B share)	0.0034	0.01	(66)
Capitalization (A+B shares) (€M)	82	218	(62)
Daily trading volume (€M)	1	6	(83)

## Areas of activity and regions

The breakdown of turnover and Ebitda by business activity at the end of the 2018 and 2017 financial years is as follows:

Item	Sales			Ebitda		
	2018	2017	Var (%)	2018 <sup>(1)</sup>	2017 <sup>(1)</sup>	Var (%)
Engineering and construction	1,111,659	1,316,624	(16)	75,017	24,904	201
Concession-type infrastructures	191,067	163,144	17	113,418	102,027	11
<b>Total</b>	<b>1,302,726</b>	<b>1,479,768</b>	<b>(12)</b>	<b>188,435</b>	<b>126,931</b>	<b>48</b>

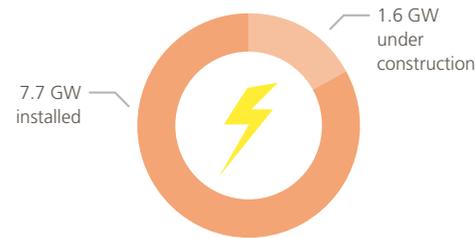
(1) Includes expenses for independent professional services by consultants participating in the restructuring process amounting to 28 million euros and 52 million euros as of 31 December 2018 and 2017, respectively.

## Noteworthy aspects



Global presence and recognised leading position in the main world rankings (ENR, GWI)

# 9.3 GW



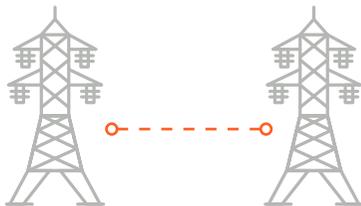
9.3 GW of installed power in conventional generation plants, of which 1.6 GW are under construction.

# 3.5 GW



2.1 GW <sup>(1)</sup> of built solar energy, 860 MW under construction and 480 MW of wind power.

# 27,000 km



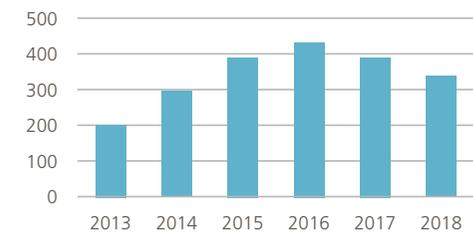
+ 27,000 km of transmission and distribution lines and more than 330 substations throughout the world in the last 15 years.

For  
**18 M**  
people



+ 1.5 million m<sup>3</sup>/day of installed desalination capacity and 2.2 million m<sup>3</sup>/day under construction.

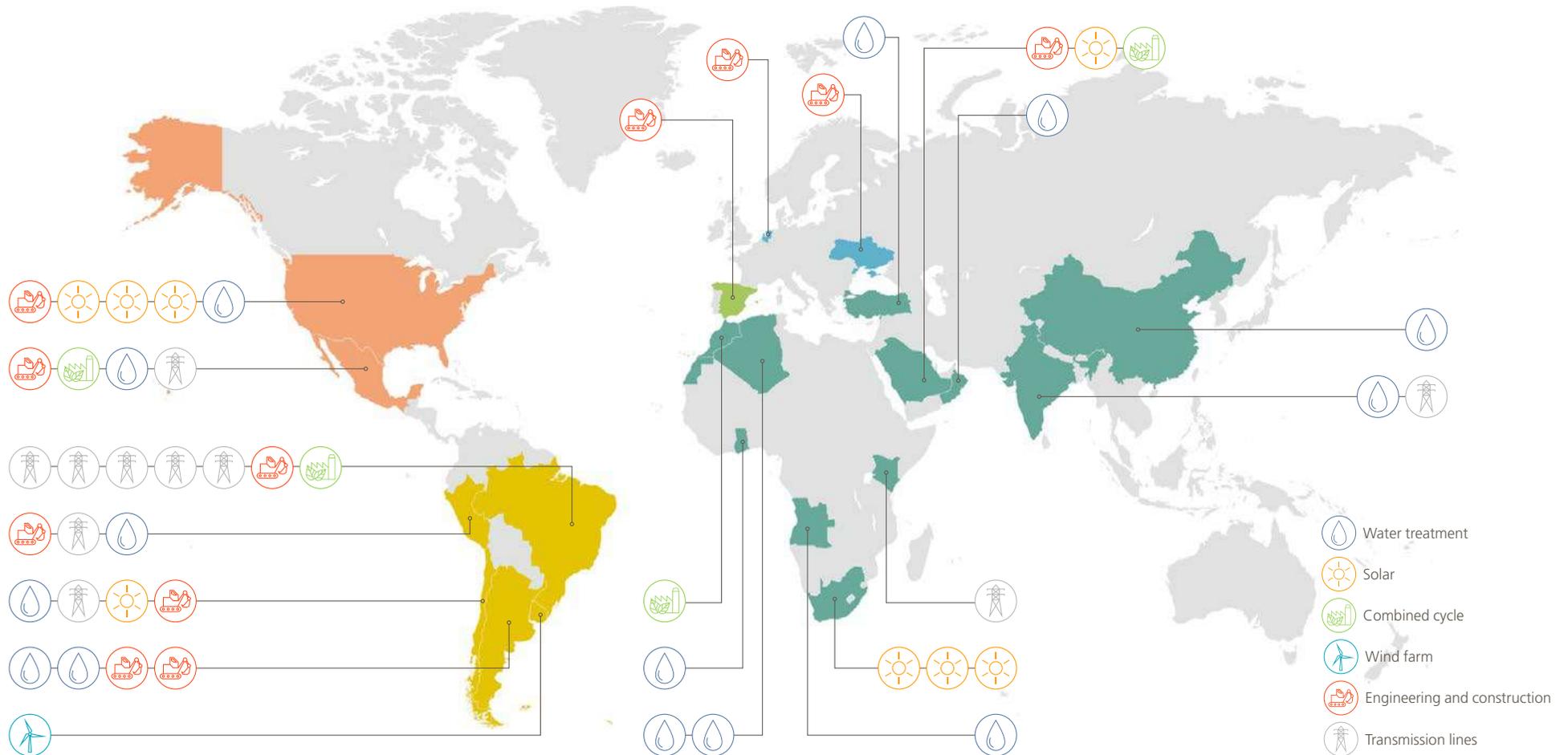
Number of patents



342 patents granted since 2008.

<sup>(1)</sup> 34 % of worldwide installed solar-thermal capacity.

## Map of economic impact and contribution to progress 102-06



North America	
Sales (€k)	212,901
Employees	283
Local suppliers (%)	5.06
Local purchases (€k)	45,723
Taxes paid (€k)	3,209,440

South America	
Sales (€k)	345,929
Employees	9,271
Local suppliers (%)	26.15
Local purchases (€k)	236,438
Taxes paid (€k)	72,324,600

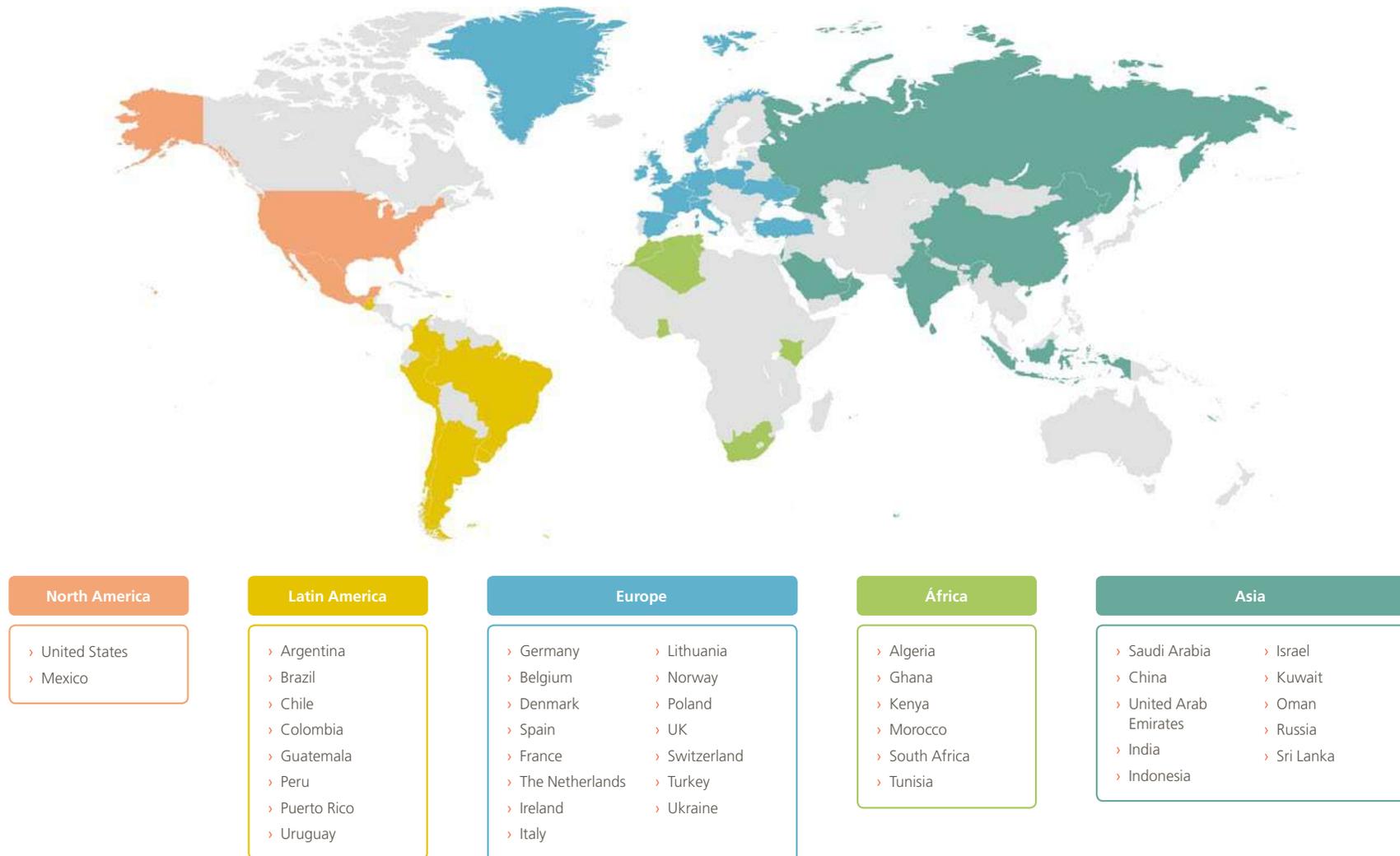
Spain	
Sales (€k)	137,421
Employees	2,768
Local suppliers (%)	13.59
Local purchases (€k)	122,900
Taxes paid (€k)	30,324,306

Europe	
Sales (€k)	121,873
Employees	244
Local suppliers (%)	3.61
Local purchases (€k)	32,673
Taxes paid (€k)	5,790,529

Rest of the world	
Sales (€k)	484,602
Employees	884
Local suppliers (%)	29.04
Local purchases (€k)	262,448
Taxes paid (€k)	26,574,043

## Presence in the world 102-3, 102-4, 102-6

With its headquarters in Seville (Spain), Abengoa operates in 41 countries through 372 companies, subsidiaries, investee companies, facilities and offices. The company continues to execute projects in the United States, Mexico, South America, Europe, Africa, the Middle East, Turkey and India.



List of countries with Abengoa's personnel or sales during the period.

## Project awards

In 2018 Abengoa was awarded **new projects for a total value of 1.507 billion euros**. Our current portfolio is worth 1.8 billion, including part of the largest solar complex in the world located in Dubai and the biggest reverse osmosis desalination plant in Saudi Arabia.

	<b>Dewa</b>	Dubai	Technology and a solar field of 3 x 200 MW parabolic trough collectors
	<b>Cerro Dominador</b>	Chile	110 MW tower solar thermal plant with 17.5 hours of storage
	<b>Luneng</b>	China	Provision of engineering and technology for 50 MW tower solar thermal project
	<b>Rabigh</b>	Saudi Arabia	The largest reverse osmosis desalination plant in the country. 600,000 m <sup>3</sup> /day
	<b>Salalah</b>	Oman	Desalination plant with capacity for 114,000 m <sup>3</sup> /day
	<b>Agadir</b>	Morocco	Desalination plant with capacity for 275,000 m <sup>3</sup> /day of water and 13,500 ha of irrigated land
	<b>Shuaibah</b>	Saudi Arabia	Desalination plant with capacity for 250,000 m <sup>3</sup> /day
	<b>Fulcrum</b>	United States	Plant that will produce 10 million gallons of biofuel per year from solid urban waste
	<b>A3T</b>	Mexico	Efficient 260 MWe cogeneration plant (220 guaranteed) and 120 t/h of steam
	<b>WAS</b>	Saudi Arabia	1,390 MW combined cycle: the world's largest hybrid solar-gas plant
	<b>Quebrada blanca</b>	Chile	Electric substations for the second phase of the Quebrada Blanca mine
	<b>Puerto Capurro</b>	Uruguay	Construction of approximately 1,000 m of docks in Montevideo

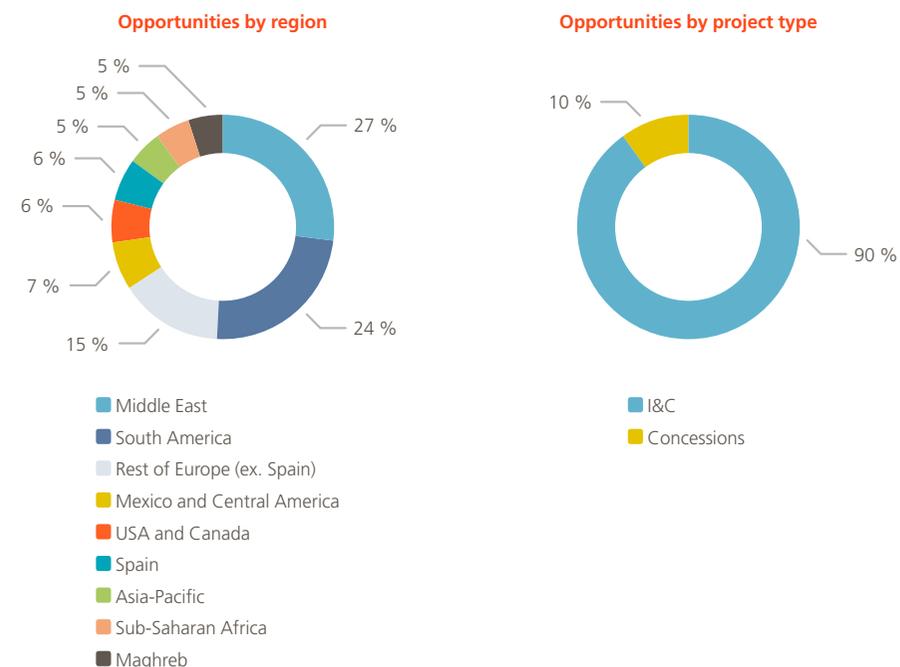
## Operation in sectors with high growth potential

### Projects in the pipeline

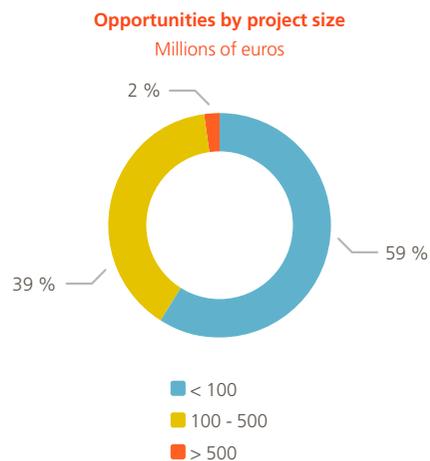
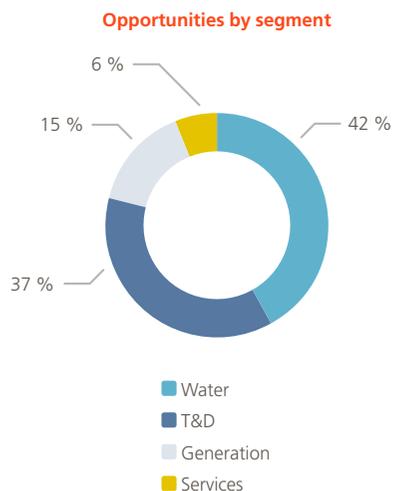
Abengoa has a pipeline of identified projects with a value exceeding 27.5 billion euros<sup>1</sup>.

The identified projects are in line with the company's strategy:

- › They are mainly EPC projects for third parties with a growing proportion of smaller projects.



Note 1 Pipeline on 31 December 2018.



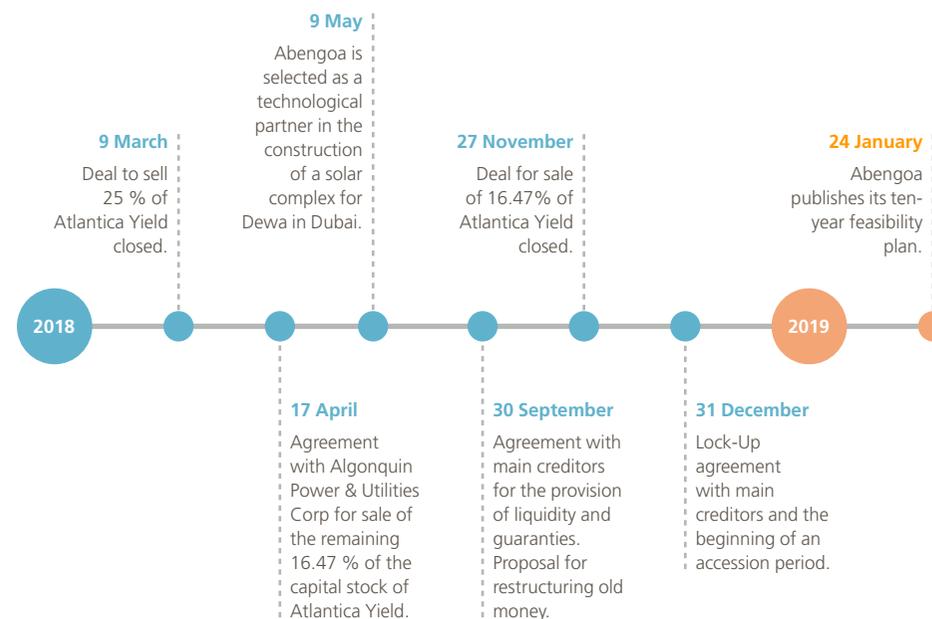
	<b>Brasil T&amp;D</b>	9,750 km in Brazil	
		> In operation: acquired by TPG	✓
		> Under construction: judicial rehabilitation	In progress
	<b>ATN3</b>	355 km transmission line in Peru	In progress
	<b>Norte III</b>	924 MW combined cycle in Mexico	✓
	<b>Manaus Hospital</b>	300-bed hospital in Brazil	In progress
	<b>Real estate</b>	Various properties	Partially complete

## Sale of assets

The sale of assets is one of the objectives of the strategic plan that contributes to improving Abengoa's liquidity:

	<b>Bioenergy USA</b>	1 G & 2 G bioethanol	✓
	<b>Bioenergy Europe</b>	1 G bioethanol	✓
	<b>AB San Roque</b>	Biodiesel	✓
	<b>Bioenergy Brazil</b>	1G bioethanol. Pending judicial rehabilitation	In progress
	<b>Khi</b>	50 MW CSP - tower in South Africa	In progress
	<b>Xina</b>	100 MW - CCP in South Africa	In progress
	<b>SPP1</b>	150 MW hybrid CC+CSP in Algeria	In progress
	<b>Accra</b>	60,000 m <sup>3</sup> / day in Ghana	In progress
	<b>Tenès</b>	200,000 m <sup>3</sup> / day in Algeria	Provisional
	<b>Chennai</b>	100,000 m <sup>3</sup> / day in India	In progress

## Major milestones in 2018



## The digital transformation in Abengoa

Abengoa understands digital transformation to mean **the intensive use of technology to improve the performance and scope** vis à vis our stakeholders.

The digital evolution taking place in society in general and in the sectors in which Abengoa operates in particular, makes it a key aspect in the company's strategy and corporate social responsibility.

**Digitalisation**, therefore, is one of the main tools that enable us to achieve a sustainable model to **create technological models** that foster collaboration, participation, mobility and access by our stakeholders to information in real time.

The digitalisation processes in Abengoa are centred on the following vectors:

<p><b>Digital Employee</b></p>	<p>To foster the use of digital solutions that improve the day-to-day work of our employees, enabling them to access advanced digital tools and solutions in which collaboration, access to real-time information and therefore decision-making are the key factors for success.</p>	
<p><b>Digital Assets</b></p>	<p>The progress in digital solutions is enabling continuous improvement in the company's value chain processes, from innovation to O&amp;M through design, engineering and construction.</p>	
<p><b>Digital clients and suppliers</b></p>	<p>Implementation of digital solutions that enable us to collaborate with clients and partners in our value chain in any of its phases. From business development to operation and maintenance through engineering, procurement or construction.</p>	
<p><b>Digital Processes</b></p>	<p>Abengoa's culture of management by processes and activities means that the management model is a key focus of digitalisation. The implementation of digital solutions that enable accelerating and automating the company's processes from the initial order to completion create a tangible improvement in our delivery of value.</p>	
<p><b>Digital platform</b></p>	<p>To foster the use of digital solutions that improve the day-to-day work of our employees, enabling them to access advanced digital tools and solutions in which collaboration, access to real-time information and therefore decision-making are the key factors for success.</p>	
<p><b>Cybersecurity</b></p>	<p>Digital transformation poses a technological and social challenge with respect to information security. Abengoa, aware of the crucial importance of information security, has implemented the policies, measures and objectives required to ensure the confidentiality, integrity and availability of its data within the framework of our Information Security Management System.</p>	

## 03. Management of capitals

03.1. Financial capital

03.2. Industrial capital

03.3. Human capital

03.4. Social and relationship capital

- \_ Clients
- \_ Suppliers
- \_ Community

03.5. Natural capital



## Criteria governing Abengoa's business model

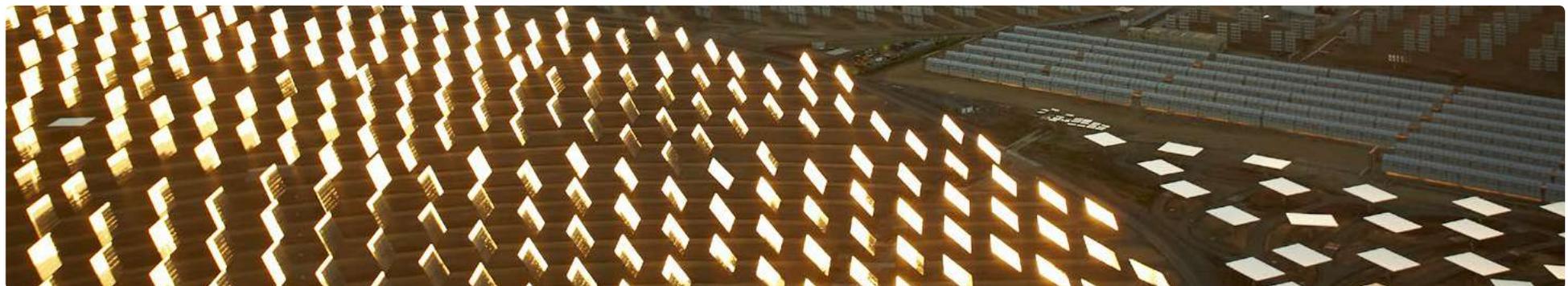
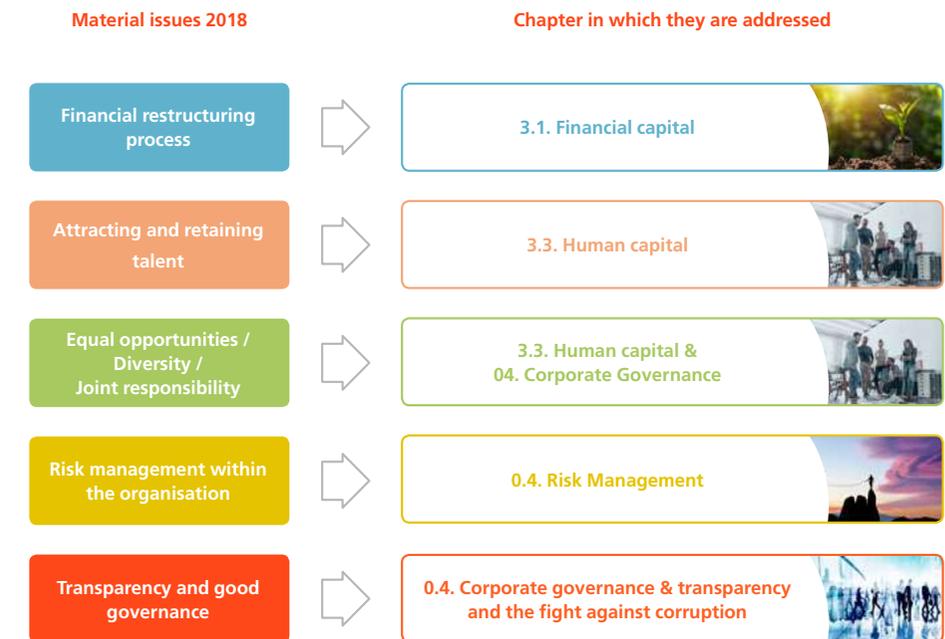
The organisation's corporate social responsibility strategy is based on a **basic pillar: the relationship with its stakeholders**. That's why it is essential to guarantee a relationship based on trust with all of them.

This report is one of the main **transparency** and **communication** tools used in Abengoa's **business model and value creation**. Its purpose is to provide information about the most relevant aspects, while taking into account the main concerns of its stakeholders.

The chapters below include a detailed description of **Abengoa's capital**, divided into five main areas: financial, industrial, human, social-relational and natural. Detailed information is provided for each area, **in relation to management and strategic approach**, as well as on the company performance during 2018 through different indicators, based on the GRI Standards.

A year on, Abengoa has analysed the most relevant matters for the company itself and for its stakeholders, with the purpose of providing an objective and well-balanced opinion on the matters that have affected the company the most.

The chapters below include specific information about how the company has managed the most relevant issues throughout 2018:

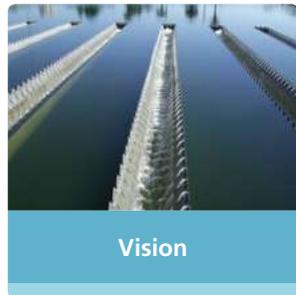
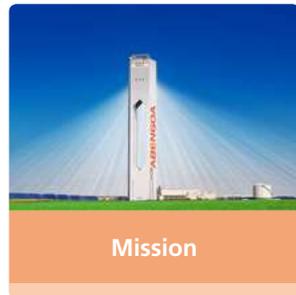


## Mission, vision and values

The extraordinarily complex and adverse scenario of the past few years, in addition to the need to adapt to a new business model after the sale of important assets leading to an interruption of the operations in some business groups led to an in-depth review of the company's foundations. Therefore, Abengoa updated its mission, vision and values in 2017 with the purpose of adapting them to the company's new situation, while strengthening the transparency, commitment and good governance message.

The company's mission, vision and values have been **designed according to its corporate sustainability and responsibility culture**. The company's firm commitment to these values is the key to generating value in time and to make a positive contribution to social well-being.

102-16



To create **innovative technological solutions** for sustainable development in the Infrastructures, Energy and Water sectors that contribute to **social well-being**. Our business management is part of a responsible policy framework and responds to the principles of **efficiency, transparency and responsibility**, generating value for all of our stakeholders.

To be a world leader in the development of innovative technological solutions in the Infrastructures, Energy and Water sectors, in a way that contributes to **economic and social progress**, developing an ethical culture which enhances a **model of responsible management** with our environment, and a sense of pride of belonging among our employees.

Our activity is based on **ethical values** that guide the behavior of our employees, partners, collaborators and suppliers. The **Compliance of principles of actions** is the only way to build market trust and the respect of the public.



## Corporate Social Responsibility Policy

Abengoa's CSR policy **establishes the main guidelines of the social, financial and environmental areas**, which must be followed by the entire organisation, **ensuring CSR is integrated across all areas of the company**, acting as a lever to ensure it achieves its business goals. Likewise, the organisation manages its capital according to the sustainable criteria included in its CSR policy.

This policy was unanimously approved in 2015 by the Board of Directors and can be found at the [company's website](#).

The Corporate Social Responsibility area reports directly to the Chairman's office and holds regular meetings to monitor all matters relating to sustainability. Furthermore, the Audit Committee is responsible for reviewing compliance with the strategic lines set forth in the CSR policy. 102-20

## Strategic Corporate Social Responsibility Plan (SPCSR)

During 2018, Abengoa updated its Strategic plan of CSR (SPCSR), which had to be temporarily interrupted until the structure and scope of the group's activities were defined. This plan was approved by the Board of Directors in February 2019 and is designed for a five-year period: 2019-2023.

The SPCSR defines the company's framework and guidelines with a series of actions that can **integrate the expectations of stakeholders into the organisation's strategy**, identifying concrete goals and designing specific actions that help develop a responsible business fabric to create a sustainable and global development model.

This plan will allow Abengoa to **develop its distinguishing activities** in an environment of innovation and sustainable development, so it can anticipate to new business challenges associated with sustainability **and mitigate the risks inherent to its activity**. Likewise, it will allow the company to roll out its CSR strategy in each vertical and region, with specific actions adapted to the actual social situation of each community in which Abengoa is present.

To update the plan, the company used the previous strategy plan, adapting it to the **commitments established in the CSR policy and in the Sustainable Development Goals (SDGs)**.

Global macro trends have a direct impact on the business and the activity of companies. Therefore, the potential impact of these mega trends on the businesses of Abengoa in the short, medium and long-term were analysed with all members of the management committee to identify the potential risks and opportunities. Some of these aspects taken into account in the analysis include climate change, population growth, stress on natural resources, deforestation, promotion of technology, urban growth, etc.

Likewise, the **mega trends on sustainability** were taken into account, considering the future challenges or laws that the company must abide by, such as the Equal Remuneration Law, the new Public Procurement Law or the Spanish Strategy for the Circular Economy.

Moreover, the company has also held meetings with key employees of the organisation to design the strategy lines and establish specific goals, actions and indicators that allow us to monitor the progress of the Plan.

Three main pillars of action were defined with this work:

Main pillars of the 2019-2023 SPCSR



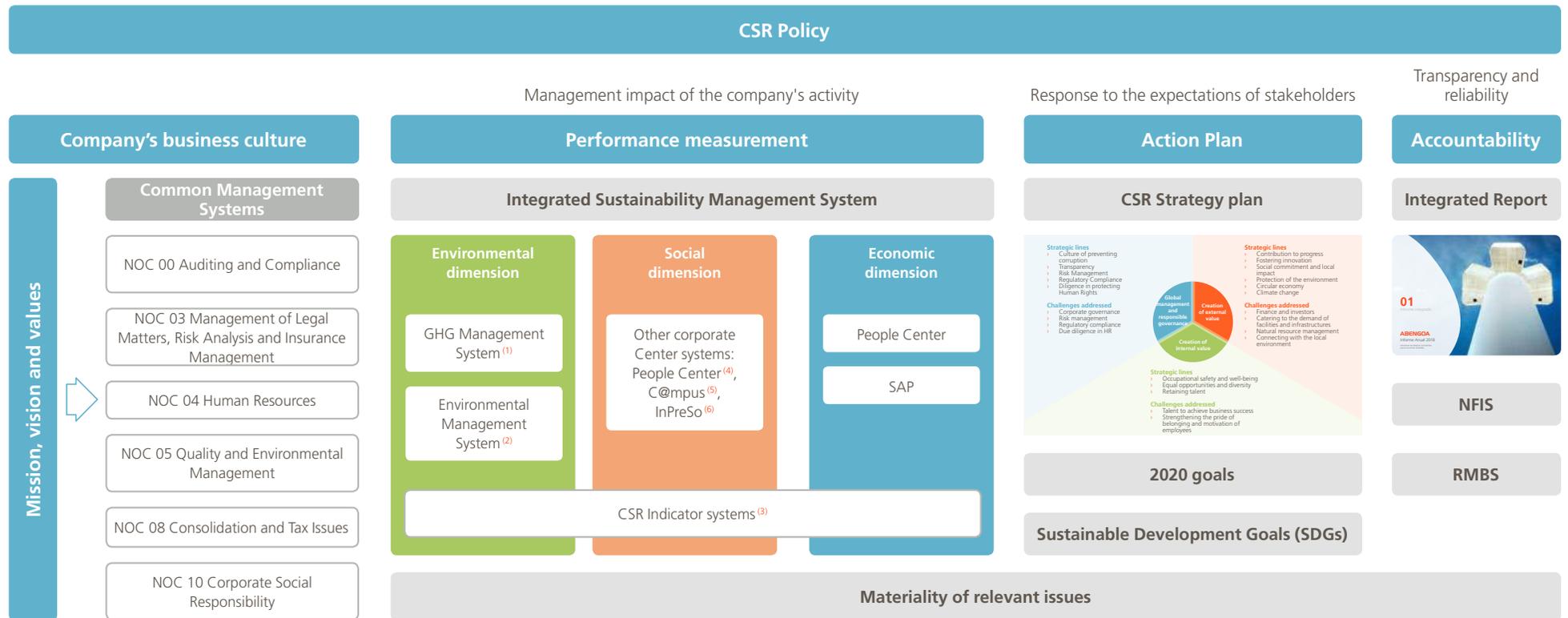
# Corporate Social Responsibility Management System

Abengoa's Corporate Social Responsibility Management System (CSRMS) is **aimed at controlling non-financial information**, with the purpose of ensuring a responsible management approach that seeks to minimise the negative impacts associated with the company's activities, while increasing its positive impacts.

The CSRMS is based on the mission, vision and values of the company, as well as the public commitments acquired throughout its history. The system is designed according to the ISO

26000:2010 international standard, which includes the guidelines for all organisations in areas relating to social responsibility, the environment, human rights and the rights of consumers.

The company uses its "Integrated Sustainability Management System", a computer-based tool designed to manage and consolidate the performance indicators of the main CSR areas (social, environmental, financial and governance), which gathers non-financial information across the organisation and allows the establishment of a robust internal control system that guarantees its reliability.



(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.



## UN Global Compact *102-12, 102-13*

Since 2002, Abengoa is committed to the United Nations Global Compact. Such a commitment is based on guaranteeing that it shall implement the ten goals associated with human rights, employment, the environment and the fight against corruption in its activity, business model and strategy.

## Sustainable Development Goals (SDGs)

Abengoa has incorporated the Sustainable Development Goals (SDGs) into its activities and business strategy, as the common theme of its Strategic CSR Plan.

As a company that applies innovative technological solutions for sustainable development in the infrastructure, energy and water sectors, the organisation is in a key position to achieve a higher contribution in the following sustainable development goals through its businesses:



However, the company rolls out actions in the strategy lines and goals established in the SCSRP to make progress in the achievement of all other sustainable development goals. Below is a description of how the company contributes to the achievement of the applicable goals.

SDGs	Description of the goals	Areas	Description	Chapters in which it is addressed
	Goal no. 1: end poverty in all its forms everywhere	People	Abengoa is present in the local business and industrial fabric, providing its support and social action initiatives to help the most vulnerable groups.	Employees, Suppliers and Community
	Goal no. 3: ensure healthy lives and promote well-being for all at all ages	People	The health and well-being of its staff and all players in its supply chain are a priority for the company and, in particular, for its senior management. To this end, it rolls out different policies and actions to guarantee safe working conditions and appropriate training for all of its personnel.	Human capital, Suppliers
	Goal no. 4: ensure inclusive and equitable quality education and promote lifelong learning opportunities for all	People	The company rolls out training actions for the local communities with its social action plans.	Community
	Goal no. 5: achieve gender equality and empower all women and girls	People	The company uses its own mechanisms to guarantee gender equality in any area. To achieve this, it has its own Equality Framework Plan and the Equal Opportunities and Treatment Office, aimed at ensuring gender equality and equal opportunities for men and women. The SCSRP has established a strategic gender equality line with many different objectives to make progress in this area.	Human capital, Regulatory compliance
	Goal no. 6: Ensure availability and sustainable management of water and sanitation for all	Planet	Abengoa offers products and services to manage the comprehensive water cycle, guaranteeing the availability of resources with an efficient approach.	Natural capital
	Goal no. 7: Ensure access to affordable, reliable, sustainable and modern energy for all	Prosperity	Renewable energy is one of the pillars of Abengoa's business, both in the business itself -being a global leader in the development of thermoelectric, photovoltaic and hybrid power plants with storage systems, and in the 'Biomass to Energy' sector-, and on how it conducts business, fostering the implementation of efficient measures in all of its lines of activity.	Natural capital
	Goal no. 8: Promote sustained, inclusive and sustainable economic growth, full and productive employment and decent work for all	Prosperity	The company fosters local employment in the communities in which it is present, promoting social inclusion through employment to local suppliers, reducing poverty and fostering local employability through education.	Community, Suppliers, Human Capital, Financial Capital
	Goal no. 9: Build resilient infrastructure, promote inclusive and sustainable industrialisation and foster innovation	Prosperity	The organisation contributes to the growth and development of society through the construction, operation and maintenance of sustainable infrastructures that protect the environment and society.	Industrial Capital
	Goal no. 10: Reduce inequality within and among countries	Prosperity	Helping the communities in which the company operates with education, guaranteeing professional training is provided to everyone with the purpose of fostering equal opportunities.	Community

SDGs	Description of the goals	Areas	Description	Chapters in which it is addressed
	Goal no. 11: Make cities and human settlements inclusive, safe, resilient and sustainable	Prosperity	Abengoa provides solutions aimed at sustainable urban development, the supply of the most suitable basic services and safe transport systems, focusing its activities on the generation of clean energy and water management, building energy transmission infrastructures and railway lines and traction substations, as well as singular buildings, such as hospitals or prisons.	Natural capital and Community
	Goal no. 12: Ensure sustainable consumption and production models	Planet	In accordance with its environmental policy, Abengoa promotes the efficient use of natural resources and effective waste management, thus guaranteeing its commitment to the environment, focusing its activity on moving towards a green growth model.	Natural capital
	Goal no. 13: Take urgent action to combat climate change and its impacts	Planet	Abengoa focuses its activities on offering solutions aimed at reducing emissions and at energy efficiency throughout the supply chain. Likewise, it has developed different strategies to analyse the risks associated with climate change in all of its projects and facilities.	Natural capital
	Goal no. 15: Sustainably manage forests, combat desertification, and halt and reverse land degradation and halt biodiversity loss	Planet	Abengoa promotes the use of techniques and equipment that are beneficial to the organic regeneration of soils and thus reduce the risk of fire during its construction work and when operating its projects. It also establishes plans for the protection of fauna and flora and initiatives for the restoration and repair of any damage, if needed.	Natural capital
	Goal no. 16: Promote fair, peaceful and inclusive societies	Peace	Strengthening the company's code of ethics with the compliance area and consolidation of the whistleblowing channels through its internal and external channels.	Regulatory compliance, transparency and the fight against corruption

## Responsible Management Balance Sheet (RMBS)

The Responsible Management Balance Sheet (RMBS) was created in 2011, aimed at grouping the **indicators associated with CSR** with enough relevance to be assessed as **critical to the company and for its stakeholders**. Given its importance, the organisation ensures this information is monitored more comprehensively and on an on-going basis, with the purpose of ensuring more efficient management and communications.

The balance sheet is published on the company's website and it is structured according to the organisation of its capital, set forth as part of the framework of the Integrated Report and published by the International Integrated Reporting Council (IIRC) to show the link between financial and non-financial information.

*102-7, 103-1, 103-2, 103-3, 201-1, 201-4, 302-1, 302-3, 303-1, 305-1, 305-2, 305-3, 305-4, 305-7, 306-2, 401-1, 403-2, 404-1, 413-1, ID1, ID2, ID3\_4*

### Responsible Management Balance Sheet

Financial capital	2018	2017	2016	(1)
Turnover (€M)	1,303	1,480	1,510	✓
Payments made to Public Administrations (€k)	138,223	153,187	ND	✓
Significant financial support received from governments (€k)	–	4,882	12,031	✓

Intellectual capital	2018	2017	2016	(1)
Investment in R&D and innovation (€M)	1.42	0.62	4.8	✓
Employees dedicated to R&D and innovation	19	25	232	✓
Total number of patents granted since 2008	342	395	294	✓
Investment effort in R&D and innovation (Investment in R&D&i / Sales)*100 (%)	0.10	0.04	0.32	✓

Natural capital	2018	2017	2016	(1)
<b>Materials</b>				
Steel (Kg)	1,033,499	ND	ND	✓
Wood (Kg)	23,266,223	ND	ND	✓
Cement (Kg)	2,565,775	ND	ND	✓
Concrete (Kg)	1,889,046,331	ND	ND	✓
<b>Energy</b>				
Energy consumption (GJ) (primary, electrical and thermal) <sup>(2)</sup>	24,579,329	24,853,762	33,692,874	✓
Energy consumption intensity (GJ) / Sales (€k)	18.9	16.8	22.3	✓

Natural capital	2018	2017	2016	(1)
<b>Emissions</b>				
Direct emissions (t CO <sub>2eq</sub> )	738,458	652,332	1,044,098	✓
Direct emissions from biomass (t CO <sub>2eq</sub> )	1,331,008	1,103,015	2,025,292	✓
Indirect emissions (t CO <sub>2eq</sub> )	313,746	315,286	2,725,577	✓
Intensity of GHG <sup>(3)</sup> emissions (t CO <sub>2eq</sub> ) / Sales (€k)	1.8	1.4	3.8	✓
Other atmospheric emissions:				
CO (t)	1,471	1,479	ND	✓
NOx (t)	1,871	1,882	ND	✓
SOx (t)	224	223	ND	✓
PM (t)	1,909	1,923	ND	✓
VOC (t)	114	114	ND	✓
<b>Water withdrawal</b>				
Desalinated water produced (m <sup>3</sup> )	133,079,325	146,444,617	154,690,622	✓
Seawater withdrawal (m <sup>3</sup> )	324,125,592	356,538,188	336,653,375	✓
Withdrawal withdrawn from other sources (m <sup>3</sup> )	7,687,386	6,351,911	8,648,659	✓
<b>Waste</b>				
Waste (t) <sup>(4)</sup>	93,462	45,474	41,645	✓

Human capital	2018	2017	2016	(1)
Job creation (%)	7.88	(21.97)	(31.10)	✓
Total voluntary turnover (%) <sup>(5)</sup>	7.69	8.69	18.22	✓
<b>Female staff members</b>				
In senior management positions (%)	11.52	10.04	10.38	✓
In middle management positions (%)	17.34	18.24	21.97	✓
<b>Occupational accident rate</b>				
Frequency rate <sup>(6)</sup>	10.88	13.31	14.22	✓
Severity rate <sup>(6)</sup>	0.11	0.12	0.23	✓
No. fatal accidents	–	–	1.00	✓
Professional illnesses, by gender	–	–	–	✓
<b>Training</b>				
Average hours of training per employee	35.69	20.60	6.21	✓

Social and relational capital	2018	2017	2016	(1)
<b>Suppliers</b>				
Purchases made to local suppliers (%)	77.4	87.3	ND	✓

Compliance	2018	2016	2016	(1)
Analysis conducted to comply with the FCPA	446	539	1,412	✓

(1) Indicators audited by an independent entity.

(2) 5.7 % of the electrical energy used comes from renewable energy sources.

(3) The emissions intensity include scope 1 and 2.

(4) Of the total waste generated, 2.05 % is hazardous waste.

(5) The turnover calculations do not include interns and operators.

(6) The indices refer to own employees and the number of accidents with and without sick leave are included.

## **03.** Management of capitals

### **03.1.** Financial capital



## Current financial situation

### Goals set forth in the 2019-2023 SPCSR

#### Transparency



- › **Prepare and disseminate** materials that show the company's **positioning** and respond to the **needs** of institutional **investors** who value the commitment to sustainable development.
- › Recover **presence in sustainability indices**, FTSE4Good, CDP, Robecosam, etc.

2018 has been marked not only at the financial level, but also from an organisation and business standpoint, by the restructuring completed in March 2017 and by the new financial restructuring process that began at the end of 2018 and completed on 26 April 2019, which will allow the company to continue its activity in a competitive and sustainable way in the future.

The restructuring completed in 2017 had a very profound impact at different levels:

- › **Reduction of financial risk** due to the significant decrease in financial debt.
- › **Increased liquidity** used for repayment of old debt and restructuring costs.
- › **Reorientation of the business model** with a focus on EPC activities for third parties, without the need for investment.
- › **Reduction of the size of the organisation**, adapting it to the new business strategy, with the consequent reduction in overheads.

However, **getting activity back to normal** following the financial restructuring process completed in March 2017 has been slower than expected and, therefore, in order to ensure the group's viability in the short and medium term and to be able to continue its activity in a competitive and sustainable manner in the future, **it is necessary**:

- › To have a stable platform that allows **access to capital markets** to finance its working capital.
- › To **access new lines of guarantees** to ensure the growth of its engineering and construction business.
- › To maintain an **adequate financial structure** for the business model to be developed in the future.

To achieve these objectives, the company has been working on additional actions, specifically a **new 10-year viability plan**, as well as a new financial restructuring process.

## Abengoa's financing model

The financial restructuring completed on 31 March 2017 involved a significant change in the capital structure, shareholding composition and medium-term financing model.

The financial debt at 31 December 2018 amounted to € 4,727 million<sup>1</sup> and, in relation to the financial restructuring, is classified in the following **categories**:

- › **New money**: this represents the new liquidity injected into the company in 2017, amounted to € 629 million at 31 December 2018 (during 2018 this tranche of debt has been partially repaid through sale of the stake in Atlantica Yield). Despite maturing in 2021, this debt is classified as short-term in accordance with the applicable accounting principles in connection with the new debt restructuring in progress. This tranche is expected to be repaid with the proceeds from the sale of the A3T cogeneration plant in Mexico.
- › **Old money**: € 2,714 million in substitution of pre-existing debt that was in remission or capitalised. This tranche of debt has a long-term maturity (2022/23 extendable for a further two years) but is accounted for on a short-term basis in accordance with the applicable accounting principles in connection with the new restructuring under way.
- › **Other corporate debt**: debt of various types and maturities that has not been restructured, amounting to € 1,064 million.
- › **Project debt**: € 320 million.

Note 1 For further information, consult the financial statements available at [www.abengoa.com](http://www.abengoa.com). This figure excludes € 929 million corresponding to debt from projects classified as held for sale.

Depending on the **type of financial instrument**, the € 4,727 million of financial debt is classified into:

- › **Capital markets** (40 % of financing): consisting mainly of new bonds issued under the headings "New money" and "Old money".
- › **Loans with credit institutions** (38 % of financing): consisting of new loans signed mainly with credit institutions for "new money" and "old money".
- › **Other borrowing** (22 % of financing): mainly includes executed collateral and financial guarantees.

## Transparent communication *102-34, 102-44*

Abengoa finds it **essential to continuously enrich the information provided to its stakeholders**, providing contents that are increasingly completer and appropriate to their demands and circumstances, thus building better relationships while perfecting the channels of dialogue in order to offer a greater flow of information. This commitment becomes even more relevant, given the delicate situation of the company in recent years and the huge impact this situation has had on its stakeholders.

During 2018, the usual activity in communication with investors continues to be clearly marked by the financial crisis of the last three years. In these extraordinary circumstances, for example, roadshows and conferences with investors have not been held. However, **presentations of quarterly results to the market** continue and **individual meetings have been held with institutional investors** to re-establish dialogue about the company's business activity and future. In addition, in 2018 **regular meetings were held with groups of individual shareholders**.

Throughout this time, the company has continued the efforts that started in 2016 to keep its investors (both shareholders and creditors) and shareholders informed of the progress of financial restructuring and to explain the details thereof and the economic impact it would have on their investments in Abengoa.

These initiatives materialised in 2018 in the following actions:



### Conference calls

- › Carrying out four conference calls through the website for the presentation of quarterly or half-yearly financial results.
- › Conference call through the website to explain the proposed new financial restructuring carried out on 1 October.



### Institutional investors and shareholders

- › Several meetings with key institutional investors to obtain the necessary consent for execution of the company's strategy, in accordance with the terms of the new money.
- › Three meetings with shareholders.



### Shareholders website

- › Number of visits to the shareholder website: 135,348 visits, equivalent to 21% of the total number of visits received through [www.abengoa.com](http://www.abengoa.com).



### Shareholder mailbox

- › Management of around 3,400 requests through the shareholder mailbox.



### Telephone helpdesk

- › Telephone helpdesk for all shareholders, bondholders and bond custodians who have doubts about the restructuring processes.



### Analysis agencies

- › Very limited communication with analysis agencies, many of which ceased to cover Abengoa due to the company's situation. None of these agencies closed the year with a positive recommendation.

The main doubts and questions received from stakeholders in the shareholder mailbox and through telephone queries have been related to:

- › **Effect of the March 2017 restructuring** for investors:
  - Dilution for existing shareholders and issuance of warrants<sup>2</sup>.
  - New debt instruments issued.
- › 10-year **viability plan** published.
- › **Financial results** throughout the year.
- › Progress in the **sale of assets**: stake in Atlantica Yield and A3T cogeneration plant in Mexico.
- › Effects of the **new restructuring proposal**.
  - Exchange of debt instruments for new convertible instruments.
- › Information on the various **consents requested from financial creditors** for the ongoing financial restructuring.

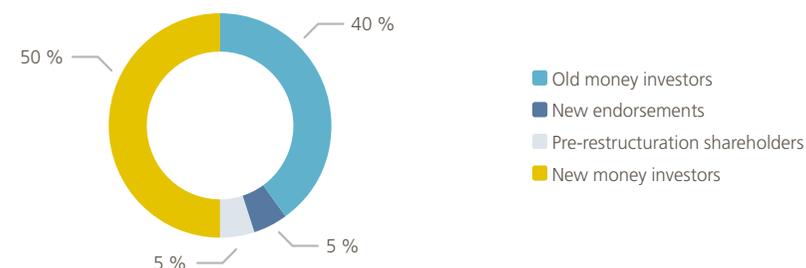
The **shareholders and investors section** of Abengoa's website is the most visited, followed by the home page, with approximately 20% of the visits. Within this section, stakeholders will be able to find a large amount of relevant information, the most prominent of which is as follows:

- › Section devoted to financial restructuring.
- › Relevant facts and other communications to the CNMV (Spanish stock market commission).
- › Annual Report.
- › Presentations.
- › Share information.
- › Fixed income and bonds.
- › Structure of governing bodies.

Among all these aspects, far and away the most visited sections have been those devoted to the restructuring process and the relevant facts.

## Shareholding structure

The new shareholder structure resulting from the March 2017 financial restructuring was as follows: **102-5,102-7**



Since then, there has been a high turnover among Abengoa shareholders, meaning that currently there are only two shareholders with significant shareholdings (more than 3 % of the vote):

- › Secretary of State for Trade - Ministry of Economy, Industry and Competitiveness with 3.15 %<sup>3</sup>.

Abengoa is a listed company with a share capital of € 36,865,862.17, represented by 18,836,119,300 shares, fully subscribed and paid up, belonging to two different classes:

- › 1,621,143,349 Class A shares<sup>4</sup>, with an individual face value of € 0.02, which individually confer 100 votes.
- › 17,214,975,951 Class B shares<sup>5</sup>, with an individual face value of € 0.0002, which individually confer one vote.

Class A and Class B shares are admitted to official trading on the Madrid and Barcelona Stock Exchanges and on the Spanish Stock Exchange Interconnection System (Continuous Market)<sup>6</sup>.

Note 3 Figures as of 31 March 2019.

Note 4 Class A shares: shares having one hundred votes per share [\(+ info\)](#)

Note 5 Class B shares: shares having one vote per share [\(+ info\)](#)

Note 6 Spanish Stock Exchange Interconnection System (SIBE): an electronic platform for trading national stock exchange equities that provides real-time information on the activity and trend of each security.

Note 2 [Share purchase rights](#)

Class A shares have been admitted to trading since 29 November 1996 and class B shares since 25 October 2012.

### Share trend

The stock market evolution of Abengoa's shares during 2018 has been determined by the implementation of the restructuring process completed in March 2017 and the dilution of the pre-existing shareholders through the share capital increase carried out. This dilution was reflected in the share price as from 31 March 2017, the date on which the newly issued shares began to be listed.

The class B share began in 2018 at € 0.011/share, in line with the end of 2017, reaching a peak on 15 January with a price of € 0.015/share. From then on, the share maintained a downward trend, characterised by the high volatility that facilitated continuous speculative movements that bore little correlation with the news on the company's progress until 16 April when the company bottomed out at € 0.010/share (the minimum price of the Spanish stock exchange) which

remained until 26 October when it fell to € 0.004/share due to the regulatory change that set the new minimum price of the Spanish stock exchange at € 0.0001/share. Thus, share B closed 2018 at € 0.003/share.

The Class A share began the year at a price of € 0.028/share, reaching its maximum price in June (€ 0.037/share) and closing the year at a price of € 0.015/share.





## 03. Management of capitals

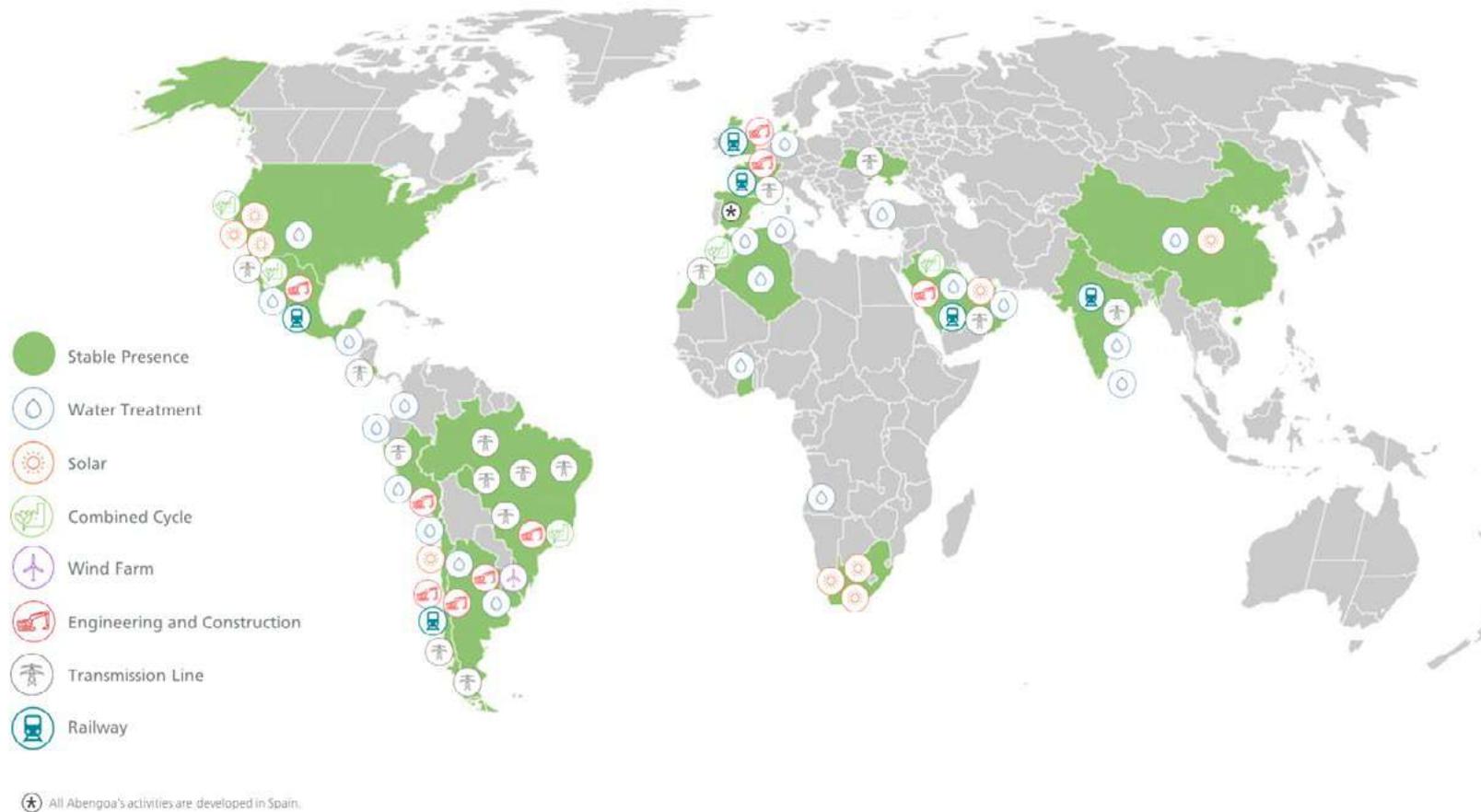
### 03.2. Industrial capital

## Projects in which the company works

Abengoa's engineering and construction activity is organised according to **verticals (businesses) and regions**.

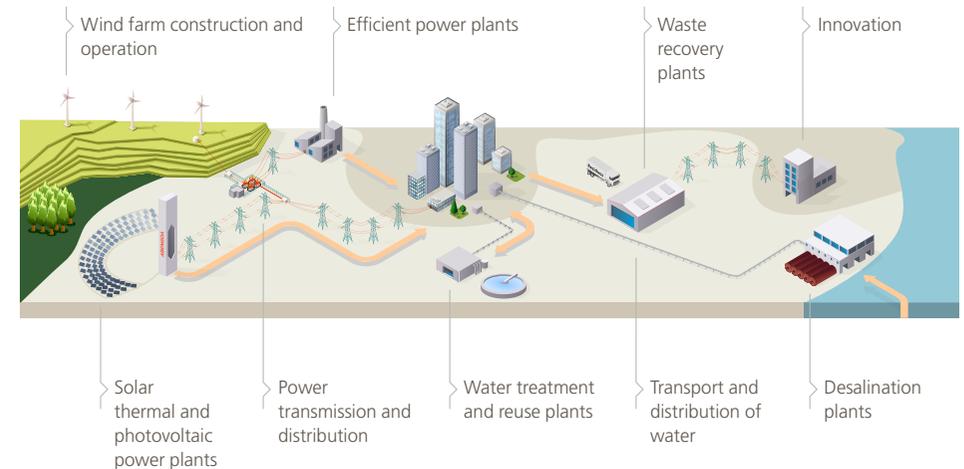
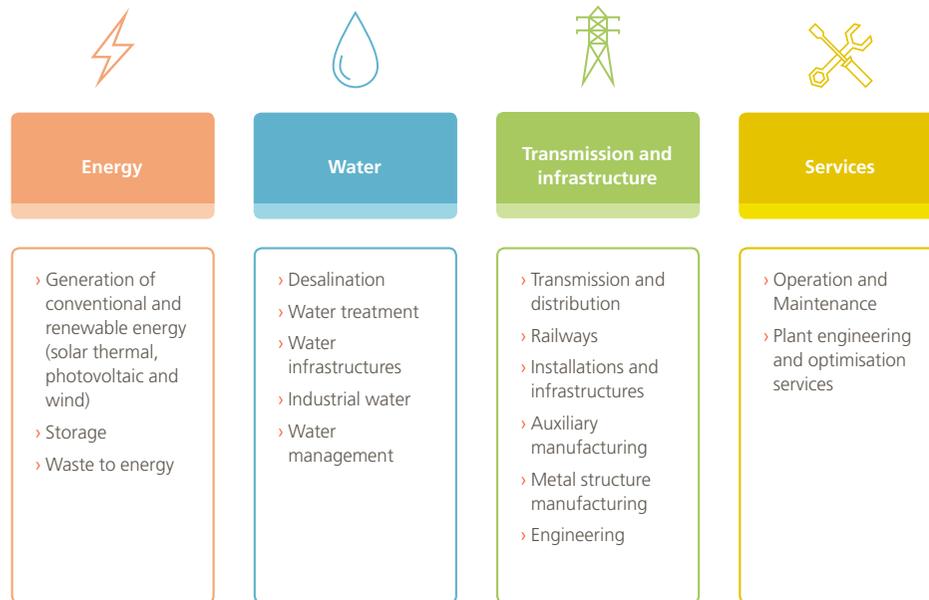
From the point of view of its businesses, Abengoa's activities are grouped in the following **areas**: energy, water, transmission and infrastructure and services.

As regards its **regions**, Abengoa has established a series of strategic countries and geographical locations, which are defined in its viability plan. These areas are: South America (Argentina, Brazil, Chile, Peru and Uruguay), North America (United States and Mexico), Europe (Belgium, Denmark, France and the United Kingdom), Africa (Algeria, Ghana, Kenya, Morocco and South Africa) and the Middle East (Saudi Arabia, United Arab Emirates, Oman and Qatar). The company concentrates its efforts on searching for new business opportunities in these regions, while operating and maintaining its assets.

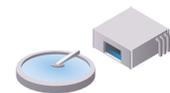


## Projects by area of activity

Abengoa is specialized in the development of turnkey projects for third parties in four key areas: energy, water, transmission and infrastructure and services, and it has capabilities which cover engineering, procurement, construction and start up.



1. **Desalination:** Abengoa is an international benchmark and leader in the global desalination plant rankings. During 2018, the company was awarded with a contract for a desalination plant in Saudi Arabia, which will have a capacity to produce 600,000 m<sup>3</sup> of water per day and supply water to three million inhabitants. It also completed the financial closure of the desalination plant being built in Morocco, the largest plant designed and built for the combined use of drinking and irrigation water. In addition, it continued with the construction of the Shuaibah desalination plant in Saudi Arabia, the Salalah plant in Oman and the Susa plant in Tunisia.



2. **Water treatment:** with a global capacity to produce 2.2 million m<sup>3</sup>/day of drinking water and treating over 1.5 million m<sup>3</sup>/day of wastewater, Abengoa has a vast experience in water treatment, water purification, treatment and reuse of municipal wastewater. In 2018, Abengoa was awarded a contract for the design, construction, operation and maintenance of two wastewater treatment plants and their corresponding sanitation networks in India over a ten-year period.



3. **Water infrastructures:** Abengoa has over 75 years of experience in the construction of water infrastructures for public and private institutions, such as pumping stations (over 40 stations) and large water supply pipes for regulation and transport infrastructures (over 1,100 km). It distributes water to over four million inhabitants, has executed or upgraded structures for the irrigation of over 500,000 hectares and has installed more than 400 MW in over 40 hydroelectric power plant construction, improvement and upgrade projects. In 2018, the company signed a contract for the execution of the infrastructures associated with the Salalah desalination plant and received the Provisional Acceptance for a wastewater channelling project in India.



4. **Industrial water:** Abengoa specialises in providing state-of-the-art technological solutions associated with process water, reuse, wastewater and zero liquid discharge (ZLD). In this area, it has rolled out projects in different industrial sectors, exceeding 500,000 m<sup>3</sup>/day of treated water throughout its over 25 years of experience. In 2018, it started the commercial operation for the expansion of the plant executed by Abengoa for the production of demineralised water at the Norte Durango combined cycle power plant in Mexico.



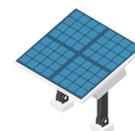
5. **Solar thermal power plants:** Abengoa is a leader in the development, construction and operation of solar thermal power plants across the world, with a global installed capacity that exceeds 2.3 GW, representing approximately 34 % of the global installed capacity. In 2018, the company executed a 110 MW project with tower technology in Chile at the solar field with parabolic trough collectors of the Mohammed bin Rashid Al Maktoum Solar Park in Dubai, and provided the technology for a 50 MW tower project in China.



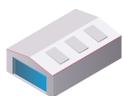
6. **Conventional generation:** In conventional generation plants, where it already accumulates an installed power of over 9 GW, Abengoa uses single and combined cycles, systems for the conversion of simple to combined cycles, motor and cogeneration power plants.



7. **Wind farm construction and operation:** Abengoa has participated in projects associated with the wind power sector since 1985. It has accumulated experience in over 480 MW across the world over these past 33 years. We offer services for the entire project life cycle, from the study of the resource, optimisation and selection of turbines, to detailed engineering, logistics, construction and operation of the wind farm.



8. **Photovoltaic power plants:** Abengoa designs, builds and operates power plants, optimising their design according to the characteristics of the land, using high, low or zero concentration panels, as well as thin-film panels. Currently, Abengoa has built over 400 MW. The photovoltaic power plant of the Cerro Dominador 100 MW solar power complex was commissioned in Chile in 2018, with the first 62 MW starting operation in 2017.



9. **Waste to energy and biomass:** Abengoa specialises in the design and integration of smart solutions, building and operating innovative facilities to transform any type of waste and biomass into energy, generating renewable and sustainable energy in the form of heat, cold, electricity or fuel. In 2018, the company continued with the construction works of the first plant that will produce fuel for the aviation industry from municipal solid waste in the United States.



10. **Storage and technology hybridisation:** Abengoa specialises in providing manageability and stability solutions for energy generated from renewable sources through the hybridisation of technologies and storage systems. The current commercial operating capacity of this thermal energy storage systems using molten salts exceeds 6,000 MWh and more than 4,000 MWh are under construction.



11. **Power transmission and distribution:** Abengoa has over 75 years of experience in industrial engineering, construction and maintenance of infrastructures for the energy, industry, environment, transport and communications sectors. In the last 15 years, it has built more than 27,000 km of transmission lines and 330 substations.



12. **R&D and innovation:** technological development continues to be Abengoa's main competitive advantage in high value-added projects. The company develops R&D and innovation projects that improve the features of its current products and services, and help the company acquire new skills. Abengoa has been granted with 342 patents since 2008.

Thanks to its track record, experience and knowledge acquired over more than 75 years, **Abengoa has managed to strengthen its position as a leader of the global EPC** (Engineering, Procurement and Construction) market, being awarded new projects and successfully completing other projects in progress. Below are the main milestones achieved by the company in 2018, by area of activity.

## Energy



Abengoa has a vast experience, with over 12.8 GW of conventional and renewable energy plants installed and under construction.

Abengoa has a vast experience in the electricity generation sector, thanks to the development of single-cycle, combined-cycle and cogeneration technologies, wind farms, solar thermal plants, photovoltaic plants and biomass plants, exceeding 12.8 GW installed and under construction as a whole.

Such experience has allowed the company to achieve a high design and hybridisation capacity of solar technologies and also conventional generation techniques, to offer the optimum solution to its clients.

Abengoa has an impressive portfolio of thermal energy storage systems using molten salts. Its current commercial operating capacity exceeds 6,000 MWh, with a salt inventory of over 200,000 tons and more than 4,000 MWh under construction. Abengoa also designs and builds energy storage plants with batteries and offers the Smart Solar Plant (SSP) solution, based on the combination of three complementary and synergistic technologies: photovoltaic power panels, concentrated solar power with standard Rankine cycles and the above-mentioned energy storage systems that use molten salts and batteries.

Aware of the need to eliminate and turn the waste generated by human activity into energy using a sustainable approach, Abengoa specialises in designing and integrating technological solutions in this sector, building and operating innovative installations and facilities for transforming any type of waste and biomass into energy, as well as generating renewable and sustainable energy in the form of heat, cold, electricity or fuel. It designs projects that transform raw materials into bioenergy or biofuel, according to the type of waste and/or biomass (municipal waste, wood, agriculture, livestock farming, agri-food waste, industrial, etc.).



A3T efficient cogeneration plant.

Abengoa develops turnkey projects in all of these sectors, which include the entire value chain, from development, engineering, purchasing and construction to the commissioning of the installation, in addition to its operation and maintenance.

## Conventional generation

In the case of conventional generation plants, where it already accumulates an installed power of over 9 GW, Abengoa uses single and combined cycles, systems for the conversion of simple to combined cycles, motor and cogeneration power plants.



A3T is an efficient cogeneration plant that produces electricity and steam in Mexico.

In 2018, Abengoa continued to make progress in the construction of the A3T 220 MW efficient cogeneration plant located next to the Nuevo Pemex gas processing complex in Mexico, which started to operate by the end of the year. In addition, the construction of the transmission system associated to this project concluded this year, achieving the power delivery to the grid.

## Solar power

Abengoa develops solar power plants with solar thermal and photovoltaic technologies and is the current leader in the development of solar thermal plants across the world, with a global installed capacity that exceeds 2.3 GW, representing approximately 34% of the global installed capacity.

Power-tower solar thermal technology allows the production of electricity with the concentration of solar power, captured by a heliostat field, onto a collector installed on the top of the tower. Abengoa is a pioneer in the construction of tower plants for commercial operation, with more than 80 MW in operation and 110 MW under construction.

Solar power is captured using parabolic troughs (STEP), designed with a solar thermal collector that heats a heat transfer fluid, from which its heat is transferred and used in a conventional thermal cycle. Abengoa has over 1.6 GW in operation and 650 MW under construction in the plants using this technology, positioning the company as a benchmark of the solar thermal power sector.



Abengoa develops innovative energy storage solutions in solar thermal plants.

In its constant search for new sustainable alternatives for the generation of energy, Abengoa is currently developing solutions to the heat or steam requirements in industry, with the use of solar thermal trough technologies that feature built-in thermal storage systems, allowing such systems to supply industrial heat in the absence of sunlight. In this area, Abengoa has a portfolio with important references across the world, especially, in Latin America and the United States.

As a result of its leading position in this sector, in 2018 Abengoa signed a collaboration agreement with the Chinese bank ICBC (Industrial and Commercial Bank of China Limited), Shanghai Electric Group Co. Ltd., one of the most important equipment manufacturing conglomerates in China, and with ACWA Power, leading Saudi Arabian company in the development, investment, ownership and operation of cogeneration and desalinated water plants, for the development of future energy projects.

In addition, the goals of this agreement included the identification of joint business opportunities, as well as the establishment of long-term strategic partnerships with ICBC, as the agent funding the operation, ACWA Power, as the developer, Shanghai Electric, as the contractor, and Abengoa, as the technology provider.

In 2018, the consortium became the successful bidder of the Fourth Phase of the Mohammed bin Rashid Al Maktoum Solar Park project, the largest solar complex in the world, owned by DEWA (Dubai Electricity and Water Authority), which is currently being built in Dubai. Abengoa participates as a technology partner and is responsible for building and commissioning a solar field of 3x200 MW parabolic troughs, with 12 hours of storage in molten salts (more information on [page 51](#)).



Cerro Dominador (Chile) is the first complex that combines solar thermal and photovoltaic power across the continent.

Abengoa has consolidated its leadership in this sector in 2018 thanks to the construction of a 110 MW solar thermal plant, in collaboration with Acciona, for EIG Global Energy Partners in Chile. This plant uses the tower technology and will have a thermal storage capacity of 17.5 hours using molten salts, in addition to the 100 MW photovoltaic plant built by Abengoa and in operation since 2018, creating Cerro Dominador, a renewable energy complex with a total capacity of 210 MW and the first to combine both technologies in the continent.

In **China**, Abengoa also expanded its technical assistance services at the LuNeng Haixi 50 MW power-tower solar thermal plant, located in Qinghai, in which it has provided its technology and engineering development services.

Another important milestone achieved during 2018 consolidating the company's presence in South Africa, where it has been operating since 2009, was the inauguration of Xina Solar One, the third solar thermal plant built by the company in this country, with 100 MW of power. The plant uses the parabolic trough collector technology and supplies clean, sustainable and manageable energy to 95,000 South African households. It also features a thermal energy storage system with molten salts, which is capable of accumulating the energy required for supplying an additional 5.5 hours, helping cater to the electricity demand in peak periods during the evenings. (More information on [page 53](#)).

**Innovation is the base of Abengoa's activities** and has allowed the company to become the **technology leader** in different sectors, such as the solar thermal sector. As a result, Abengoa received a series of awards during 2018 in this area, such as the CSP **Globalization Contribution** award, by the largest and most important international event of the Chinese solar thermal industry held every year, CSP Plaza 2018. The award was given to Abengoa for its contribution and participation in the main global CSP markets and promotes the development of global solar thermal projects.

The company also received the Antoni Caparrós Award to the best technology transfer project for its project entitled "Transfer to a leading technology development multinational company is possible. A case study of the energy sector", given by the Economic and Social Council of Fundación Bosch y Gimpera, University of Barcelona.



Waad Al Shamal, the largest hybrid solar-gas power plant in the world, built by Abengoa.

The works for the construction of Waad Al Shamal plant, the largest hybrid solar-gas power plant in the world, carried out by Abengoa in Saudi Arabia continued in 2018. It will feature a 1,390 MW combined cycle power plant and a 50 MW parabolic trough field, reaching a total production of 1,440 MW of energy.

Abengoa designs and builds photovoltaic power plants, optimising their design according to the characteristics of the land, using high, low or zero concentration panels, as well as thin-film panels. Currently, Abengoa has built over 400 MW.

Similarly, the photovoltaic power plant of the Cerro Dominador 100 MW solar power complex was commissioned in Chile in 2018.

## Waste to energy and biomass



Fulcrum, the first biofuel plant for aviation that uses Municipal Solid Waste in the United States.

Among the main solutions for the protection of the environment within a context of sustainability and durability, we need to eliminate the waste generated by human activity and to reduce the use of fossil fuels in order to help reduce the greenhouse effect. A possible solution is the recovery of energy from waste and biomass.

In 2018, Abengoa continued with the construction works of the first plant that will produce fuel for the aviation industry from municipal solid waste in the United States. The plant will have a capacity to produce 10 million gallons of jet fuel per year, to be used in the aviation sector. (More information on [page 50](#)).

## Water



Abengoa builds large-scale desalination plants to provide sustainable solutions to the comprehensive water cycle.

Through its Water vertical, Abengoa offers sustainable solutions for the comprehensive water cycle, covering from scarcity of water resources, with large-scale desalination and purification plants and water infrastructures, to the protection of the environment, with the construction of urban and industrial wastewater treatment plants. Its scope of action includes the entire value chain of turnkey or EPC projects, from the marketing, design and basic and detailed engineering phases to construction and commissioning.

## Desalination



Abengoa builds the Salalah desalination plant (Oman) in a consortium with Fisia Italimpianti.

Abengoa is an international benchmark and global leader in the desalination sector, having designed and built more than 30 of the largest plants in Spain, Africa, Latin America, Asia and the Middle East for the production of drinking and industrial water from seawater or brackish water, through advanced membrane processes. Currently, it has a global capacity to produce 3.7 million m<sup>3</sup>/day of desalinated water, out of which 2.2 million m<sup>3</sup> are currently under construction.

In 2018, Abengoa received the Desalination Company of the Year Award from Global Water Intelligence, a magazine specialising in the water sector, after being awarded important contracts in Tunisia, Oman, Morocco and Saudi Arabia.

In addition, Abengoa became the successful bidder in a consortium with the companies SIDEM, Veolia Group and SepcoIII, for the construction of the largest reverse osmosis desalination plant in Saudi Arabia, in the city of Rabigh, approximately 150 km to the north of Jeddah. The project is part of a programme of the Saudi Arabian's government to promote private participation in the country's water sector. The consortium will be responsible for the engineering, supply, construction and commissioning of this desalination plant for ACWA Power, which will act as the project promoter, developer and owner. The Rabigh plant has a capacity of 600,000 m<sup>3</sup>/day and it will guarantee the supply of drinking water for the cities of Mecca, Jeddah and Mastorah, catering to the needs of three million people.



Abengoa builds the largest desalination plant for the combined production of drinking and irrigation water in Agadir (Morocco).

During 2018, Abengoa also completed the financial closing process of the desalination plant being built in the region of Agadir, Morocco, which is the largest plant designed and built for the combined use of drinking and irrigation water. The plant will have a capacity to produce 275,000 m<sup>3</sup>/day, with the possibility to be expanded to up to 450,000 m<sup>3</sup>/day. This is a unique project created by combining two projects. On the one hand, the 50 % increase in the plant's drinking water production capacity developed by Abengoa for a total capacity of 150,000 m<sup>3</sup>/day and, on the other hand, an additional production of 125,000 m<sup>3</sup>/day of water for irrigation, as well as the construction of the corresponding irrigation network for a total surface of 13,600 hectares. Abengoa is responsible for both the design of the engineering and construction processes, and for the operation and maintenance of this plant over a 27-year period.

The importance of the financial closure of this project lies in the complexity of closing the two project finance processes in parallel, with two different clients and a joint scheme. Abengoa's leadership and experience in this type of projects has been vital.

In 2019, Abengoa has continued reaping the rewards in the desalination field, with the awarding of important projects in United Arab Emirates, such as the biggest reverse osmosis desalination plant in the world, located in Taweelah and a desalination plant for the industrial complex of Emirates Global Aluminium (more information in [page 51](#)).



The reverse osmosis desalination plant built by Abengoa in the Shuaibah III complex has operated for over three million hours with no occupational accidents requiring sick leave.

Another important milestone was the start of permeated water production at the reverse osmosis desalination plant of the Shuaibah III complex, which is currently being executed in collaboration with Fisia for ACWA Power in Saudi Arabia. The plant has a capacity of 250,000 m<sup>3</sup>/day and it will guarantee the stable and quality supply of water for Mecca, Jeddah, Taif and Al-Baha. In addition, by the end of 2018, it had been in operation for over three million hours with no occupational accidents requiring sick leave and it is expected to start commercial operation by May 2019.

Abengoa has also made progress in the construction of the Susa desalination plant being built in Tunisia, in collaboration with the Tunisian company Engineering Procurement & Project Management (EPPM), which will have a daily capacity of 50,000 m<sup>3</sup>, and the Salalah desalination plant in Oman, in a consortium with Fisia Italmimpianti, which will be capable of producing close to 114,000 m<sup>3</sup>/day.



In 2018, Abengoa received the final acceptance of the Barka desalination plant (Oman).

Finally, Abengoa received the final acceptance of the desalination plant executed in Barka (Oman) with a 45,000 m<sup>3</sup>/day capacity of desalinated water.

## Water treatment



Abengoa builds plants that reuse municipal wastewater.

With a global capacity to produce 2.2 million m<sup>3</sup>/day of drinking water and treating 1.5 million m<sup>3</sup>/day of wastewater, Abengoa has a vast experience in water treatment, drinking water purification, treatment and reuse of municipal wastewater using physical-chemical and biological processes, including treatments for the digestion and recovery of waste.

In 2018, Abengoa was awarded a contract for the design, construction, operation and maintenance of two wastewater treatment plants and their corresponding sanitation networks in Nasrullaganj and Maheshwar over a ten-year period. These cities are located in the state of Madhya Pradesh, central India. Both projects are funded by the World Bank through the Madhya Pradesh Urban Development Project, developed by the state-run Madhya Pradesh Urban Development Company, aimed at improving the coverage of the key urban services of this state, in this case, the collection, transport and treatment of wastewater.

The Nasrullaganj project includes a sewage network with a length of approximately 53 km and a diameter of up to 700 mm, as well as a treatment plant with a sequencing batch reactor (SBR), with a capacity to treat 4,200 m<sup>3</sup>/day of wastewater.

Moreover, approximately 30 km of the sewage network are being built in Maheshwar, also with a maximum diameter of 700 mm and, in this case, the plant will have the capacity to treat close to 5,000 m<sup>3</sup>/day of wastewater.

Thanks to these projects, the sanitation system will be improved, covering a population of close to 55,000 inhabitants, reducing untreated wastewater discharges into natural rivers and streams.

## Water infrastructures



Abengoa has over 1,100 km of large water supply pipes in its portfolio.

Abengoa has over 75 years of experience in the execution of water infrastructures for public and private institutions. In particular, it has executed more than 40 pumping stations and more than 1,100 km of large water supply pipes for regulation and transport infrastructures, distributing water to over four million inhabitants, has executed or upgraded structures for the irrigation of over 500,000 hectares and has more than 400 MW installed in more than 40 hydroelectric power plant construction, improvement and upgrade projects.



Abengoa distributes water to over four million inhabitants across the world.

In this area, Abengoa has signed the contract for the execution of the drinking water infrastructures associated with the Salah desalination plant in 2018. The project is being executed in Oman and includes a 90,000 m<sup>3</sup> tank and a pipe connected to the existing tank.

Likewise, the company received the provisional acceptance for the wastewater pipe project in Roorkee (State of Uttarakhand, India), which collects the waste from a city of over 300,000 inhabitants.

## Industrial water



Abengoa has already exceeded 500,000 m<sup>3</sup>/day of treated water throughout its 25 years of experience. Norte Durango combined cycle plant.

Abengoa specialises in providing state-of-the-art technological solutions to the public and private sectors, associated with process water, reuse, wastewater and zero liquid discharge (ZLD). In this sense it has developed projects in different industrial sectors, such as power generation, steel production, paper and pulp industry, leachate, oil and gas, petrochemical, pharmaceutical, mining and food, among others, having treated more than 500,000 m<sup>3</sup>/day of water throughout its 25 years of experience.

In 2018, it started the commercial operation for the expansion of the demineralised water production plant executed by Abengoa in the Norte Durango combined-cycle plant, with a treatment capacity of 1,000 m<sup>3</sup>/day, and which uses cutting-edge desalination technologies, using CCRO (Closed Circuit Reverse Osmosis) and CDI (Capacitive De-Ionization) modules.

Abengoa will face major challenges during 2019 in the water sector, such as the execution of some of the key projects in its portfolio, as well as the new plant contracts for all lines of activity, consolidating its leadership of the international desalination market and maintaining its position as an international benchmark in the construction of water infrastructures and treatment plants. To achieve this, it has a solid, highly-committed and qualified team of experts with a proven track record in EPC and O&M, as well as specialised and competitive know-how, aimed at meeting and exceeding our clients' needs.

## Transmission and infrastructures



Commissioning of the Faya-Shamka HVL in the United Arab Emirates.

Abengoa has over 75 years of experience in the Transmission and Infrastructure (T&I) vertical sector, including engineering, construction, industrial and infrastructure maintenance in the energy, industry, environment, transport and communications sectors, covering the development of power transmission and distribution lines, railway electrification, installations and infrastructures for all types of plants and buildings, as well as auxiliary electric and electronic component and metal structure manufacturing.

## Transmission and distribution



Work in HV power lines in France.

In **Spain**, Abengoa continues with the electromechanical assembly work of the GIS (Gas Insulated Switchgear) substation in Jares (Las Palmas) and the remodelling work on a section of the Belesar-Mesón 200 kV line (Galicia).

In **France**, the company is executing HV power line and substation construction, modification and disassembly works for the French public operator, responsible for managing the country's transmission systems. In addition, a new framework contract for HV power lines was signed in 2018 for a further three years, covering the 2018-2020 period, which started in 2003.



Construction of a 765-kV line with a length of 187 km in Ukraine.

Progress is being made in the construction of a 187 km long 765 kV line in **Ukraine**.

In **Morocco**, the company is making progress in the development of the 400 kV transmission lines in Oujda and 225 kV transmission lines in the Ouarzazate area. It has also completed the construction work of the 60 kV substations in Melloussa and Sefrou for the country's electricity system operator.

In the **United Arab Emirates**, the Faya-Shamkha power transmission line built by Abengoa was successfully commissioned.

And in **Oman**, Abengoa received the final acceptance of the 132/33 kV Al Dreez substation. The company has also completed the construction of the Sinaw 132/33 kV GIS substation for the electric utility in Oman and is currently executing another substation in Samad with the same characteristics.



132/33kV GIS Substation in Oman.

## Railways



Mecca-Medina High-Speed Line

In **Spain**, the following can be highlighted:

- › New four-year maintenance contract awarded for the Antequera-Granada high-speed line overhead contact line.
- › Progress in the construction of the project for the installation and maintenance of the protection, safety and telecommunications systems, as well as the overhead contact line and substation installation work for the Spanish Railway Infrastructure Administrator.



Power supply installations of the Barcelona Metro.

- › The construction works of the MV power supply substations and ring of Line 9 and Line 10 of the Barcelona metro are still being executed.
- › The electrification works of the Madrid-Levante high-speed line are currently being executed.
- › Progress is being made on the maintenance work of the following high-speed lines: Madrid-Barcelona-French Border; Madrid-Alicante; Madrid-Córdoba-Seville-Málaga; Zaragoza – Tardienta; Madrid-Toledo and Madrid-Valladolid.



Overhead contact line work in the United Kingdom.

In the **United Kingdom**, the engineering and installation tasks are still being carried out on different railway lines near London.

In **France**, different overhead contact line and substation projects have been completed and the contract for the continuation of these services was renewed with the French rail operator.



Mecca-Medina AVE Station.

In **Saudi Arabia**, the Mecca-Medina high-speed line is in the final construction phase and commercial routes are already operating. The maintenance phase of the line was started in parallel to these activities.

### Installations and infrastructures



Electromechanical installations in a shopping centre in Seville.

In **Spain**:

- › Abengoa continues to execute the electromechanical installations of the Lagoh shopping centre and family leisure centre (Seville).



Mechanical assembly work for the new campus of the Loyola Andalucía University.

- › The company is executing a mechanical installation project for the new university campus of the Loyola Andalucía University being built in Dos Hermanas (Seville).



Remodelling of the communication and control systems of Seville station (Madrid Metro).

- › The remodelling work of the communication and control systems of Sevilla station (Madrid Metro) has already started.

- › The installation work of the MV distribution substations is being carried out at the Torrecárdenas shopping centre in Almería.
- › The power system and lighting installation project of the new School of Nursing in San Juan de Dios, Seville, has already been completed.
- › The low voltage installations of the aircraft factories in Puerto Real (Cadiz) and Tablada (Seville) are being adapted to comply with the regulations.
- › The voice and data installation work corresponding to maintenance and opening of logistics centres and stores of one of the largest supermarket chains in Europe are maintained.
- › Progress is being achieved on the electrical and instrumentation maintenance work carried out at the Almaraz power plant.
- › Work for the deployment of the mobile telephony, radio and fibre-optic networks, installation of telecommunications structures and installation of GSM-R systems is also being carried out.

In **Chile**, Abengoa continues with the execution of the electrical buildings for the Cerro Dominador solar power platform.

In **Belgium**, the company is executing a project for the development of the mechanical facilities of the new University Hospital Centre building in Liège.

In **Denmark**, the company is currently working in the project of the electromechanical installations of the new 56,000 m<sup>2</sup> hospital complex in Herlev.



Abengoa is developing the International Thermonuclear Experimental Reactor (ITER) in France.

In **France**, the company is executing the construction work of a project for the ITER (International Thermonuclear Experimental Reactor), installing seven bays of two 400/22 kV substations.

In **Morocco**, it continues to make progress on the low and medium-voltage electrification work of three mobile telephony repeater stations, as well as on the deployment of the GSM network across the country and for all telecommunication operators currently operating in Morocco.



Installation of the tower for the deployment of the fibre-optic network in Navarra.

## Auxiliary electric and electronic manufacturing

During 2018, Abengoa has achieved important milestones associated with auxiliary manufacturing:

- › Manufacturing and integration of urban traffic control regulation equipment in Spain and Peru.
- › Manufacturing control assemblies to update access control systems for various railway operators.
- › Manufacturing monitors and updating the command and control consoles for the frigates of the Spanish Navy.
- › Manufacturing the power distribution boxes for the armoured defence vehicles of the United Kingdom.
- › Manufacturing prototypes and pre-series units of power converters for the European Organization for Nuclear Research (CERN) in Switzerland.
- › Manufacturing level III boxes and inclinometers to control the position of the heliostats at Cerro Dominador solar thermal plant (Chile).



Manufacturing power converters.

## Metal structure manufacturing



Towers for the 220 kV line in Cañuelo-Pinar del Rey.

### In Spain:

- › The construction work on the towers of the Cañuelo-Pinar del Rey 220 kV line (Cadiz) and Alhama-El Palmar 132 kV line (Murcia) has been completed.
- › The company continues to manufacture the 220 kV towers and supports for the substation of the Picón I, II and III photovoltaic power plants (Ciudad Real).

In **Mauritania**, the company has supervised the design, tests and manufacturing processes of the towers for the Aleg-Boghé 90 kV line.

In **Sweden**, towers have been manufactured for the Kraktorpet-Nylandsbergen and Nylandsbergen-Nysater 130 kV lines.

In **Chile**, the support structures of the Cóndores-Parinacota, Candelaria Puente Negro and Melipulli-Puerto Montt substations have been manufactured, in addition to the heliostats for the Cerro Dominador power-tower solar thermal plant.



Tests conducted at the HV tower of Abengoa's Testing Station.

## Engineering



Design of the overhead contact line for the Saudi Arabia AVE line.

We have achieved the following milestones in 2018:

- › Completion of the Monforte del Cid-Murcia high-speed line project work (Spain).
- › Start of the overhead contact line maintenance project of the Antequera-Granada high-speed line (Spain).

- › Support for the construction and design of the electrical installations of singular buildings, Lagoh shopping centre and family leisure centre, Loyola University and Switching and Transformer Substation of San Juan de Dios, in Seville (Spain).
- › In the United Kingdom, the company participated in the design of the railway systems of GRIPs 4 and 5 of the UPS C2C Renewal project, in GRIP 6 of the GEML British railway project, in GRIP 3 of the British rail project between Southcote Jn and Basingstoke, and in GRIP 5 for the design of Swindon station (UK) and the Cocklebury Siding.
- › The RAMS design and study work for lines 3 and 6 of the Santiago de Chile Metro was also completed.
- › Abengoa was the successful bidder of the engineering work for a substation of the French railway operator in Paris.
- › We have continued to prepare the testing & commissioning documentation for two substations in Cadarache (France).
- › The company started with the design work on the airport branch connecting the main roads to the King Abdullah International Airport, as part of the High-Speed Line Project in Saudi Arabia between Mecca and Medina.



Rail gate, aimed at upgrading the electric rail systems in England.

## Services

The scope of Abengoa's Services vertical covers the comprehensive predictive, preventive and corrective operation and maintenance (O&M) activities in the energy transmission, water and power generation (renewable and conventional) sectors. Its main aim is to improve management capacity and increase production and efficiency levels.



50MW Parabolic trough thermal plant located in India.

Abengoa has a vast experience of almost 20 years, during which it has participated in all project stages, from development, conceptualisation, funding and construction to final operation. It is worth highlighting its global leadership in the solar thermal O&M field (1,648 MW), hybrid solar-gas power plants (Integrated Solar Combine Cycle - ISCC), combined cycles and desalination plants, as one of the companies with the highest number of m<sup>3</sup> currently being operated.

Abengoa's O&M services are adapted to the requirements of each technology, its clients and the specific requirements of each project. Thanks to its vast experience in these sectors of activity, it is capable of offering alternatives that share project operating risks, balancing the offer with the risk profile required in each project and by each client.

In addition to conventional O&M services, Abengoa offers the following specific services:

- › Predictive techniques, such as thermal imaging, ultrasounds, vibration and electric quality, data analysis and treatment in a single platform and generation of technical asset health reports that result in the minimisation of O&M costs and the maximisation of the useful life of equipment.
- › Plant O&M Engineering.
- › Optimisation of installation management efficacy.
- › Optimisation of O&M and plant performance contracts.

During 2018, the company started to provide the following services at the 220 MW A3T efficient cogeneration plant in Mexico:

- › **Predictive:** implementation of off-line predictive maintenance with vibration, thermal imaging and ultrasound techniques.
- › **Implementation of the CMMS:** Computerised Maintenance Management System, IBM ® Maximo ® Enterprise Asset Management.
- › **Implementation of the PI:** service involving the definition and collection of data from a distributed control system at the plant, storage, analysis and use of such data. In addition, this service includes the development and implementation of a production control model for the plant.

Moreover, the 50 MWe solar thermal plant with parabolic troughs in Nagalapuram, state of Andhra Pradesh (India), was optimised. The work was undertaken for Megha Engineering & Infrastructures Limited. This service is the result of Abengoa's internationalisation efforts and the search for new clients.

The O&M practices of the Cerro Dominador photovoltaic plant commissioned in 2017 were consolidated. Since then, the plant has successfully met all production goals agreed with the client.

Likewise, the vertical has provided support to O&M activities of the plants built by Abengoa in South Africa, transmitting the know-how acquired by its service personnel.



The Services vertical is aimed at driving the company to become the leading technology provider of solar thermal plants.

During 2018, Abengoa faced the following challenges in the plants it currently operates and maintains:

- › Planned downtime: major inspections were conducted in different plants, achieving excellent results. Pressure tests were carried out in steam generators and solar field loops. Likewise, two technical interruptions were required in two specific plants.
- › Solar field optimisation work in different Asian plants.

One of the main challenges for 2019 in Abengoa's Services vertical is to consolidate the company as the leading technology provider of solar thermal plants. The purpose is to consolidate the provision of services to third parties in the solar thermal power market, both for projects currently being developed and for existing plants.

Likewise, the company will continue to provide support to the plants that are currently being built (Cerro Dominador CSP and DEWA IV); the implementation services of specific O&M services will be completed at the A3T efficient cogeneration plant. One of the goals will be the acquisition of new contracts, market expansion in all regions and continuing with the optimisation of plant efficiency and availability for all plants in Spain and abroad.

## Projects by region

During 2018, Abengoa mainly operated in the following regions.

### Argentina



Abengoa has continued with the work in the 25 de Mayo transformer station during 2018.

In 2018, Abengoa celebrated 50 years of operations in Argentina. Established in 1968, Abengoa's Argentinian subsidiary started its activities designing and installing industrial plants. However, today, it is a benchmark in the transmission and distribution sector, with over 1,500 km of lines and over 25 substations built. Some the works executed during this period include flagship projects throughout the country, such as the 345 KV Extra-HV line (EHV) at an altitude of over 4,000 metres, crossing Los Andes, between Salta and Antofagasta (Chile), or the EHV with a length of 175 km for the interconnection of Gran Mendoza – San Juan, among many other projects.

As regards 2018, the country's economic crisis and financial turmoil led to cancelling the tender projects for the main works on the 500 kV lines and stations, to be announced in the future under better conditions. However, the company has continued to work and execute projects, completing some of them, including the following main achievements, allowing Abengoa to position itself as a local benchmark in high and extra-high voltage projects:

- › Completion of the 132 kV HV power line for the Aluar wind farm in Puerto Madryn (Chubut), south of the country.
- › Progress on the execution of the 25 de Mayo 500 kV transformer station.
- › Progress on the execution of the Altiplano 345 kV GIS switching station at an altitude of 4,000 metres above sea level.



Images of the work in the Altiplano switching station.

Likewise, the company was awarded with and started the activities associated with the contract for the expansion of the 132 kV substation in the Villa María thermal power plant, owned by MSU Energy, a power generation company, located in Cordoba, central region of the country. In particular, Abengoa is responsible for providing the labour, part of the materials and equipment required for the expansion, with the construction of a switching yard, including the civil works,

installation of equipment, connections and assistance during commissioning and start-up.

Abengoa's main challenge for 2019 in Argentina is to remain as a leader in its sector, accompanying the country in its changes, participating in the most important projects, acting as a benchmark in the electrical power transmission sector and following the right path to become a leader in infrastructure and water projects.



The company completed the 132 kV HV power line for the Aluar wind farm.

## Brazil

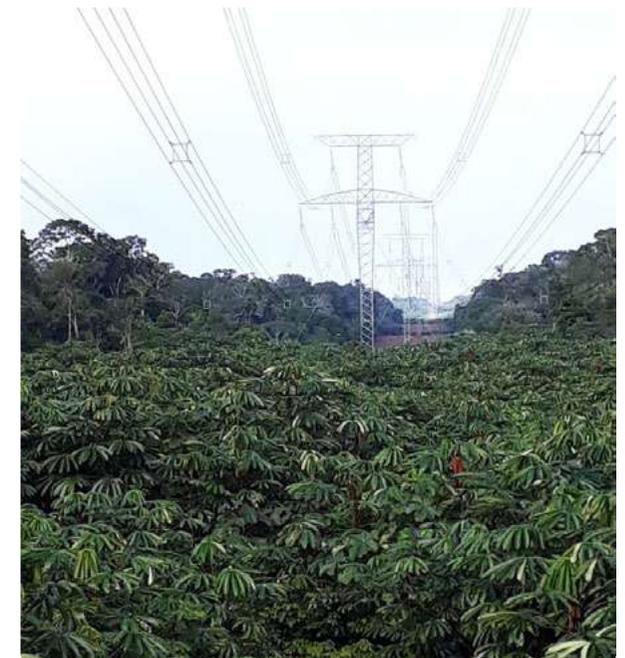


The company is responsible for managing the public-private participation of the Zona Norte Hospital of Manaus.

Abengoa has been operating in the country for over 20 years, focusing its activity on the electrical transmission and infrastructures sectors.

In 2018, Abengoa Brazil successfully sold its transmission lines in operation and continued with its transmission asset operation and maintenance activities (over 3,200 km of lines and 20 substations), in addition to managing the public-private participation in the Zona Norte Hospital of Manaus (with a capacity for 350 patients). In addition, it continued to provide its machinery rental services to build new transmission lines.

Brazil continues to be an attractive market, since the Brazilian economy will continue with its process of economic recovery in the coming years and a more positive macroeconomic scenario is expected. In addition, the infrastructure sector and, in particular, the transmission sector continue to attract investments and offer relevant business opportunities.



Abengoa is responsible for the O&M of over 3,000 km of transmission lines in Brazil.

In addition to guaranteeing the continuity of the operation and maintenance and machinery rental activities, Abengoa Brazil's goals for 2019 include completing its current restructuring process and increasing the volume of construction contracts, so the company can become a benchmark in the transmission sector again.

## Chile



Repowering the Maitencillo Caserones transmission line.

Abengoa has been present for over 30 years in Chile, in which it has a vast experience in the development of projects in transmission lines and electrical infrastructures, having built over 1,800 km of power lines and 50 substations.

The company completed the following projects during 2018:

- › Supply of the electricity system for Lines 3 and 6 of the Santiago de Chile Metro. It is currently providing its operation and maintenance services.
- › Expansion of three 110 kV HV electrical substations in the region of Valparaíso for Chilquinta Energía S.A.
- › Engineering, supply, construction, assembly, tests and commissioning of the Puente Negro 220 kV substation in San Fernando for Colbún S.A.
- › Construction and commissioning of three HV and MV power lines (220 kV, 220 kV and 23 kV) in Antofagasta for Minera Centinela.
- › Development of the electromechanical assembly work on the main fan (V55) of the El Teniente mine for Corporación Nacional del Cobre de Chile (Codelco). The

project scope included the civil works and structural, mechanical and electrical work.



Image of the area in one of the substations built for Chilquinta, in the region of Valparaíso.

In addition to the above, other projects are still in progress and expected to be completed after 2018:

- › Replacement of the 110 and 13 kV conductor in Rancagua for Codelco in El Teniente mine.
- › Construction of a transmission line in Caserones for Transelec.

- › Construction of a 220 kV HV line with a length of 87 km for Enel Generación in the Seventh Region of El Maule, at an approximate altitude of 2,000 metres above sea level and at a distance of 150 km from the closest town (Talca). This line will connect the Hydro Los Cóndores power plant to Ancoa substation.
- › Construction of substations and a switching station with three 220 kV lines in Malleco for Transelec.

Abengoa's goals for 2019 in Chile include work on two technologies that the company has not used until now: construction of the technical building hosting an Extremely Large Telescope (ELT) at the Paranal Observatory of the ESO (European Southern Observatory); and the electromechanical assembly work in a gas treatment system to reduce the emission level at the Chuquicamata Concentrates Foundry, allowing our client, Corporación Nacional del Cobre de Chile (Codelco) to comply with the country's environmental regulations, proof of our commitment to implement technologies that allow sustainable development and the protection of the environment.



Work carried out at the Chuquicamata Concentrates Foundry for Codelco.

## United States



Work of the Fulcrum Sierra BioFuels project.

During 2018, the company continued to make progress in the **Fulcrum Sierra BioFuels project**. This biofuel plant, the first in its class, is expected to process approximately 175,000 tons of raw materials from municipal solid waste, producing 11 million gallons of renewable synthetic crude oil (Syn crude) per year. In particular, Abengoa completed the basic engineering work last year, started detailed engineering, completed most project acquisitions and started the civil works and mechanical work.

In October, after two years of planning and 28 months of construction work, Abengoa inaugurated the **Keck Centre for Science and Engineering of Chapman University** through its subsidiary, Abacus - a company working in project management and construction in the United States. As the benchmark programme, project and construction manager of Chapman University for almost two decades, Abacus has completed over 100 projects, including many different building refurbishment work and new construction projects.



In 2018, Abengoa inaugurated the Keck Centre for Science and Engineering of Chapman University.

In particular, Abengoa provided project management and construction services for this innovative cutting-edge learning/training facility. The building has a gross floor area of 27,000 m<sup>2</sup> and it includes a laboratory building with a gross floor area of 13,000 m<sup>2</sup>, a second underground floor and a car park with a gross floor area of over 14,000 m<sup>2</sup>.

Moreover, Abengoa continues to maintain and operate two of the largest solar power projects in North America: the **Solana and Mojave solar thermal plants**, both owned by Atlantica Yield.

The highest annual production rates were achieved in Solana since the start of its commercial operation, ~ 776 GWh. In addition, monthly production records were achieved in January, February, May, July and September. The safety improvements contributed to completing the year with 717 days with no injuries requiring sick leave (Lost Time Injuries), which is proof of the actions and attitude of Solana's team and Abengoa's support.

In addition, the safety levels at **Mojave Solar** were also improved, reaching 381 days with no injuries requiring sick leave (Lost Time Incidents) in 2018. In addition, it achieved a very important milestone on 12 October after the plant passed the Guaranteed Energy Production Period.

## Mexico



Work on the transmission line associated with the Norte III combined cycle plant.

Abengoa has been operating in Mexico since 1981 and its presence has been consolidated over time to become a leader of the energy and environment sectors, working on an ongoing basis for the Federal Electricity Commission (CFE) and Petróleos Mexicanos (Pemex), in addition to private clients. Its main business lines are: transmission and distribution, generation of conventional and renewable energy, building and electromechanical and water installations (desalination plants, water treatment and water infrastructures).

Despite the levels of uncertainty in the energy sector, Mexico continues to be an important region for Abengoa for the experience accumulated in this country and in relation to the existing electricity requirements. The company expects to create a new portfolio for 2019, mainly with privately-run companies, with the aim of re-launching the company in the country and meeting the requirements of its Feasibility Plan. Likewise, Abengoa Mexico trusts that it will end the bankruptcy proceedings filed on 23 November 2018 and reach a restructuring agreement with its creditors.

One of the highlights of the activity dashboard prepared by the company in 2018 includes the reactivation of the work on the 230 kV transmission line, with a length of 21.1 km, associated with the **Norte III** combined cycle plant for CFE.

The completion progress was 96 % by the end of the year and the project was completed in March 2019.



Image of the work at the A3T efficient cogeneration plant

Likewise, the works at the **A3T 220 MW efficient cogeneration plant** continued, closing the year with a 99% progress. The associated transmission system was completed and the plant is currently in operation and delivering power to the grid.

In 2019, the company expects to start the development of the **A4T plant**, a 680 MW combined cycle plant, as well as to complete the divestment procedure of the A3T and the long-term financing for the plant. Finally, a positive agreement is expected to be reached in the Zapotillo project after issuing a waiver without liability in 2017.

## Middle East



Abengoa is building the largest solar power complex in the world in Dubai.

The Middle East is a strategic region for Abengoa and so it operates in countries such as Saudi Arabia, Kuwait, United Arab Emirates, Oman, Qatar, Bahrain and Egypt.

At the beginning of last year, Abengoa became the successful bidder in a consortium with SIDEM, Veolia Group and Sepcoll to build a **reverse osmosis desalination plant in Rabigh**, with a capacity for 600,000 m<sup>3</sup>/day, which would become the largest plant using this technology built in the country until now. The desalinated water will be supplied to the state-run company Saudi Water Partnership Company (SWPC). (More information on [page 38](#)).

Moreover, the company was selected by Shanghai Electric Group Co. Ltd. in May as its technology partner for the construction of a solar thermal plant in Dubai. In particular, Abengoa will be responsible for developing the solar thermal power technology and for building a solar field with 3 x 200 MW parabolic troughs, storing 12 hours of energy in molten salts, for the largest solar power complex in the world, the **Mohammed bin Rashid Al Maktoum Solar Park**, owned by DEWA (Dubai Electricity and Water Authority). Abengoa's work will focus on phase IV of the complex, developed by DEWA in collaboration with ACWA Power.



Abengoa continues to work on the desalination plant in Salalah, Oman.

These new contracts strengthen Abengoa's position in the region, in which it has a vast portfolio that includes recently awarded projects, such as the Salalah desalination plant in Oman or the Shuaibah III plant in Saudi Arabia. In addition, Abengoa is currently participating in the construction of the **largest hybrid solar-gas power plant in the world, Waad Al-Shamal**, also in Saudi Arabia.

In fact, the company has already been selected in 2019 to work in the largest reverse osmosis desalination plant in the world, located in the Taweelah power generation and water treatment complex, 45 km to the north of Abu Dhabi (United Arab Emirates). With a treatment capacity of 909,000 m<sup>3</sup>/day, it will guarantee the supply of water for the city of Abu Dhabi throughout the entire year and it will be the first large-scale desalination plant in the country that combines the production of drinking water and the generation of clean energy, thanks to the installation of a solar photovoltaic field that will generate over 40 MWp.

Likewise, Abengoa recently became the successful bidder for the construction of another project in the United Arab Emirates: a reverse osmosis sea water desalination plant at the industrial complex of the largest premium aluminium producer in the world, Emirates Global Aluminium (EGA), located in Jebel Ali. In particular, Abengoa will be responsible for the engineering, supply of mechanical equipment and instrumentation and control, as well as the supervision of the commissioning process of a desalination plant that will produce over 41.000 m<sup>3</sup>/day of drinking water and water for industrial use.

## Peru



Abengoa was awarded different works of the Shougang mining project in the region of Ica.

Abengoa has been operating in Peru for over 25 years and it specialises in providing comprehensive solutions to its clients, focusing on civil works, water and electromechanical projects, adding value to all of its stakeholders with its management model, focusing on safety, corporate social responsibility and its contribution to sustainable development.

Likewise, the company offers its asset management, supervision, operation and maintenance services for the electrical power transmission systems of public and private clients.

One of the last year's major milestones was the financial restructuring process of the company in this country, signing a new long-term financing agreement worth 30 MUSD, allowing the company to pay the existing debt and receive additional liquidity for the development of its current and future projects in Peru.



One of last year's milestones in Peru was the new contract for the electrical distribution project, part of the Santa Justa mining project.

In addition, the following achievements can be highlighted:

- › Renewal of the triple certification: Safety and Hygiene OSHAS 18001:2007, Environmental ISO14001:2015 and Quality ISO 9001:2015.
- › Provisional Acceptance (PA) of the project for the expansion and improvement of the drinking water and sewerage systems of the Esquema Independencia Unificada y Ermitaño system, region of Lima, which will serve 100,000 inhabitants.
- › First mining operation maintenance contract awarded, covering the electrical system and instrumentation of the new Shougang Hierro Peru concentration plant, representing the successful reactivation of the MV and LV distribution projects for the mining sector.
- › Two 22.9 kV distribution line contracts for the Minas Justa and Shahuindo mining projects, including the completion works of the Pampa Honda substation, located in the regions of Ica and Cajamarca, respectively.



Abengoa is completing a 220 kV substation in the Department of Cajamarca.

- › Contract awarded for the engineering, procurement and construction of the Quebrada Honda 2 substation and the 13.8 kV regulation substations, owned by Southern Copper Corporation, in the region of Moquegua.
- › Contract awarded for the design of the electricity transmission system of the 138 kV/ 69 kV Arondaya substation for the Southern Copper Corporation.
- › Contract awarded for the electrical installations of the main building, HPGR, milling, magnetic separation, flotation and strip of the mining project owned by Shougang Hierro Peru, region of Ica.

Abengoa's goals for 2019 include recovery of the market share in Peru and ensuring its active participation in mining, energy and public infrastructure projects.

## South Africa

Abengoa began its operations in South Africa in 2009. Over this period, it has been responsible for the development of three of the country's most important solar thermal projects, as part of the South African government's "Renewable Energy Independent Power Producer Programme" (REIPPP), including the country's first solar thermal plant, **Kaxu Solar One**, and the first power-tower solar thermal plant, **Khi Solar One**.



Representatives of Abengoa, IDC and PIC during the opening speeches of the official inauguration of Xina Solar One.

In particular, Abengoa and its South African partners, Industrial Development Corporation (IDC) and Public Investment Corporation (PIC), were honoured to participate in the official inauguration of Xina Solar One in 2018, the last of the three solar thermal projects developed by Abengoa in South Africa. With the parabolic trough technology, a power capacity of 100 MW and 5.5 hours of thermal energy storage in molten salts, the plant started its commercial operation in August last year.

The inauguration was held in May and it was a very important event, chaired by the Minister of Energy and heralded by the South African Government for its importance.



Tweet of the South African Minister for Energy, announcing his arrival at the official inauguration event of Xina Solar One.

Likewise, Abengoa has continued with the operation and maintenance of the three plants during 2018, which have a joint installed power of 250 MW and use two different technologies: parabolic trough (two, 100 MW each) and tower (one, 50 MW).

The yield of all three was optimised throughout the year, with December 2018 being the month with the highest absolute production volume for each plant since the start of their operations.

Moreover, Kaxu Solar One, the plant using parabolic trough technology with a power capacity of 100 MW and capacity for the thermal storage of energy for 2.5 hours in molten salts, passed the guaranteed production test in October. This is a vital commitment associated with the EPC construction contract of the plant, which will also require the correct performance of the operator during the warranty period to pass the tests successfully.

Likewise, Xina Solar One passed its corresponding guaranteed production test in November. In addition, in this case, it was achieved in record time, after the start of commercial operation of the plant in August 2017.

On the other hand, Abengoa received an important award in May at the Industry Awards of the African Utility Week. Xina Solar One received an award in the category of +10 MW renewable energy projects connected to the grid, competing in the final phase against two photovoltaic power plants from Uganda. The eighteenth African Utility Week was held in 2018 and the event's award-giving ceremony was attended by more than 800 professionals of the African continent's energy and water sector.



Javier Payán (left), CFO of Abengoa South Africa, receiving the award given to Xina Solar One at the 2018 African Utility Week.

All of the above was achieved thanks to the excellent performance of the Health and Safety areas, in response to Abengoa's strategic commitment in this area. There were only two incidents requiring sick leave of one of Abengoa's employees or subcontractors in all three plants during 2018, a very relevant result if we take into account the number of hours worked.

The protection of the environment has also been one of the pillars of Abengoa's activities in South Africa during 2018, in accordance with its corporate strategy and with the commitments acquired in projects adhering to the REIPPP.



Flamingos at the evaporation pond of Khi Solar One.

## Uruguay



Antel Arena is a multi-functional complex with a gross built surface of 40,500 m<sup>2</sup> and with the capacity for 10,000 seats.

Abengoa is present in Uruguay through its subsidiary Abengoa Teyma. The company has been working in the fields of engineering, construction and industrial services since 1980, as well as in areas associated with the forestry and waste management sectors, among others.

One of the main milestones achieved by the company in 2018 was the successful restructuring of Abengoa's debt in this country, after signing a new long-term financing agreement for the acquisition of all existing debt, as well as providing the company with new local liquidity, which will allow it to operate under higher levels of flexibility for the development of its current and future projects in Uruguay.

It is also worth highlighting the completion of the works at the Antel Arena multi-purpose complex in Montevideo. The building was officially inaugurated in November in an event with music and art and attended by Dr Tabaré Vázquez, President of the Republic, and other important figures of the central and municipal government.

The execution of the works represented an important milestone, not only because the arena is one of the largest in the world and because it overcame important construction and technology challenges, but also because it managed to build a flagship space in Uruguay.

In particular, Abengoa's scope in the project included all civil works on the building, the reinforced concrete structure, roof, masonry, inner finishing work and sanitation installations, among other tasks.

Moreover, Abengoa signed a contract for the development of the executive project and construction of the sanitary landfill for a 30,000-ton capacity and the operation service for up to 12,500 tons of municipal solid waste of Fray Bentos, Río Negro Department.

With this contract, signed with Intendencia de Río Negro on 28 August 2018, the final waste disposal concept is changed from an open-sky dump site to a sanitary landfill, an engineering solution that minimises the environmental impact, resulting in a higher quality of life for the region's inhabitants.



Recreation of the Capurro Fishing Port project developed by Abengoa in Uruguay.

Other achievements of 2018 include:

- › The activities of the **rail restoration project** continued, achieving much progress in the works after installing more than 100 km of the tracks, for a total of 280 km out of the 327 km to restore, having laid approximately 130,000 sleepers and over 170,000 m<sup>3</sup> of ballast. Moreover, additional progress was achieved in the reinforcement tasks of 46 railway bridges.
- › The development phase of the **Capurro Fishing Port executive project** was completed, making progress towards the final stage to receive the environmental authorisation. This project involves the construction of approximately 700 metres of wharfs for industrial fishing vessels, filler of a backfill area of 3.3 hectares, dredging

the corresponding dock and its final layout using the geo-container technology.

- › At the close of 2018, the progress was of approximately 25 % in the installation of **sanitation networks** and of 50 % in the replacement of the drinking water lines of the Sanitation project for Zone B3 of Ciudad de la Costa. The works included the installation of approximately 40 km of sanitation networks and the replacement of 32 km of drinking water lines, in addition to the replacement of the paved areas of the project.

The company will face important challenges in 2019. Regarding execution, the works in Capurro Fishing Port are currently starting, and will be executed over a 30-month period. It has also started the Fray Bentos sanitary landfill works, because of their environmental importance. Moreover,

in reference to new contracts, the company's expected turnover levels must be maintained to guarantee a diversified and profitable project portfolio.

Finally, and equally important, Abengoa must continue with the on-going improvement of its occupational health and safety indicators, which consolidates its leading position in different sectors, among other things.



Abengoa is responsible for the restoration work on 327 km of railway lines.



## Innovation

ID1, ID2, ID3\_4

### Technological development continues to be Abengoa's main competitive advantage

in high value-added projects. The company executes technology development and commercial projects that improve the performance features of its current products and services, in addition to the acquisition of new skills.



Technology development continues to be one of the main competitive advantages of Abengoa.

Main figures	2018	2017	2016
Investment in R&D and innovation (thousands of €)	1,420	621	4,762
Personnel	19	25	232
Total number of patents granted since 2008	342	395	294

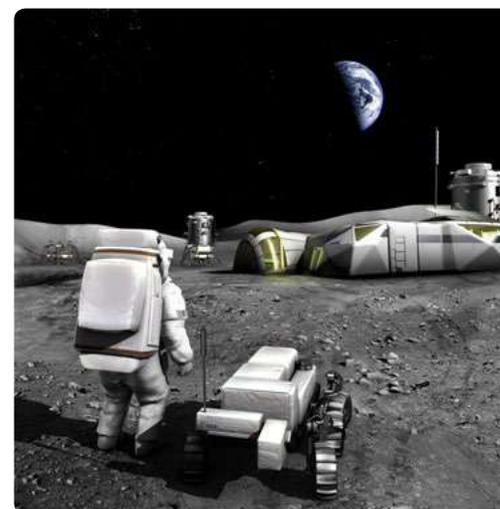
Abengoa focuses on these activities in three main sectors: aerospace, electrical power systems and hydrogen.

- › **Aerospace:** during 2018, Abengoa played an active role in the development of the future Ariane 6 and VEGA-C European launchers for Airbus DS and AVIO, two of the leading European aerospace contractors, who will receive the testing systems that will be used for the qualification of the control and power distribution units of these launching systems.

In addition, Abengoa was awarded the two first contracts for a new line of development of the European Space Agency (ESA). Known as In-Site Resources Utilization, it involves using natural resources from other planets and satellites (such as the moon) to create an environment that is suitable for life. This line of development includes the generation and

storage of energy or the production of H<sub>2</sub>O, O<sub>2</sub>, H<sub>2</sub>, etc., creating important synergies with the activities of other lines of business and allowing Abengoa to become a pioneering company in space in the activities in which it already is a leader on Earth.

Likewise, Abengoa continued with the development of defence products during 2018, a line in which it has already shown its commitment, by improving and certifying its power distribution unit for land vehicles.



Abengoa has had an active role in the development of projects in the aerospace sector. Copyright: ESA

- › **Electrical power systems:** Abengoa works in innovative energy control and storage technologies to improve the levels of safety, quality and flexibility of the electrical system, allowing a greater integration and improved management of renewable energies.
  - I. **Storage systems:** analysis, development and integration of energy storage technologies, mainly electrochemical, such as Ion-Lithium, Flow and NaS batteries and supercapacitors, and the analysis of new technologies, such as Zinc-Air, Ion-Lithium variations, Magnesium-Air, etc.
  - II. **Control solutions:** development of new algorithms and strategies to control energy assets, mainly storage and renewable energies. In this line, Abengoa is developing Abengoa Energy Management System (AEMS), a proprietary control platform, which offers many different services with a high economic impact, guaranteeing compliance with the strictest technical interconnection requirements.

The main milestone achieved in 2018 was the design and start of assembly of the demo unit for which Abengoa is responsible in the Flexitranstore project (GA No. 774407), funded by H2020. This demo unit will have a storage capacity of 1MW/2MWh. It is being installed in Seville and it will be transferred to Cyprus during 2019, where it will be connected to an electrical substation, offering a power management service to the local distributor.



Abengoa is responsible for the assembly work on the demo unit of the Flexitranstore project

During 2018, Abengoa was awarded a new project, E-Magic (GA No. 824066), as part of the H2020 call for proposals, which will start during the first months of 2019; the company will face the challenge of developing magnesium batteries for their use in energy storage applications as an alternative to Ion-Lithium batteries. The use of batteries provides advantages in terms of density of energy, price and safety.

- › **Hydrogen:** Abengoa is also developing hydrogen and fuel cell technologies. The main technology focuses on the design and development of solutions for the production of hydrogen and its use as a fuel that can produce energy in fuel cells. Main work areas:

- I. hydrogen plants with electrolysis and hydrocarbon and alcohol reforming;
- II. power plants that use fuel cells;
- III. hydrogen service stations used to refuel vehicles;
- IV. hydrogen energy storage plants, using a combination of production, storage and electricity generation technologies, and
- V. special projects (adaptation of the hydrogen technologies and fuel cells for the defence and aerospace sectors).



Hydrogen service station

The Grasshopper project (GA No. 779430) was launched during 2018, a project funded by H2020. The expected result of this project is the design of a flexible, modular and low-cost electricity generation system that uses MW-scale fuel cells. The design will be validated with the design, construction and operation of a small-scale demo system (100 kW). Abengoa has worked in the design of this modular and cost-effective system, which will be installed in Delfzijl (Netherlands) after the validation process carried out in Seville during 2019.

The Hydrosol-beyond project (GA No. 826379) will start in 2019, which is mainly aimed at the production of hydrogen with the use of concentrated solar power.

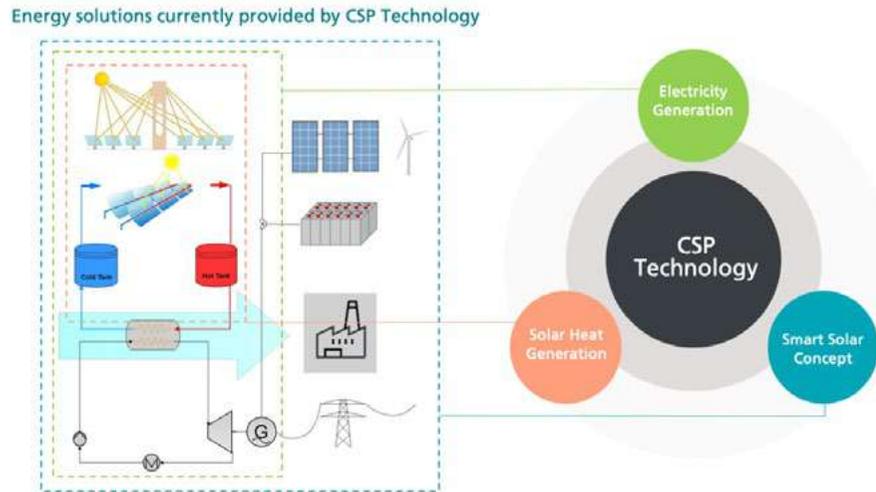
## Main lines of technological development

### R&D and innovation in the solar thermal area

Abengoa continues to prioritise on the innovation of its products to maintain its global leadership position in the solar thermal sector.

Abengoa's portfolio of technology solutions provide a response to cater to the maximum manageability requirements of energy demand. Thanks to the know-how accumulated since its establishment, Abengoa has designed and promoted a new generation of renewable energy plants in which the low cost of photovoltaic power (PV) and the manageability of solar thermal power (CSP) with thermal storage (TES) are all present in a single facility. These are solar plants

with hybrid technology or Smart Solar Plants, which have been developed and optimised by Abengoa during this last period and which is expected to achieve a big reduction in the cost of energy, thanks to the on-going progress achieved in R&D&I, one of the company's main priorities.



Graph SSP ES

The company has incorporated new hybrid manageable solutions into its portfolio, which allow the decarbonisation of conventional thermal power plants. Moreover, Abengoa is committed to developing new solar thermal power applications in the process heat production field, designing solutions that are adapted to the needs of strategic sectors, such as mining and the chemical and petrochemical industries.

The optimisation of the cost and accuracy has been and will continue to be a priority development. Progress has been made on the optimisation of the wind loads used to design solar field components. The activities focusing on tracking control and monitoring will continue to be a priority, in addition to the study of other critical systems, such as the corrosion of materials and degradation of heat storage and transmission fluids in advanced solar thermal plants. Regarding the work undertaken during 2018, the following can be highlighted:

› **Design of a new production model.**

- I. Abengoa has created a model for photovoltaic power plants that corrects errors and adds new functions to the main commercial software used in the sector. The production model can be used to dimension the systems that make up the installation and calculate the production rates that can be guaranteed with high levels of accuracy, reducing the risk for Abengoa. In addition, this will allow the integration of Abengoa's traditional production models to the tower and parabolic trough technologies (saturated steam, overheated steam and molten salts), with the PV model to study and optimise hybrid technology plants.
- II. In addition, another hot pressurised water, saturated steam and overheated steam generation model for industrial applications has been designed. The production model can be used to dimension the systems in the installation and calculate the production rates that can be guaranteed with different CCP types.
- III. Integration of emerging energy storage technologies into Abengoa's production models: electric batteries and electric molten salt heating systems. This will allow new plant configurations to be studied, one of the current demands of the solar power sector.

› **New software for the optimised design of components.**

- I. Optimised implementation of heliostats with a variable size and geometry (polygon and circle), maximising their performance while minimising the land used for such systems.
- II. Calculation of the yield of solar fields with variable geometry heliostats (polygon and circle), based on Ray Tracing techniques, which provide highly reliable results.

› **New tools for the optimisation of the start-up and tracking operations.**

- I. Optimisation of the molten salt solar collector pre-heating process, integrating the readings of IR cameras, the control algorithm of the heliostat field, flowchart map simulations and surface tube temperature simulations. This technology has been developed for the commissioning of the solar receivers of the Luneng Haixi (China) and Cerro Dominador (Chile) projects.
- II. Tracking system optimisation. Azimuth and elevation positioning system, with new high-accuracy sensors on both axes, with the optimisation of their installation on the heliostat structure.

- › **Study and validation of the dynamic behaviour mechanisms of molten salts** in the receiver and storage tanks, as required to optimise the design of these key components and guarantee their durability and reliability throughout the project.



Cerro Dominador, 110 MW plant, under construction.

Likewise, Abengoa fosters the creation of international partnerships and focuses on new high-temperature technology developments, highlighting the solarisation of industrial processes, with its main milestones achieved in 2018 including its participation in the Solpart and Sun-to-Liquid projects.

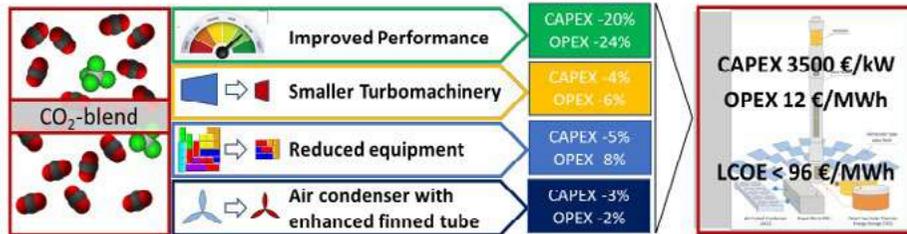
- › **Solpart:** project funded by the European Union as part of the H2020 call for proposals, aimed at developing a pilot-scale project for a high-temperature (950 °C) 24h/day solar process suitable to treat the particles of industries with a high consumption of energy, such as the cement and limestone production industries. The project aims to supply all or part of the thermal energy required for the calcination of  $\text{CaCO}_3$  and the construction of a pilot plant was recently started for the validation of the fluidised receiver in which the calcination process will be carried out.



Pilot plant of the "Sun to Liquid" project in operation, located at IMDEA's facilities.

- › **Sun-to-Liquid:** project funded by the European Union as part of the H2020 call for proposals, aimed at designing and building a pilot plant for the validation of solar kerosene production for the aviation industry. The pilot plant located at IMDEA's facilities was completed and commissioned in 2018. It will be used for the first validation of the entire production chain, from sunlight,  $\text{H}_2\text{O}$  and  $\text{CO}_2$  to liquid hydrocarbon fuels.

Abengoa continues to work on the development of new super-critical cycles, with the purpose of seeking for power cycles with a higher yield that can reduce the cost of CSP energy. The main milestone achieved in 2018 in this area was the award of the EU's Scarabeus project as part of the H2020 programme. The aim of this project is to develop and implement a super-critical and high-efficiency  $\text{CO}_2$  cycle in concentration plants. The project budget is € 4,950,266.25 and nine partners will participate in the project (four universities and five companies).



In 2018, Abengoa was awarded the Scarabeus project.

In 2019, it will continue to provide its technological support for the development of commercial plants during the design, construction and operation phases. Different work groups specialising in the most critical systems of each technology are available to provide technical support during the design, procurement and manufacturing of the main units.

Finally, Abengoa continues to promote the creation of a network of strategic collaborators from different national and international universities and research centres, developing specific projects and medium- and long-term collaboration agreements, which will allow researchers to collaborate in different locations and transfer knowledge.

## R&D and innovation in the rail industry



Abengoa continues to work in rail innovation projects, such as Broken Track, a project that involves the detection of rail breakage.

In 2018, Abengoa continued to participate in the following rail innovation projects:

- › **The Railway Innovation Hub:** Abengoa is the Vice President of this cluster of rail companies based in Malaga, aimed at becoming a national and international benchmark in railway innovation.
- › **Broken Track project:** real-time rail breakage detection system created by Abengoa.
- › **Development of the BIM (Building Information Modelling) tool for railway environments:** used for the creation of a tool that can adapt the layout of overhead contact lines and substations automatically.
- › **Alis Project:** we are still in the marketing stage of this comprehensive railway electrification system simulation tool.

## 03. Management of capitals

### 03.3. Human capital



## Goals set forth in the 2019-2023 SPCSR

## Occupational health and safety and well-being



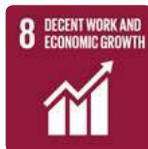
- › Disseminate a **culture of Health and Safety** across the company, ensuring it reaches all levels and areas globally.
- › **Keep accidents with special severity at 0.**
- › Achieve the progressive **reduction of the frequency rate** with sick leave.
- › **Promote a healthy lifestyle** amongst the company's employees.

## Equal opportunities and diversity



- › Ensuring that at least **30 % of the members of the Board of Directors** are women by 2020.
- › Ensuring that one of the committees of the Board of Directors is chaired by a woman by 2023.
- › Ensuring that at least **12.5 % of the members of the Executive Committee are women.**
- › Ensuring that at least **25 % of the members of Business Committees are women.**
- › Ensuring that at least **25 % of the members of the Management Committee are women.**
- › Ensuring that at least **30 % of all managers are women**, out of the total number of employees.
- › Ensuring that the number of **women in the workforce is at least 35 %.**
- › Conduct **internal salary audits** in all regions.
- › Implement **work-life balance measures** that help achieve the goals of the SCSR.

## Talent



- › Achieve a **score of at least 7 out of 10 in the climate surveys**, conducted every two years.
- › Prepare and implement **action plans** on the results of the climate surveys.
- › Maintain the annual **performance appraisal** programmes.
- › Establish medium-term employee **retention plans.**
- › **Foster training** (40h/employee) and professional development.
- › Foster **internal mobility.**
- › Maintain and implement **work-life balance measures** to make Abengoa a great place to work for and a socially responsible company.
- › Foster **social dialogue.**
- › Foster the **spirit of entrepreneurship and collaboration** as the base of all management approaches.

Despite the demanding and complex financial challenges Abengoa had to face during 2018, the company continues to make progress in its recovery and transformation to become a **more efficient and flexible organisation that is capable of competing in any market with success.**

The company is fully aware of the fact that **its competitive advantage lies in its people, teams of professionals, know-how, skills and commitment.** Abengoa's strategy plan and viability plan would be worthless and completely ineffective without its human team.

Achieving growth and creating jobs and opportunities from the project's viability and sustainability is a true challenge for the team of executives and business managers in which significant progress is achieved.

Throughout 2018, the company has continued to make progress in expanding its portfolio and executing new projects, with new very important projects being awarded. Such an increase in projects has led to a proportional increase in the workforce, as proof of the company's recovery after a hard period, in which the organisation has faced some of the most difficult challenges in its history.

Another of the factors that confirms Abengoa's recovery is that the workforce turnover rates during 2018 have returned to normal, even below those of many companies in its sector.

Currently, Abengoa is a much more flexible and collaborative company that is committed to ensuring its employees achieve a good work/life balance, with a future vision that drives its responsible management model, ensuring its employees feel proud of working for the company.

Despite the challenges and problems that the company had to face over the past few years, Abengoa's capacity has remained unchanged and it continues to have an excellent team of motivated, committed and capable professionals, whose contribution is and will continue to be the company's differentiating element and the basis on which it will build its future.

## Our team in figures

At the end of the year, Abengoa had 13,450 people<sup>1</sup>, a 7.9 % increase when compared to the close of the previous year. In terms of its workforce, it is worth mentioning that the company has started to hire new employees for the first time since the start of its restructuring process, proof of Abengoa's recovery. [102-7](#)

The workforce is distributed as follows, by gender and professional category: [102-8](#), [405-1](#)

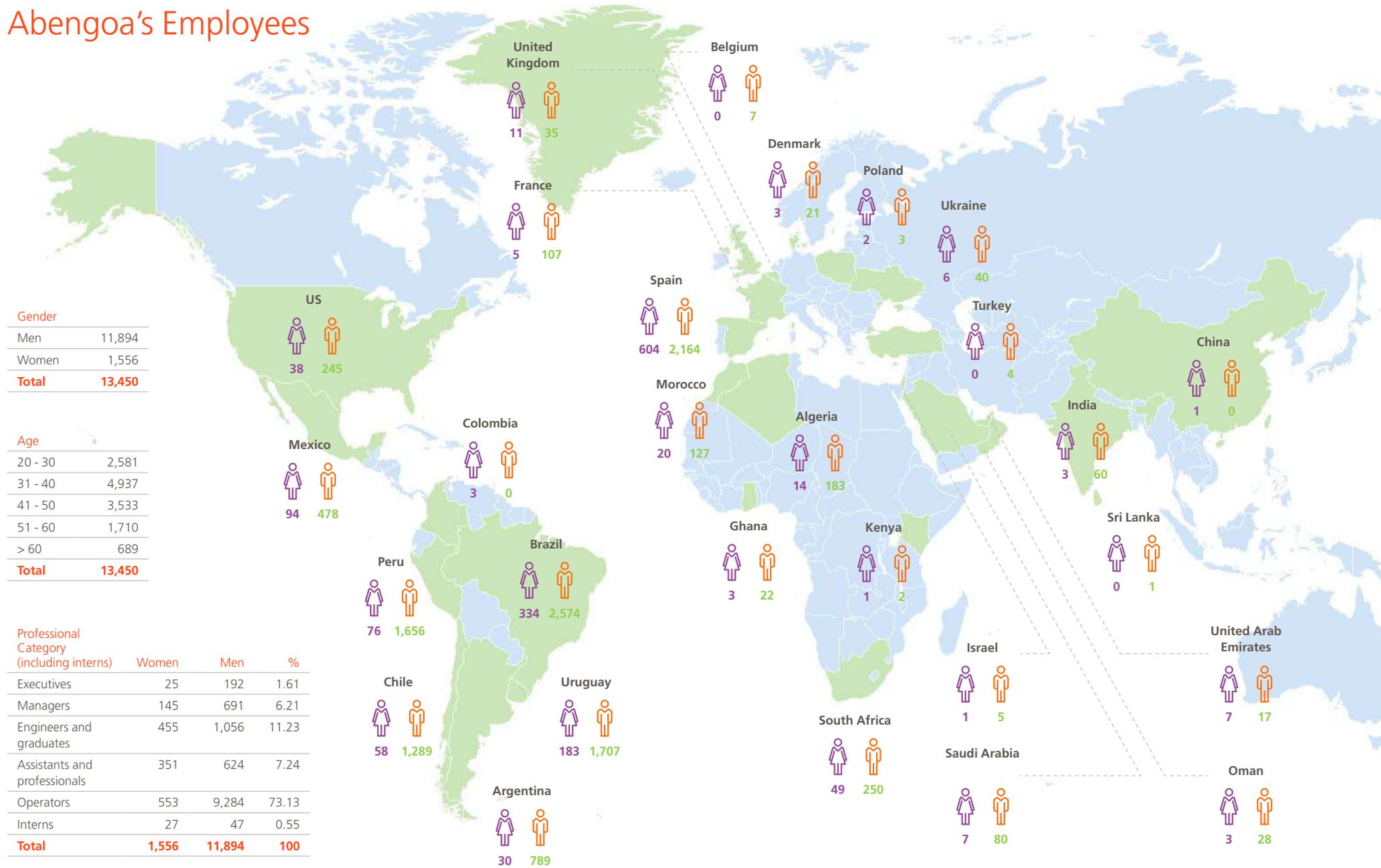
Professional Category	Men			Women		
	2018	2017	2016	2018	2017	2016
Executives	192	242	328	25	27	38
Managers	691	753	945	145	168	266
Engineers and graduates	1,056	1,349	1,740	455	508	753
Assistants and professionals	624	1,335	1,413	351	479	630
Operators	9,284	7,182	9,175	553	396	605
Interns	47	17	44	27	12	42
<b>Total</b>	<b>11,894</b>	<b>10,878</b>	<b>13,645</b>	<b>1,556</b>	<b>1,590</b>	<b>2,334</b>

Abengoa aims to make a positive contribution in the communities in which it is present through its portfolio of projects, as well as by hiring from and providing support to local communities. The map shows that 20.6 % of the company's employees are based in Spain, while 79.4 % work abroad.



Note 1 [As of 31 December 2018. Total staff, including interns.](#)

# Abengoa's Employees



The company's employees by the end of 2018 are shown below, by region and the percentage of distribution out of the total workforce:

Region	2018		2017		2016	
	Workers	%	Workers	%	Workers	%
US	283	2	328	3	357	2
Latin America	9,271	68	8,075	65	10,002	63
Europe	244	2	260	2	307	2
Spain	2,768	21	2,811	22	3,903	24
Africa	671	5	655	5	846	5
Asia	213	2	339	3	564	4
<b>Total</b>	<b>13,450</b>		<b>12,468</b>		<b>15,979</b>	

According to the type of contract, the workforce is distributed as follows: [102-8, 405-1](#)

Type of contract	Men			Women			Total		
	2018	2017	2016	2018	2017	2016	2018	2017	2016
Indefinite	6,282	6,218	7,328	1,106	1,097	1,373	7,388	7,315	8,701
Temporary	5,565	4,643	6,273	423	481	919	5,988	5,124	7,192
Interns	47	17	44	27	12	42	74	29	86
<b>Total</b>	<b>11,894</b>	<b>10,878</b>	<b>13,645</b>	<b>1,556</b>	<b>1,590</b>	<b>2,334</b>	<b>13,450</b>	<b>12,468</b>	<b>15,979</b>

The distribution of the workforce classified by age and gender over the past three years is shown below: [102-8, 405-1](#)

Age range	Men			Women			Total		
	2018	2017	2016	2018	2017	2016	2018	2017	2016
20 – 30	2,281	2,212	3,176	300	315	547	2,581	2,527	3,726
31 – 40	4,285	3,994	5,027	652	732	1,129	4,937	4,276	6,156
41 – 50	3,122	2,768	3,262	411	385	478	3,533	3,153	3,740
51 – 60	1,570	1,384	1,640	140	122	149	1,710	1,506	1,789
> 60	636	520	540	53	36	31	689	556	571
<b>Total</b>	<b>11,894</b>	<b>10,878</b>	<b>13,645</b>	<b>1,556</b>	<b>1,590</b>	<b>2,334</b>	<b>13,450</b>	<b>12,468</b>	<b>15,982</b>

Age range	% men			% women		
	2018	2017	2016	2018	2017	2016
20 – 30	88.38	87.53	86.44	11.62	12.47	13.56
31 – 40	86.79	84.51	82.17	13.21	15.49	17.83
41 – 50	88.37	87.79	87.24	11.63	12.21	12.76
51 – 60	91.81	91.90	90.88	8.19	8.10	9.12
> 60	92.31	93.53	94.20	7.69	6.47	5.80

## Equal opportunities

The company maintains its commitment to equal opportunities and non-discrimination on the basis of race, gender, colour, religion, opinion, nationality or any other circumstance. Such a commitment and its effective regulation is clearly described in the company's Common Management Systems, which are applicable across the organisation, with no exceptions.

Abengoa created the **Equality Framework Plan** more than ten years ago, which is included in the **Equal Opportunities and Treatment Office**, based on the principles of the UN Global Compact, which was joined by Abengoa in 2002 and which is part of the Occupational Social Responsibility Policy.

On the one hand, the purpose of the plan is to guarantee equal treatment and opportunities throughout all levels of the organisation and, on the other hand, to avoid any situation that could result in direct or indirect labour discrimination. Likewise, it has a specific protocol to report mobbing, with the purpose of addressing any situation that could be a source of discrimination on the basis of gender.

In addition, the company's **Equal Opportunities and Treatment Office** was created to monitor the matters relating to gender equality across the organisation. The committee did not hold any meetings this past year as a result of the company's exceptional situation, but the restructuring and analysis work has been conducted to resume these meetings for 2019, which will be held once a year.

As mentioned at the start of this section, Abengoa has defined an equal opportunities line of action in its 2019-2023 Strategic Plan of CSR (SPCSR), which establishes specific medium-term goals and actions, in addition to a series of indicators that will allow it to monitor and establish specific guidelines to meet the requirements of the plan.

Some of the goals defined in this strategy line include increasing the presence of women in the board of directors and executive and governing bodies of the company, as well as in all professional categories, preparing a specific programme aimed at boosting the presence of women across all levels of the organisation and including points associated with diversity, equal opportunities and achieving the proper work/life balance in the climate survey, all with the aim of monitoring and measuring this situation.

In 2018, Abengoa joined the **Spanish Diversity Charter** through the OTP Group Foundation, a project sponsored by the European Commission and the Ministry of Equality. Therefore, the organisation acquires the commitment to foster a socially respectful, economically sustainable and legally rigorous environment.



The presence of women in executive and management positions during 2018 has been as follows: [405-1](#)

Women in executive and management positions	2018	2017	2016
Women executives and managers	170	195	304
(%)	16.14	16.38	19.27
<b>Total executives and managers</b>	<b>1,053</b>	<b>1,190</b>	<b>1,577</b>

## Remuneration policy

According to the principle of equal opportunities, the company's remuneration system ensures equal remuneration, treatment and opportunities for men and women, establishing no differences in any professional category or region, in compliance with the current regulations and with the commitments and principles defined in the company's policies.

Employee remuneration takes into account the current salary brackets and legal regulations of the regions in which Abengoa operates, among other factors, but is always equal to or higher than the Minimum Inter-professional Wage (or similar indicator) of each country.

Below is a breakdown of the average remuneration figures<sup>2</sup> by age, gender and professional category<sup>3</sup>. [405-2](#)

Average global remuneration (thousands of euros)			
Professional Category	Men	Women	Variation (%)
Executives	90.3	86.5	4
Managers	50.4	50.1	1
Engineers and graduates	34.1	34.5	(1)
Assistants and professionals	21.9	20.7	5
Operators	15.7	15.4	2

Average remuneration, by age (thousands of euros)	
Age range	Remuneration
20 – 30	14.9
31 – 40	22.4
41 – 50	27.1
51 – 60	26.5
> 60	29.8

Note 2 Includes fixed and variable remuneration and remuneration in kind.

Note 3 This information corresponds to 94 % of the workforce (employees and operators) as of 31 December 2018, excluding those corresponding to the Brazilian company Abengoa Bioenergia Brazil, which was undergoing a judicial rehabilitation process and no reliable information about the process and the members of the Executive Committee and Management Committee is available.

## Creation of employment opportunities for the disabled

Abengoa is firmly committed to the **labour market integration of the disabled** and, therefore, to offering equal opportunities to this group.

At the close of 2018, the number of employees in Spain with a disability greater than or equal to 33 % was 37 in total. Likewise, the company rolled out alternative procedures in observance of the Law for the Social Integration of Disabled Persons, including the request for exceptional measures to observe the legal requirements by cooperating with official special employment centres, such as for example cleaning or reception staff services.

## Attracting and retaining talent

Abengoa considers that attracting, developing and retaining the most talented individuals is key to its success. That's why the measurement and appraisal of its staff is required, including the results and potential of its teams, ensuring all employees receive the necessary feedback for their development and career plan.

The performance appraisal process is carried out according to the **skill management model**, which guarantees that all professionals are in line with their post, mission and responsibility.

This process is conducted once a year, and it included over 2,000 employees in Africa, Asia/Oceania, Spain, Europe, Ibero-America and North America during 2018, covering all business and corporate units.

Abengoa is aware of the fact that the success of this new stage can only be achieved with a quality team of directors, managers and executives. It is for this reason that the company identifies potential executives through development programmes.

To this end, Abengoa ensures all engineering and staff profiles receive comprehensive **technical and management training**, offering professional career paths adapted to each profile, as well as the opportunity to participate in international projects, ensuring mobility and development options across the organisation.

Likewise, the company's **2018 Internship Programme** was completed successfully within the year, having managed over 150 internships in different countries and signing 24 internship agreements with different universities and business schools. A year on, we can highlight the highly-successful Work experience seminars, a key element of the programme aimed at young students, which has managed to achieve its two-fold goal: giving students their first experience in the world of business and helping students choose a university degree or higher-education course.

Abengoa considers talent is key to the organisation's success and for this reason pays special attention to the company's turnover indexes. In this regard, the voluntary rotation rate during 2018 was 7.69 %, as compared to a rate of 8.69 % during 2017. **401-1**

Voluntary rotation		2018	2017	2016
Gender (%)	Men	7.83	8.37	18.84
	Women	7.33	9.60	16.65
Age (%)	20 – 30	24.83	2.37	25.07
	31 – 40	47.59	4.97	20.55
	41 – 50	20.34	8.14	13.47
	51 – 60	5.52	9.49	6.97
	> 60	1.72	2.86	6.14

The voluntary rotation rate by region was as follows:

Region	Rotation (%)
Africa	6.51 %
Asia and Oceania	11.09 %
Spain	7.90 %
Europe (excluding Spain)	19.00 %
Latin America	6.15 %
North America	15.18 %

Abengoa has established the **Management Incentive Plan (MIP)**, a four-year incentives plan (2017-2020) used to retain and motivate critical staff of the organisation who are key to the company's future, as well as to the achievement of the company's strategic goals. **404-2, 404-3**

## Training

The training actions rolled out throughout 2018 continue to be coherent with the current situation, since the company continues to establish the priority and strengthen training on health and safety and internal training, without forgetting refresher training and specific new training on other technical areas of specialisation.



Technical training is scheduled as a consequence of the needs detected for the personnel in different business units, with the outlook of the Strategy Plan for the next ten years, which was recently presented, and according to the performance management results of the previous year.

It is worth mentioning that the proactive approach of the company's personnel is allowing the company to address its progress while providing training in both categories, as in previous years; employees have shown their interest in participating in the online and classroom-based training programmes in Spain and abroad.

The number of training hours given as compared to last year has increased by 93 %, from 249,164 hours in 2017 for 12,439 employees to 480,018 hours for 13,437 employees in 2018.

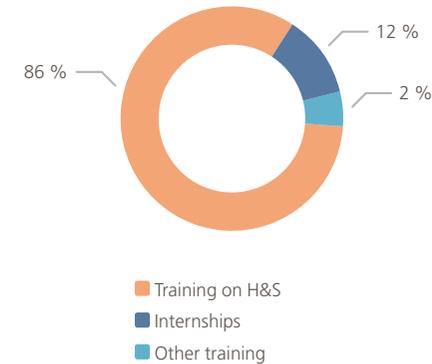
404-1

Training	2018	2017 <sup>(1)</sup>	2016
Training hours	480,018	249,164	115,669
Internships	66,627	73,557	155,925
Variation in training hours <sup>(2)</sup> (%)	93	115	(48)

(1) The 2017 training hours have been regularized due to a modification in the training procedure, which was approved in November 2018.

(2) Excluding internships.

The total training hours by category during 2018 are classified as follows: 404-1



## Protection of human rights

Abengoa is firmly committed to respecting human rights within the organisation and its area of influence.

The company applies regulations that go beyond the business to guarantee that human rights are respected and protected, regardless of the type of activity or location where its activities are carried out.

In addition to the legal protection in each country, the regulatory coverage pays special relevance thanks to the collective bargaining agreements signed in each sector, region or the specific agreements signed by workers, their representatives or trade unions, as appropriate, as well as the internal regulations protecting workers and their rights. [102-41, 403-4](#)

In 2018, 93.4 % of the employees were covered by collective bargaining agreements, as shown below:

Country	Total	Collective bargaining agreements
Saudi Arabia	87	–
Algeria	197	197
Argentina	819	819
Belgium	7	7
Brazil	2,908	2,908
Chile	1,347	1,347
China	1	–
Colombia	3	–
Denmark	24	24
United Arab Emirates	24	–
Spain	2,768	2,762
France	112	112
Ghana	25	–
India	63	63
Israel	6	6
Kenya	3	–
Morocco	147	147
Mexico	572	–
Oman	31	–
Peru	1,732	1,732

Country	Total	Collective bargaining agreements
Poland	5	5
United Kingdom	46	46
Sri Lanka	1	–
South Africa	299	299
Turkey	4	–
Ukraine	46	–
Uruguay	1,890	1,890
US	283	198
<b>Total</b>	<b>13,450</b>	<b>12,562</b>
	93.40 %	

All employees have a basic labour right to being informed about any organisational change through their supervisors or representatives before such change occurs, as established by law and according to the specific collective bargaining agreements. [402-1](#)

In accordance with the social responsibility commitments acquired after adhering to the UN Global Compact and established in its Code of Conduct, Abengoa uses its own Occupational Social Responsibility policy (OSR) to guarantee the commitment to the above, establishing a social responsibility management system in accordance with the international model SA8000.

No complaints were received during 2018 in relation to human rights through any whistleblowing channel. [102-17, 419-1](#)

## Abengoa's commitment to a good work/life balance 201-3, 401-2

Abengoa considers that creating a nice work atmosphere and achieving a good work-life balance are essential to ensure employees trust in the company and to create a mutually beneficial relationship with them.

To this end, it offers different social benefits which help them achieve a good work-life balance:

- › **Catering services** at the company's headquarters (Seville).
- › **Gym** with the equipment required to practice physical exercise and have a space for group activities at the company's headquarters (Seville).
- › **Flexible remuneration** (medical insurance, travel card, meal vouchers, nursery school vouchers and training) for all employees in Spain.
- › **Nursery school** and daycare service (Seville) and special room for **breastfeeding** (Seville and Madrid).
- › **Medical service** to ensure employees receive the adequate assistance (Seville).
- › **Car park with special parking spaces** for pregnant women, drivers with reduced mobility and parents taking their children to the nursery school at the company's headquarters (Seville).
- › **Life and accident insurance.**

The company has a firm commitment to ensuring its employees achieve a good work-life balance. As a result, it has implemented a series of **measures to disconnect from work** that maximise the efficiency of time dedicated by the employee to his/her personal and professional life. Therefore, the headquarters in Seville (Spain) have established an hour on which the lights are automatically switched off and the office is closed.

This management model includes the need to reduce the presence of managers with special responsibilities at the office out of the normal working hours to the bare minimum.

In addition, new measures were added during 2018 to make more flexible the holiday periods and allow all employees to optimise and enjoy their days off as much as possible.

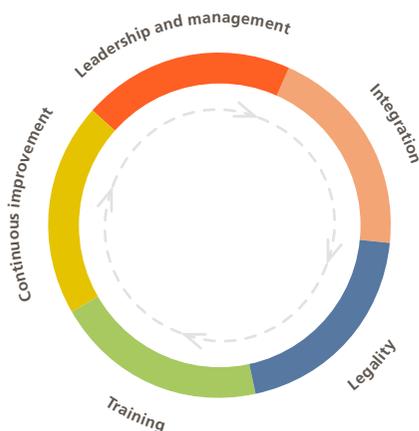
## Occupational Health and Safety

Abengoa has a firm commitment to prevention and the improvement of the health and safety conditions at the workplace, both of its own facilities and in the areas in which its subcontracted activities are carried out.

One of Abengoa's main priorities is to ensure the optimum conditions in all of the company's work centres and projects from the point of view of health and safety. For this reason, the company is firmly committed to the implementation of effective health and safety management systems, which are audited at regular intervals by certified entities to guarantee that they have been implemented correctly, according to the reference regulations.

These management systems are based on **five pillars**, which are used to define the company's Health and Safety Policy:

- › **Integration of Health and Safety across all levels** of the organisation as its corporate strategy.
- › Leadership driven from management in relation to Health and Safety, with the aim of having a proactive impact on increasing the **culture of prevention** across the organisation.
- › Firm commitment to **on-going training on Health and Safety**, as a basic pillar to have an impact on the change in the behaviour of its employees and, as a result, as an element that drives the culture of prevention across the organisation.
- › Implementation of a Health and Safety management system that focuses on the continuous improvement of its production processes with the **regular assessment and review** of all activities inherent to the system.
- › Ensuring strict compliance of all activities carried out within the organisation with the **Occupational Health and Safety regulations** at all times.



All sessions of the Executive Committee and Management Committee start by addressing the matters associated with Health and Safety, which is a priority to Abengoa. Likewise, committee meetings are held on a regular basis with the Chairman's Office to monitor and alert on the aspects that could represent a risk to the occupational safety of employees, analyse the accident rates and implement the necessary measures to achieve the goals in this area. **403-1**



## Accident rates

As regards safety, the company has focused this year's efforts in reducing the incidents associated with work at heights, preparing specific plans and campaigns. In addition, the company has rolled out a Health Plan aimed at promoting a healthy lifestyle amongst its employees and contractors.

The company's top priority is to reduce fatal accidents at all construction sites, projects and facilities to zero.

There were no fatal accidents during 2018 in the company's construction sites, projects and facilities. **403-2**

Personnel	2018	2017	2016
Own	0	0	1 <sup>(1)</sup>
Subcontracted	0	0	0

(1) The victim was a man.

The company pays special attention to the changes in the accident and absenteeism rates, in particular, in all companies and professional spaces in which works are executed.

Own Staff	OFR <sup>(1)</sup>	FRSL <sup>(2)</sup>	SR <sup>(3)</sup>	LTI <sup>(4)</sup>
2018	10.88	4.9	0.11	126
2017	13.3	6.6	0.12	173
2016	14.2	8.8	0.23	286
Subcontracted Staff	OFR <sup>(1)</sup>	FRSL <sup>(2)</sup>	SR <sup>(3)</sup>	LTI <sup>(4)</sup>
2018	3.4	1.1	0.01	24
2017	3.1	1.6	0.02	27
2016	7.8	5.4	0.08	86
Global	OFR <sup>(1)</sup>	FRSL <sup>(2)</sup>	SR <sup>(3)</sup>	LTI <sup>(4)</sup>
2018	7.5	3.2	0.07	150
2017	9.3	4.6	0.08	200
2016	12	7.6	0.18	372

(1) Overall Frequency Rate (OFR) = (accidents total amount (with and without lost time) / hours worked)\*1,000,000

(2) Lost time injury frequency rate (LTIFR) = (lost time accidents / hours worked)\*1,000,000

(3) Severity Rate (SR) (number of work days lost / hours worked)\*1,000

(4) Lost Time Injury (LTI).

The following relevant milestones can be mentioned in this area, thanks to the work and commitment shown by all of the company's members, from senior management to staff working at the construction site:

- › More than two years with no major accidents (fatal and very serious).
- › The solar power platforms in Extremadura and Écija (Spain) and in Ain Beni Mathar (Morocco) reach four years of operation with no accidents requiring sick leave.
- › The cogeneration plant in Villaricos (Spain) reaches five years of operation with no accidents requiring sick leave.
- › Four million hours worked with no accidents requiring sick leave in the Shuaibah project (Saudi Arabia).
- › Ten million hours worked with no accidents requiring sick leave in the Waad Al Shamal project (Saudi Arabia).

Abengoa held the **Second Health and Safety Seminars** on 25 October in all regions in which it operates during the European Week for Health and Safety at Work. The purpose of the seminar led by the Chairman was to promote and raise awareness on the need to establish accident and risk prevention mechanisms in this area, recognising employees, clients and suppliers for their best practices in occupational safety.



With the aim of fostering the commitment to health and safety, **Abengoa** rolled out its **Health Plan**. The ultimate purpose of the plan is to start initiatives aimed at fostering and raising the awareness of employees on matters associated with employee health and to provide them with the tools to measure, assess and review out activities, operations and work centres, ensuring they are healthier.



Abengoa joins Sanitas "Healthy Cities" health promotion initiative.

A photograph of a person working at a desk. The person's hands are visible, holding a pen and pointing at a laptop screen. The desk is cluttered with papers, sticky notes, a green highlighter, a smartphone, and two white mugs. The scene is lit with warm, golden light, suggesting a late afternoon or early morning setting. The text '03. Management of capitals' is overlaid on the left side of the image, with '03.' in red and 'Management of capitals' in grey. Below it, the text '03.4. Social and relationship capital' is also overlaid, with '03.4.' in red and 'Social and relationship capital' in grey.

## 03. Management of capitals

### 03.4. Social and relationship capital



## Clients

In 2018, Abengoa has continued to make progress in the recovery of its business and in restoring the company's activity back to normal, thanks to the support, trust and loyalty of its main clients.

Despite the problems faced during the last period, in response to such support, the company has continued to work with the aim of maintaining **its commitment to achieving the highest possible quality standards**, ensuring that its clients' **needs and expectations are met** and maintaining a high degree of satisfaction.

Respect for its clients and a high product and service quality are the pillars of the daily effort of Abengoa's professionals, as well as its hallmarks.

Abengoa has strengthened work to cater to its client's needs, ensuring **fluid and transparent bidirectional communication** with its clients, to guarantee more effective management practices and a minimisation of impacts. It is also worth mentioning that project managers follow a personalised management approach in each region, offering their assistance to clients at all times throughout their relationship with the company.

The trust and loyalty of key clients have allowed the company to make progress on restoring the activity back to normal, and in the achievement of the milestones set forth and included in Abengoa's viability plan.

## Abengoa's commitment to quality

Since the start of its operations, Abengoa has focused on the quality of its products and services as a key element of its strategy, developing its quality assurance and management systems in accordance with the latest excellence paradigms from time to time.

In 2017, the company started a process for the **internal reorganisation of its management systems**, which addressed all of its resources and an in-depth review of its processes. Without forgetting the inherent problems associated with the company's restructuring process, the goal was to **guarantee client satisfaction at all times, optimising resources and focusing on the execution of its projects and services**.

During 2018, its management procedures have been unified, seeking the transversal connection between verticals and regions. Indicators, inspection programmes and audits have been defined to guarantee the same level of quality and quality assurance for all of the company's activities.

Almost all works carried out throughout the year have been covered by a system that has been **certified externally with the ISO 9001:2015 standard**.

During 2018, **129 internal audits were conducted** on the quality management system and **more than 300 nonconformities were solved**.

Likewise, it has conducted over **125 audits of the environmental management system** with 127 nonconformities having been managed.

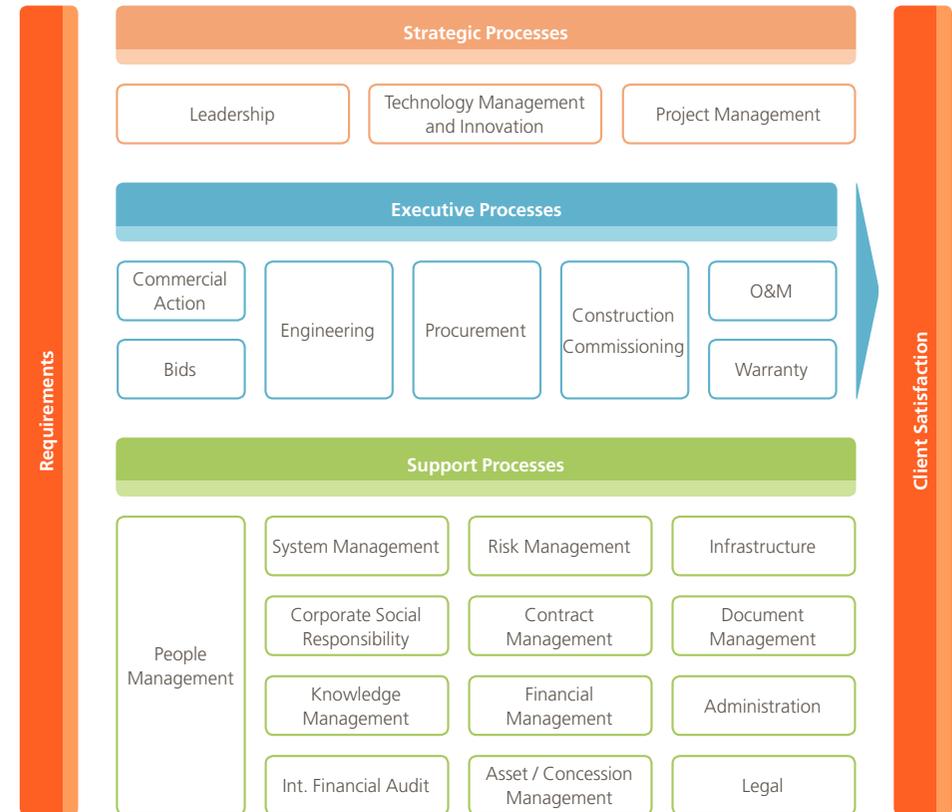
The organisation has **over 130 professionals specialising** in quality management for such tasks.

## Focus on processes

The company continues to work on the improvement of its internal work processes. It is essential to become more effective and efficient to improve the company's competitiveness, consolidate the effectiveness of recovery processes and achieve the growth objective.

With this goal in mind, the company has rolled out an action plan to reinforce the focus on processes of management systems, which involves the definition and dissemination of Abengoa's process map, i.e., a map that identifies and codes each sub-process.

Abengoa's process map includes all the processes carried out by the company to prepare its products and provide its services and is used as the base to develop all elements of the company's management system.

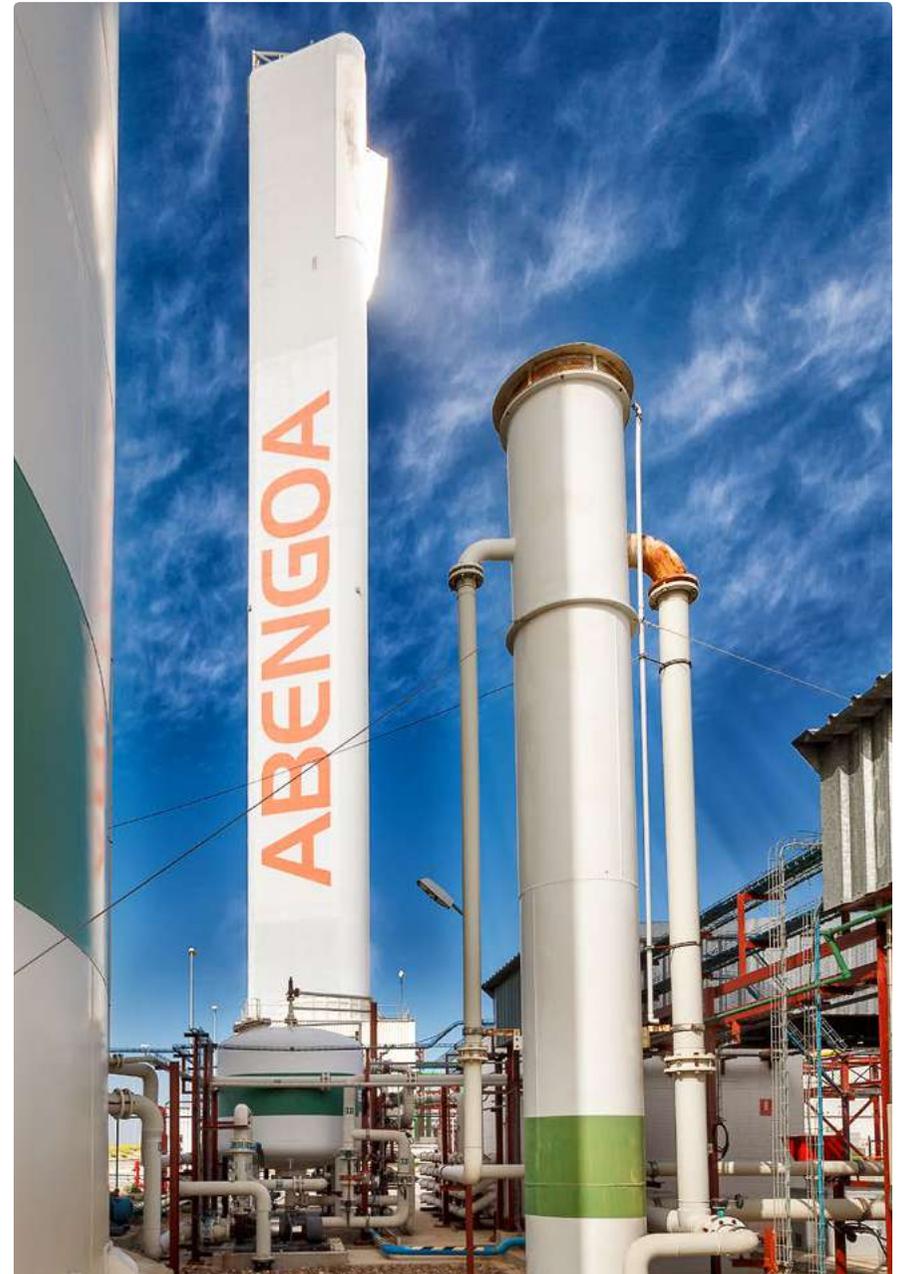
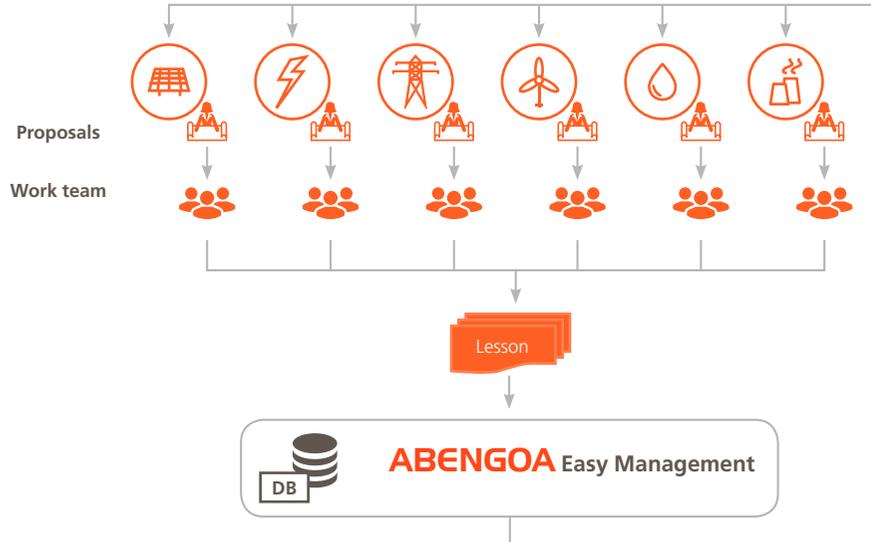


## Our commitment to continuous improvement

In a cutting-edge and innovative project environment, two essential elements stand out: **experience-based learning and sharing the lessons learned** as required to improve all of the company's processes.

The company has developed a procedure to manage the lessons learned in all of its processes. All proposals presented are assessed by teams of experts, who analyse the causes and results obtained, focusing on the aspects that can help improve the organisation's performance. If the lesson learned is assessed as positive, it is transmitted to all applicable projects and activities. In this case, Abengoa Easy Management acts as an integrated database and an element that facilitates the dynamics of all process stages.

In 2018, **61 lesson learned proposals** from the interviews with the work teams of the Ashalim, Dead Sea Works, Xina, Centro Morelos, Denizli, PV Cerro Dominador, Durango, Luneng, Yumen, Zapotillo and WAS projects were added.



## Focus on the client

Abengoa operates in a highly competitive environment, in which it is essential to have a solid client strategy that is in line with the health and safety excellence, integrity, transparency, reliability, client focus, innovation, environmental protection and professional rigour values, which are the company's hallmarks. **102-2, 416-1**

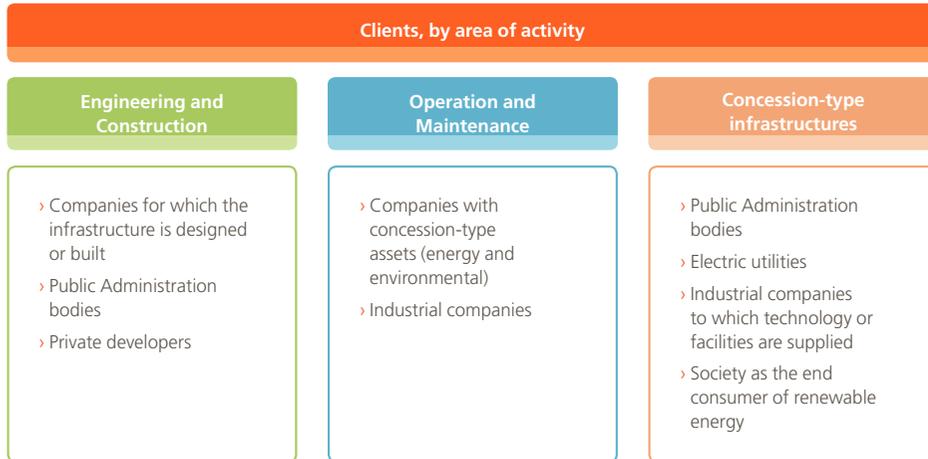
In 2018, **Abengoa supplied the following main products and services** to its clients:

		Sectors					
		Energy			Environment		Other
		Renewable energies	Conventional generation	Transmission and distribution	Water	Environment	
Areas of Activity	Engineering and Construction	Solar power plants (solar thermal, photovoltaic and hybrid solar-gas)	Combined cycle plants	Transmission lines AC <sup>(3)</sup> and DC <sup>(3)</sup>	Desalination plants	Waste recovery plants (W2E <sup>(4)</sup> , other)	Railway electrification
		Wind farms	Cogeneration plants	Electrical substations	Water treatment and reuse plants		Telecommunications, electrical and mechanical installations, marketing and ancillary manufacturing, industrial plants, singular building
		Hydroelectric power plants			Transport and distribution of water (pipelines and aqueducts, among others)		
	Operation and Maintenance	O&M <sup>(2)</sup> of solar plants (solar thermal, photovoltaic and hybrid solar-gas)	O&M <sup>(2)</sup> of combined cycle plants	O&M <sup>(2)</sup> of major transmission system (transmission lines and substations), AC <sup>(3)</sup> and DC <sup>(3)</sup>	Desalination plants		Marketing of components for solar power plants, O&M equipment <sup>(2)</sup> and industrial applications
		O&M <sup>(2)</sup> of wind farms	O&M <sup>(2)</sup> of cogeneration plants	O&M <sup>(2)</sup> of electrical substations	Water treatment and reuse plants		
		O&M <sup>(2)</sup> of hydroelectric power plants			Transport and distribution of water (pipelines and aqueducts, among others)		
	Concession-type infrastructures	Generation of energy in solar power plants (solar thermal, photovoltaic and hybrid solar-gas)	Generation of electricity in combined cycle plants	Major transmission systems (transmission lines and substations), AC <sup>(3)</sup> and DC <sup>(3)</sup>	Production of drinking water and water for industrial uses, and for irrigation systems with the desalination of seawater or brackish water.	Waste recovery plants (W2E <sup>(4)</sup> , other)	Singular buildings (hospitals, prisons, cultural centres and courts)
		Generation of energy in wind farms	Generation of electricity / heat in cogeneration plants		Management of water resources in river basins	Municipal Solid Waste (MSW) and forestry waste	
		Generation of electricity in hydroelectric power plants			Treatment, purification and regeneration of industrial or urban wastewater		
				Purification of water for human consumption			

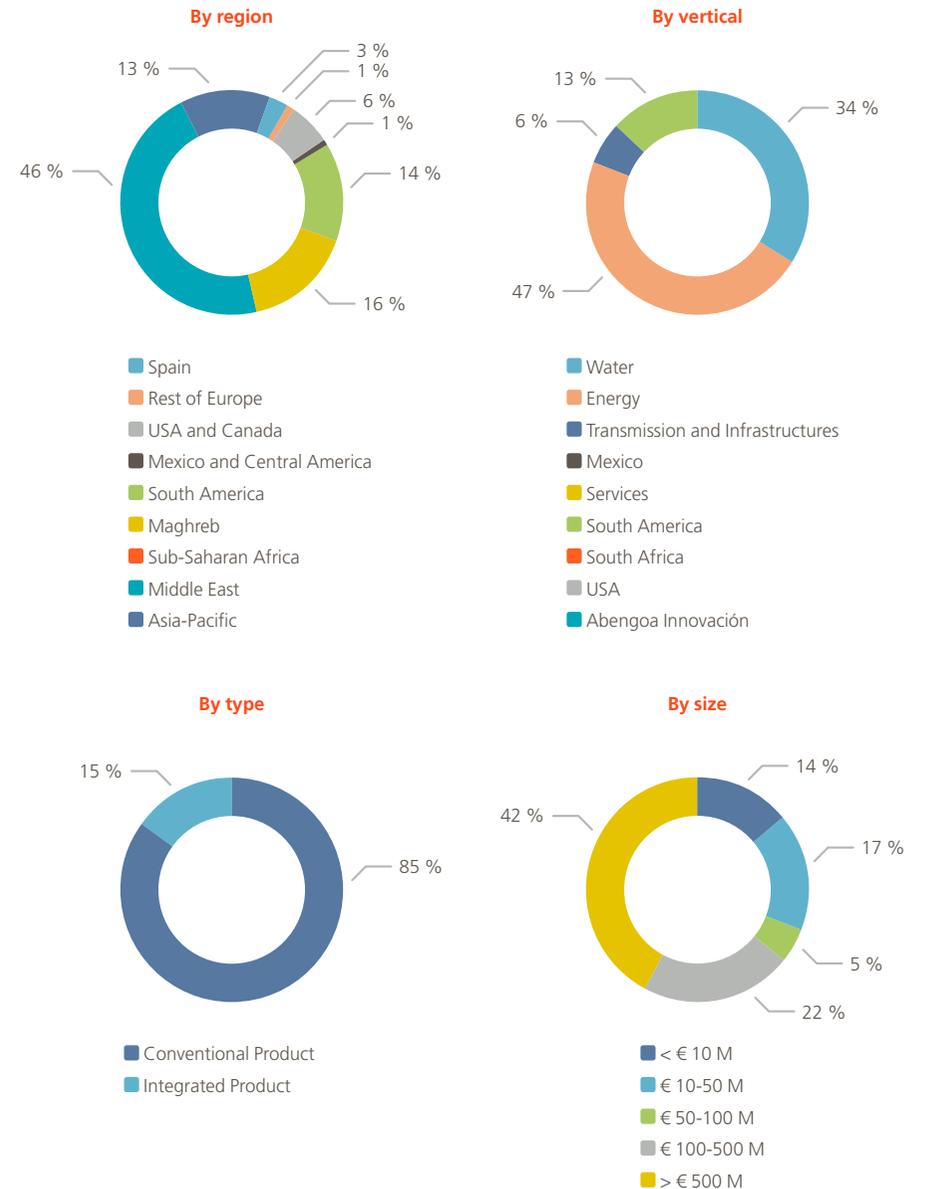
**Technology** Licensing <sup>(1)</sup> proprietary technology to third parties

(1) "Licensing" refers to owning the technology but giving a third party the right to use it under specific terms and conditions. (2) Operation and Maintenance. (3) Alternating Current and Direct Current. (4) W2E: Waste to Energy, generation of energy from waste.

Our clients have the following profiles, classified by area of activity.



Client portfolio details, by region, vertical sectors, size and type of product:



Abengoa uses **Chatter Salesforce** as a tool that facilitates **decision-making processes** and guarantees proper **monitoring of sales-related matters** in real-time.

It allows the sales network to optimise its processes, registering the opportunities detected across the world, so all users can follow their progress, creating synergies between different vertical sectors and regions.

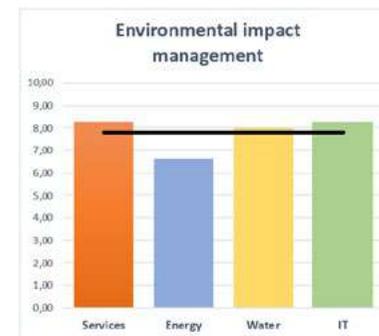
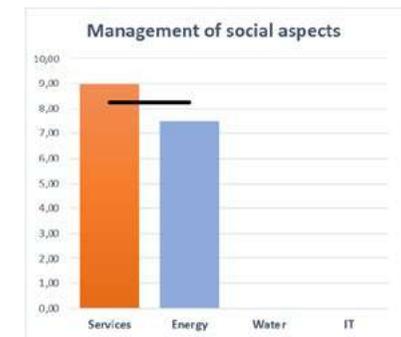
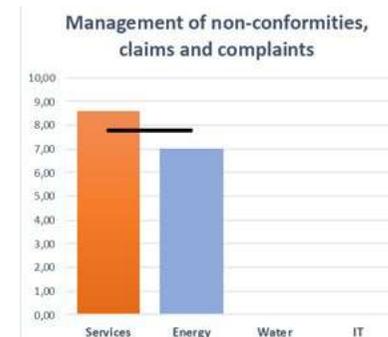
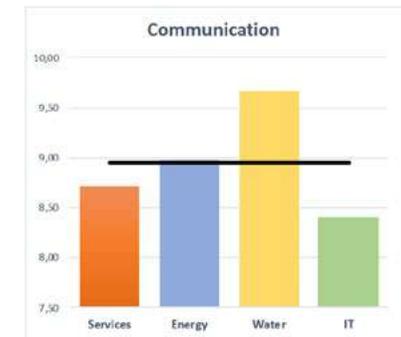
## Our clients' satisfaction

All of Abengoa's activities are guided by fulfilling its commitments and ensuring the full satisfaction of its clients, which are the hallmarks of its projects, products and services. The complex situation derived from its financial restructuring process has increased the quality requirement indexes associated with fulfilling its commitments and obligations.

Abengoa has implemented **a unified client satisfaction measurement system in all of its verticals and regions**, guaranteeing that consistent data can be gathered through the different metrics, by means of which all conclusions are analysed and handled as required.

It assesses the following dimensions:

- > product or service quality;
- > communication with the client;
- > management of nonconformities, claims and complaints;
- > management of the environmental aspects and impacts associated with the product or service;
- > management of social aspects, and
- > occupational risk management.



## Management of claims and complaints

Abengoa is committed to ensuring that its **communication channels** are permanently open **for its clients**, with the purpose of understanding their needs and expectations and handling their claims and complaints when they occur.

Complaints are registered and carefully analysed. A supervisor, work team and observers are assigned to each complaint. The aim is to guarantee the satisfactory solution for both parties, with the application of corrective measures that prevent the incident from repeating in the future as much as possible.

The company uses **Abengoa Easy Management** (AEM) to manage all complaints, the corporate tool that manages any of the company's action plans and records incidents and the corresponding corrective actions. 44 claims or complaints were recorded during 2018, a low figure when compared to the 239 received the previous year. *102-44*

### Complaints typology

Process definition errors	3 %
Activity coordination errors	3 %
Execution errors	11 %
External causes	23 %
Organisational, supervision and control measure errors	51 %
Other causes	9 %





Suppliers

## Goals set forth in the 2019-2023 SCSR

## Progress contribution



- › Conduct **audits** in 15 % of **suppliers detected as critical**.
- › Priority is given to **purchases from local suppliers** to improve the economy and help drive the socio-economic development of the regions in which we operate.

Suppliers are key stakeholders for the organisation and their support is always vital to guarantee that the company can follow a sustainable approach in its activities.

Abengoa has continued to work on a daily basis throughout 2018 with the aim of recovering the **relationship based on trust and mutual benefit** acquired with its suppliers, in addition to guaranteeing **quality** and promoting a **culture of responsible management** and fostering an **ethical behaviour**.

This is one of the company's commitments in response to the loyalty of its suppliers and contractors at all times, who have made a huge effort in many cases to allow Abengoa to continue with its activity. To this end, Abengoa concentrates its endeavours on meeting the debt restructuring milestones in accordance with its feasibility plan, with the purpose of restoring the situation back to normal as soon as possible.

## Centralised purchasing

The process started in 2017 to **centralise the purchasing area**, derived from the implementation of the new strategic plan, **has continued to make steady progress as expected throughout 2018**. The purchasing process was restructured with the purpose of maximising the process efficiency, optimising the operations and balancing local and global.

Progress is still being made in the purchasing area on the consolidation and improvement of the **standardised approval process** for all of Abengoa's suppliers, including sustainability criteria and considering the geographical diversity and activities of its operations.

This activity is being developed by a specialised team, including members of the purchasing, internal audit, CSR, quality and health and safety areas.

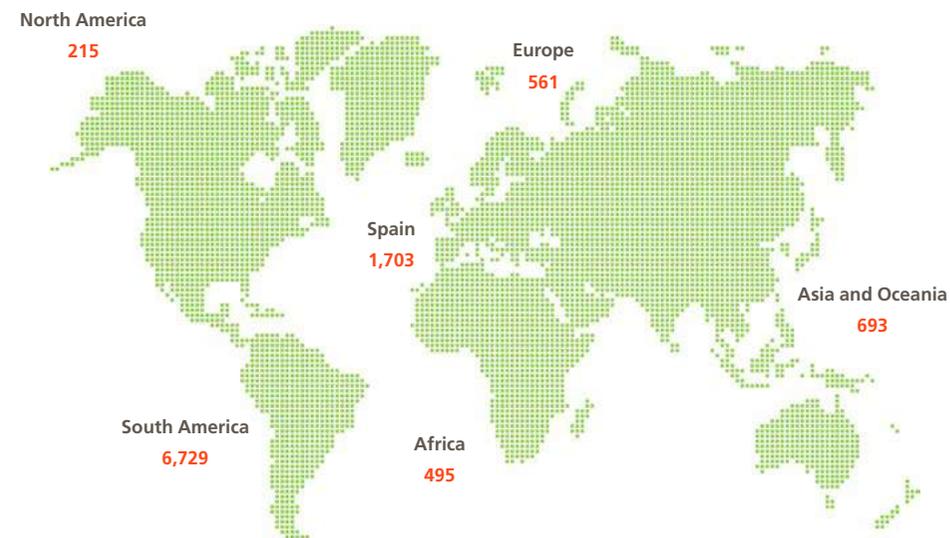
The main goals of unifying such procedures are as follows:

- › **Reducing the risk of purchasing goods and services**, maintaining or improving upon the agility levels with the generation of efficient administrative processes.
- › **Performing a more comprehensive assessment of the supply chain**, to identify and assess supplier-related risks.
- › **Streamlining the purchasing process**, recording the information about suppliers in a single information repository, which can be checked by the purchasing managers.
- › **Unifying the interaction with suppliers** when the requested information needs to be provided.

The project is being launched and implemented gradually, with a progressive implementation in each region.

## Our suppliers

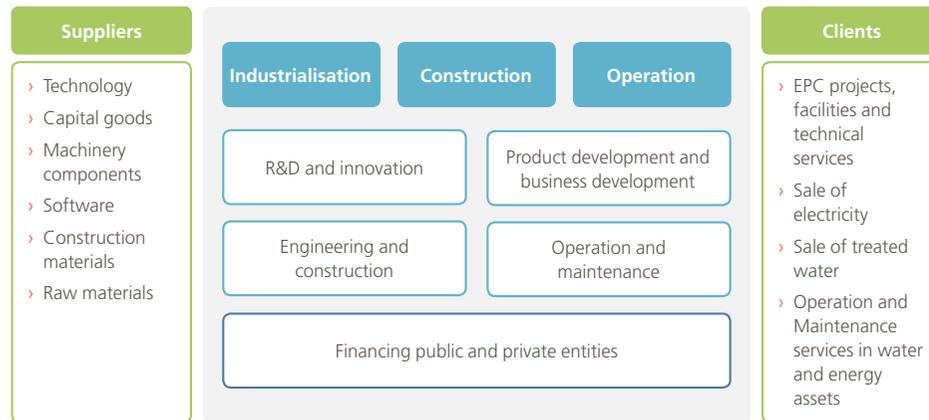
Throughout 2018, Abengoa has worked with **10,396 suppliers in 61 countries**, out of which **5,094 suppliers started working for the company this year**.



The countries with the highest number of suppliers are: Brazil, Spain, Chile, Mexico, Argentina and Peru, accounting for 75 % of the total. **102-9**

Brazil is the country with the highest number of suppliers through its bioenergy activity. However, the trends are expected to change in the short-term, due to the current divestment process in this activity. **102-9**

Type of suppliers with which Abengoa works:



In general, suppliers offer their services to the main areas of activity of the company, i.e. engineering, construction and operation and maintenance, as well as to the internal infrastructure required by the company to operate. The main types of supplies include capital goods, raw materials and construction materials. Regarding services, the most important are those related to engineering, consulting, construction, installation, logistics and maintenance.

During 2018, the company has made progress in the divestment in the bioethanol business, which has led to changes in the organisation's supply chain, since the level of representation of suppliers associated with this business has changed from a high level in previous years to almost non-existent at present. [102-10](#)

## Supply chain management

The company pays special attention to its responsibility in the supply chain, mainly due to its international presence in emerging countries, the large number of suppliers with which it works and their importance in the development of the company's activities. It is for this purposes that Abengoa focuses on **establishing, fostering and ensuring high levels of social responsibility in its lines of activity**, promoting compliance with ethical, labour, environmental and health and safety standards with its suppliers, as well as efficiency to produce products and services with high standards of quality, which reduces costs and increases benefits.

To this end, Abengoa transmits its commitment to sustainability to its suppliers as a key element in its undertaking to sustainable development. Promoting a **culture of responsibility throughout the value chain allows the positive impact to be multiplied across the organisation's values and principles**.

Since 2008, Abengoa requires its suppliers to **adhere to the Social Responsibility Code for suppliers and subcontractors**, which was updated in 2016, strengthening the corporate integrity, transparency and good governance areas. [102-12, 414-1](#)

The clauses included in the Social Responsibility Code for suppliers and subcontractors are based on the principles of the UN Global Compact, the Universal Declaration of Human Rights, the guidelines of the International Labour Organisation, Rio Declaration on Environment and the UN's Convention against Corruption. [102-13](#)

Adhering to this code is not only a way of ensuring business is done as expected, but also a means of improving the quality of life and professional conditions of all actors across the supply chain, contributing to a more sustainable world and helping achieve the Sustainable Development Goals (SDGs).

By signing this agreement, the supplier not only **commits to comply with these principles in its activities**, but also to openly **accept any audit or inspection** conducted by Abengoa to ensure the code is being observed.

The signature of the CSR will be included in the centralised suppliers master file, in accordance with the new organisational structure, which will increase the efficiency of the work and prevent any duplicate work from our partners and collaborators.

## Risk management in the supply chain

Responsible management does not only refer to the prevention and mitigation of the company's risks, but also of those that affect any process across the organisation. It is for this reason that Abengoa started assessing suppliers with a certain level of risk again in 2018, with the purpose of assessing the supply chain, monitoring the involvement in and acceptance of the corporate policies by suppliers, determining the level of risk and establishing measures to mitigate it.

Suppliers are assessed by conducting an analysis that not only considers material or awarding amount factors, but also identified a series of factors that could be considered as risks, for example: country of origin of the supplier, its activities, materials supplied, and other more subjective criteria that could be associated with reputational risks for the company. International indices are used to determine the company's level of risk, among others, which include different aspects, such as human rights, labour practices, corruption, political and civil rights, and political and environmental risks. In total, 20 aspects will be analysed: *308-1, 308-2, 412-1, 414-2*

Human rights and labor practices	Corruption	Political and civil rights	Political risks	Environmental risks
<ul style="list-style-type: none"> <li>› Human rights</li> <li>› Child labor</li> <li>› Discrimination</li> <li>› Freedom of association</li> <li>› Labor vulnerability</li> </ul>	<ul style="list-style-type: none"> <li>› Corruption perceptions index</li> <li>› Bribe payers index</li> </ul>	<ul style="list-style-type: none"> <li>› Degree of freedom in political and civil rights</li> <li>› Observations</li> </ul>	<ul style="list-style-type: none"> <li>› Change-related risk</li> <li>› Government non-payment</li> <li>› Political interference</li> <li>› Supply chain disruption</li> <li>› Regulatory and legal risks</li> <li>› Political violence</li> <li>› Business risk</li> <li>› Banking vulnerability</li> </ul>	<ul style="list-style-type: none"> <li>› Energy-derived CO<sub>2</sub> emissions rate</li> <li>› Access to running water</li> <li>› Air pollution concentration</li> </ul>

After the risk level of suppliers has been analysed and its criticality has been evaluated, **suppliers will be assessed** with the purpose of determining to what extent they comply with the principles defined in the CSR Code.

An audit procedure was created to conduct these assessments, which defines the aspects to review and establishes the scope of the work, according to the degree of importance of the supplier. The analysis can be conducted using self-assessment questionnaires or through audits (on-site or remote) which include visits to the supplier's facilities.

In 2018, such activities were carried out remotely due to the company's situation at the time, sending a self-assessment questionnaire to suppliers to collect additional information.

- › Total number of suppliers analysed: 7,563
- › High-risk suppliers detected: 671
- › High-risk suppliers detected (%): 8.87
- › Critical suppliers: 63

The 2019-2023 CSR Strategy Plan includes the need to make progress on the **audits** that must be conducted in **15 % of the suppliers detected as critical**.

### Risk prevention in the supply chain

Abengoa's commitment to health and safety is not only associated with the production process, but with the entire value chain. For this reason, its suppliers and subcontractors received 12,473 hours of training on health and safety during 2018.

### Local suppliers

Abengoa has a strong **commitment to the social and economic progress of the communities in which it operates**. Therefore, it seeks to boost the generation of wealth in the countries in which it has a presence with the implementation and development of economic relations with local suppliers.

**Working with local partners allows the organisation to strengthen and provide support to a stable local economy**, helping improve the living conditions in the areas where it develops the different activities by creating direct and indirect jobs and by attracting indirect investment.

During 2018, local suppliers accounted for 77.4 %, broken down by country as shown below:

204-1

Country	% Local suppliers, by country	% Local suppliers, according to the total
Saudi Arabia	90.34 %	21.84 %
Algeria	100.00 %	0.13 %
Argentina	77.37 %	2.38 %
Brazil	100.00 %	5.09 %
Chile	95.47 %	4.07 %
Denmark	81.53 %	2.03 %
US	84.37 %	5.06 %
Spain	55.94 %	13.59 %
France	93.37 %	1.21 %
India	100.00 %	0.06 %
Israel	100.00 %	0.26 %
Kuwait	10.87 %	0.02 %
Morocco	76.77 %	1.99 %
Mexico	62.51 %	9.31 %
Oman	90.89 %	1.47 %
Peru	89.48 %	2.01 %
Poland	69.38 %	0.06 %
United Kingdom	99.93 %	0.31 %
Sri Lanka	100.00 %	0.00 %
South Africa	93.70 %	3.27 %
Turkey	67.18 %	0.00 %
Uruguay	91.01 %	3.28 %





Community

### Goals set forth in the 2019-2023 SCSRP

#### Social commitment



- › Ensure that the company **participates in social action programmes** again.
- › Design and implement sustainable social action strategies (in the long-run and in financial terms).
- › **Align social action programmes with the business strategy.**
- › Encourage and guarantee the participation of employees in social action / **corporate volunteering** programmes.

Since its establishment, Abengoa has been firmly committed to making a positive impact in society and in the communities in which it operates.

Undoubtedly, Abengoa's activities in 41 different countries and its 13,450 employees are proof of the company's high impact in its economic, social and natural environments. [102-4](#), [102-8](#)

Abengoa's business model describes how its activity generates a positive impact on society and in the communities in which it operates through the following:

- › **Generation of electricity** from renewable sources of energy.
- › Engineering and construction of **energy distribution and transmission** infrastructures, guaranteeing access to electricity in isolated areas.
- › **Access to drinking water**, thanks to desalination, reuse and construction of water channelling systems in regions in which no drinking water could be supplied.

The company's mission and vision describe a business model based on sustainable development and, as a result, all of its projects must be coherent with this. To this end, it is vital to ensure that the correct methodology is used to manage, prevent and mitigate any possible negative impact from its projects, designing the suitable preventive and corrective measures for each specific situation.

An assessment of the capacity to fund social projects in each region was conducted at each one of Abengoa's companies, with the purpose of cutting the costs and ensuring the achievement of the feasibility plan goals. To this end, projects were rolled out in Peru, Uruguay and South Africa during 2018, thanks to the company's subsidiaries and the collaboration of its employees.

## Mechanisms for the protection of human rights

Abengoa considers that the respect for human rights is a basic principle for the achievement of sustainable growth, both inside and out of the organisation, as well as throughout its entire value chain and in its areas of influence. To achieve this, the company integrates the principles of the UN Universal Declaration of Human Rights, the SA8000<sup>1</sup> standard, the principles of the Global Compact and the OECDs guidelines in all of its initiatives, regardless of the regions in which it operates. [102-12](#), [406-1](#), [407-1](#), [408-1](#), [409-1](#), [413-2](#)

Likewise, the company is still committed to observing the principles and fundamental rights of all workers as part of its commitment to the Declaration of the International Labour Organisation (ILO)<sup>2</sup>, to respect and promote workers' principles and rights, the right to freedom of association and freedom to become a member of trade unions, and the effective recognition of the right to participate in collective bargaining agreements, elimination of forced or mandatory labour, abolishment of child labour and the elimination of discrimination in relation to employment and occupation. [102-12](#)

The geographical dispersion of the company's activities and businesses increase the requirements that must be met to prevent and control potential violations of human rights. To achieve this, Abengoa has its own Common Management Systems, internal regulations ultimately approved by the company's chairman, of mandatory application for all of its businesses.

In addition, Abengoa has established a risk management system<sup>3</sup> that prevents and manages the risks associated with violating human rights throughout its value chain.

Note 1 [SA8000: international certification that establishes the minimum conditions to develop socially responsible labour practices that provide benefits to the entire supply chain.](#)

Note 2 [Convention 138 of the International Labour Organisation \(ILO\): agreement on the minimum age for admission to employment.](#)

Note 3 [Further information in the chapter on \[Risks\]\(#\).](#)

Furthermore, Abengoa has established other mechanisms designed to protect Human Rights: [102-17](#), [410-1](#)

- › The **code of conduct**, which includes the guidelines and measures aimed at preventing incidents associated with the violation of human rights or any other value of the organisation, in addition to ensuring the strictest honesty and ethical conduct standards are observed, including procedures to handle professional and personal conflicts of interest. The code of conduct was redesigned in 2017 by the CSR and Compliance departments, with a view to strengthening the company's commitment to compliance and ethics [102-16](#)
- › Internal and external **whistleblowing channel**<sup>4</sup>.
- › Suppliers' **accession to the Code of Corporate Social Responsibility**<sup>5</sup>, essential for any supplier to be authorised to work for the company.
- › **Monitoring** Abengoa's companies considered material.
- › **Internal non-financial audits**.
- › **Report of the company's performance**, with weekly reports of each area, as well as of the monthly committees held with the chairman's office.

## A positive impact on local communities

Abengoa considers that collaborating with the local communities in which it operates and investing in their development and growth allows it to reap benefits that go beyond economic returns.

The company's social action initiatives are rolled out using two lines of action:

- › **Social development and education and research**. Abengoa considers that it is of essence to grow together with the communities in which it operates, investing in their development, contributing to their economic and social progress, supporting their culture and ensuring human rights and the environment are protected. Currently, the company's social projects are managed directly through the group companies operating in local communities.
- › **Promotion of art and culture**: some of the company's social action initiatives are developed through Focus Foundation, which has been working for over 25 years in the social and cultural development of the communities in which Abengoa operates, particularly in Seville (Spain), where the organisation's headquarters are found.

Note 4 [Further information in the chapter on \[Transparency\]\(#\).](#)

Note 5 [Further information in the chapter on \[Suppliers\]\(#\).](#)

## Social development, education and research

Social projects were rolled in out in the following regions during 2018:

### Peru

Abengoa's subsidiaries in Peru have a social development programme that is run thanks to the contributions made by the company and its employees, who are well aware of the cause. One of the most important campaigns rolled out in 2018 was **"Voluntades se buscan"** (seeking for sponsors), a **child sponsorship campaign** developed in Peru by Abengoa since 2010. This programme provides grants to fund the education expenses of primary and secondary education students in a situation of vulnerability in the town of Chiclayo.



Dora and Ritzi Espinosa Guevara joined the programme in 2011.

The grants are covered with the contributions made by Abengoa's employees in Peru, who are the sponsors of these students.

The process requires the employee to complete an application and pay a minimum monthly contribution, which is discounted from the employee's salary every month. Therefore, all sponsors receive a monthly report with their contribution and the progress achieved by each student.

Through this programme, Abengoa has helped students in vulnerable situations to receive a quality education, from the first stages to secondary education, all of whom have achieved good results.



Fabián Valencia joined the programme in 2011 at the age of six. He is now in secondary education.



Mayra has participated in the programme since 2011. She is currently in the second grade of secondary education and receives additional classes as part of the educational support programme offered.

### Uruguay

Abengoa's subsidiaries in Uruguay rolled out different social actions throughout 2018, including the following:

- › **Employing prisoners to work in the prison**, helping in administrative and training tasks associated with transversal areas of the unit. This initiative received the Best practice award from the country's Ministry of Work.
- › **Winter clothing donation campaign** of the Centre for the promotion of human dignity (Ceprodi), a non-profit civil association aimed at helping the most vulnerable families. Likewise, wood was donated to a rural school in Departamento de Rocha and a small donation was made to the rural school in Orgeroso to help them celebrate Children's Day.
- › Different **repairs and installation work** in the school near the Acegúa construction site.
- › **Hiring** approximately 9 % of the **personnel** from **employment promotion plans and NGOs**.
- › **Team working with the University** of the Republic (Udelar) and the **National Agency for Research and Innovation** (ANII) to innovate in the use of Fibre-reinforced Structural Concrete (FRC) in Uruguay. Thanks to this project, the company achieved the milestone associated with the design, production and concreting of the first real-scale structural slab with fibre-reinforced concrete in South America in 2018.

## South Africa

The South African Department of Energy requires Abengoa to invest 1.1 % of its revenues in socio-economic and entrepreneurship promotion programmes to increase wealth in the long-term and with a sustainable approach.

With these projects, Abengoa invests in **education and in fostering entrepreneurship** as the cornerstone for the consolidation of changes in the current generations, which will undoubtedly have a positive impact on the economic regeneration of its environment.

In 2018, the investment in social action derived from the Khi and Xina Solar One projects reached 18.3 million Rands (approximately € 1.2 million). Likewise, Abengoa also managed the social action plans corresponding to the Kaxu Solar One plant<sup>6</sup> in 2018, spending approximately 15 million Rands, equivalent to almost one million euros.

The following actions can be highlighted from the projects it is currently executing:

- › **Monthly supply of food to nursery schools and soup kitchens** for the people in need in Pofadder, Pella, Witbank, Onseepkans and Soverby.
- › Support to help **hire additional teachers for classrooms and activities after school**, with the purpose of covering the educational needs in the poorest regions.
- › **Promotion of education** by organising and arranging classes, cultural activities, learning games and sporting activities, all aimed at improving the skills of local youth. To achieve this, a team made up of three teachers, thirteen assistant teachers and a coordinator was created.



Housing Project



Agricultural activities



Educational activities

- › Giving **training scholarships** for young talented individuals in the regions of Pofadder, Pella, Onseepkans and Witbank, aimed at boosting their knowledge and experience and providing them with the tools to break the poverty, ignorance and inequality cycle.
- › **Promotion of the professional development** of students, aimed at ensuring they acquire the professional skills required to become a member of the operation and maintenance team of an industrial facility.
- › **Housing project for social well-being**, involving the construction of homes to improve the living conditions of the community of Khai Ma. The beneficiaries were identified according to the municipal register of housing needs and the South African National Housing Assignment policy, the project mainly being executed with local workers. 13 homes will be built during the project in each one of the four communities (Pella,

Pofadder, Onseepkans and Witbank). 52 people will be given a new home with this project.

- › **Digital literacy courses**, driving lessons to obtain the driving license and first aid courses were given to reduce the poverty levels, creating opportunities for youngsters of the municipality of Khai Ma who cannot access higher education.
- › **Agricultural activities** in collaboration with the South African department of agriculture, contributing in the design and implementation of a business strategy aimed at developing a sustainable agriculture for the community of Onseepkans..

Note 6 Abengoa manages the operation and maintenance of the plant, but does not own it.

## Promotion of art and culture

Focus Foundation preserves, shares and disseminates the importance of art through the initiatives and heritage activities associated with the Baroque period.



The following initiatives were rolled out during 2018:

- › Signature of the **collaboration agreement with the City Sightseeing** group to promote the Hospital de los Venerables and the Baroque heritage of Seville amongst all visitors. With this agreement, City Expert's 17 information and tourism service points across Seville will increase the promotion of this flagship monument as a Monument of Cultural Interest, while users of the tourist bus can visit the Hospital de los Venerables for free by simply presenting their Seville Experience ticket.
- › Celebration of the **activity "Conversations with Art"**, which focused on painter Antonio López García (Tomelloso, 1936); including talks with Anabel Morillo, the Director of Focus Foundation, and with Mar García Ranedo, artist and professor of the University of Seville, as part of the exhibition "An outlook of current art" of the Focus Collection exhibited in Hospital de los Venerables (Seville). This new cultural initiative of Focus Foundation wants to become the starting point for other initiatives organised in the future, with no pre-

established frequency, in relation to Focus' collections: Velázquez Centre, Contemporary Art, Library of the Baroque Period, collection of printed paintings, etc., with reflections and conversations between artists, professors, museum curators and directors or art critics, sharing their experiences and views about different paintings or unknown aspects about a painting, always in relation to these collections.

- › Participation in the **project Murillo Application, Materialism, Compassion and Populism**, the last exhibition of the master's fourth centenary, which has already been visited by over two million people. Murillo Application is well aware of the academic progress in interpreting the paintings of the artist during his period, but it has also taken into account his myths, the clichés that place his work in its period in history, the fantastic events in his life and ups and downs of his work, which clearly had an impact on the result. The exhibition focused on the keys that continue to make Murillo's art something we can still apply to the present. Focus hosted the works of Oriol Vilanova (Below zero) and Oriol Vilapuig (Faces and sways -Virgins and their hands-).
- › **Loan of the Velázquez's Inmaculada to Picasso Museum in Malaga** for the exhibition "Picasso's South: Andalusian references", exhibiting the works of Picasso with valuable archaeological pieces and paintings of other old masters, such as Zurbarán, Velázquez, Murillo, Goya, María Blanchard and Juan Gris, among others, in an ambitious transition that starts with Iberian art, going onto the classical era, and up to the modern times of other contemporary painters.
- › **Loan of the Vista de Sevilla printed paintings, 1776** (printed by William Ellis and painted by Henry Swinburne) and Vista de San Juan de Aznalfarache, 1812 (printed by Du Parc and de Sauly and painted by Jean Lubin), to be exhibited in the exhibition "Abate Marchena's travels", held at the Diego Neyra exhibition hall of the House of Culture of Utrera (Seville).
- › **Restoration and conservation work of El Triunfo de la Santa Cruz**, a cultural piece of artist Juan Valdés Leal, showcased in the Hospital de los Venerables. This is a wall painting painted in tempera and finished in oil. This



intervention was carried out in situ during January 2018 at the temple's sacristy. Likewise, one of the original decorative tile panels of Mensaque found in the main patio was restored. These activities also included manual extraction and cleaning of loose parts at a risk of falling off.

## Focus Foundation

### Activity funding

Since its inception, Abengoa has been the only sponsor of Focus Foundation, which has allowed it to cover the costs of all of its social activities. However, Abengoa has had to reduce its contribution in the past few years due to its restructuring process.

After the viability plan was approved by the Board of Trustees in 2016 and as a result of Abengoa's financial situation, Focus Foundation has started a new period, reflecting on the past and present of the institution, taking into account proposals for the future that involve specific actions, generating revenues to help preserve the Hospital de los Venerables and its collections.

In 2018, the End of Studies award, International Paint award and Award for the best Doctoral Thesis on a topic associated with Seville had to be postponed.

Currently, the Foundation's scope of action focuses on the preservation and dissemination of the artistic heritage of Hospital de los Venerables and its collections, as well as on generating revenues from cultural and educational tourism.

Moreover, 2018 was a year marked by the sad passing of the main organist, José Enrique Ayarra Jarne, who passed away on 18 March.

Father Ayarra was the organist of Focus Foundation since its establishment, when it signed the contract for the construction of the new pipe organ in 1989, to be installed on the top gallery of the Church of Los Venerables. The musical activity of the church has always been associated with master-classes and concerts, courses and auditions, making the organ of Los Venerables one of the most important in the world. Under the constant supervision of José Enrique Ayarra, the programme included the interventions in different liturgical celebrations authorised by the Archbishopric of Seville, some of the most important included the Festivity of Saint Ferdinand's Day, patron saint of Seville and of Los Venerables.





## **03.** Management of capitals

### **03.5.** Natural capital

Goals set forth in the 2019-2023 SCSR

Environment



- › Implementation of an **environmental management system** that includes all of the company's production activities.
- › Achieve a **zero-accident rate for serious environmental accidents**.
- › **Global Environmental Footprint:** Create a database that classifies high value-added projects according to their environmental footprint, with the purpose of easily adding this information to the bids presented to tenders and help improve on the competitive classification of the company's bids.

Circular economy



- › Promote **correct waste management practices**, focusing on reducing the volume of waste generated and promoting recycling and transformation of such waste into energy as much as possible. Goal: to recycle 35 % of all waste generated by 2023.
- › **Promote innovative ways of sustainable consumption**, which include sustainable products and services, as well as the use of digital infrastructures and services.
- › Encourage the **efficient use of resources** and promote the acquisition and use of recycled or certified materials as much as possible.

Climate change

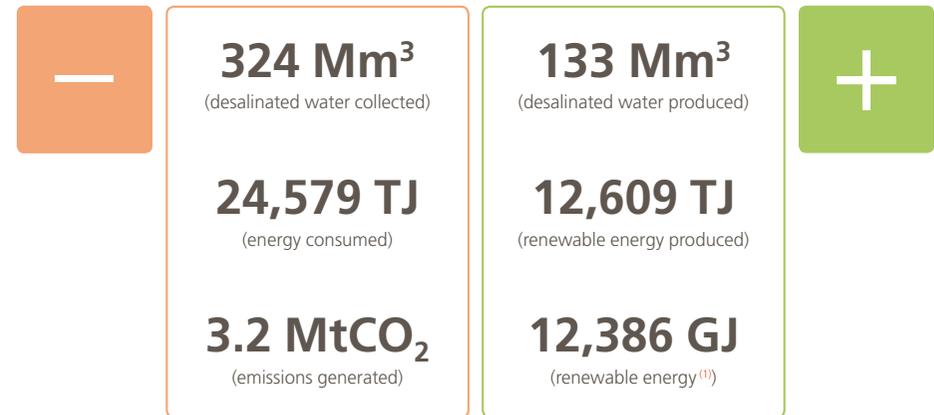


- › **Achieve a 5 % reduction of CO<sub>2</sub> emissions** in scopes 1 and 2 as compared with 2017.
- › Reduce by 5 % the emission rate /k€ in stable centres, as compared to 2017.
- › Establish an **internal price for carbon**.

Abengoa is fully aware of the fact that proper environmental management strengthens both the integrity of the environment as well as business viability. In this regard, the company is committed to implementing a sustainable development model which not only provides innovative solutions to help combat climate change, but does this with a responsible approach, guaranteeing the commitment to protect the environment for all of its activities, projects and work centres, as established in its [CSR](#) and [environmental policy](#).

In 2018, Abengoa has continued to develop an environmental management system adapted to the strictest standards in this area. With an approach based on preventive management, the company has focused on the **comprehensive management of its environmental and climate change risks**, measuring and **reducing its environmental footprint** and the application of the principles of the **circular economy**.

Main figures



(1) 12,281 TJ of primary energy consumed from renewable sources and 105 TJ of intermediate renewable energy.

## Management approach

Abengoa's general restructuring process led to a redefinition of its global processes, with the purpose of continuing to generate value and optimise its resources as much as possible.

As regards the environment, the senior management has conducted an in-depth review of the environmental management systems and the procedures and resources used, aimed at optimising the processes and maximising their performance, taking the definition of a **centralised management system** as the starting point, adapted to the necessary environmental control aspects and with the establishment of common goals.

To this end, the company has put together the **mechanisms required to conduct the global and homogeneous diagnosis of its environmental behaviour** in any activity or region, guaranteeing that all legal, contractual and best management practice requirements are identified and met and that these focus on minimising the impacts across the process life cycle and help combat climate change.

Abengoa has a staff specialised in environmental-related matters assigned to each project and activity. Likewise, it has a centralised support team, ensuring compliance with the applicable environmental laws, achieving the highest possible level of experience and quality in their activities. In 2018, the environment team was made up of more than 60 professionals specialising in environmental management.

The environmental management system is **based on the ISO 14001:2015 standard and is reviewed by an external certified entity**. The company has three verification files, defined according to its three main activities: engineering, construction, and operation and maintenance. Currently, 79.4% of its business has been certified. In 2019, all other projects and activities will be included in these certification files.

Abengoa ensures that the applicable requirements of each project or activity are met



Environmental management approach as a cyclical improvement process



## Environmental sustainability with a global approach

### As a pillar of the activity

The company continues to focus on sustainability as a pillar of its business strategy. Thanks to its business model and management and operation processes, Abengoa has a positive impact that helps in the responsible management of resources through its clean energy production and transmission systems and with the comprehensive production and management of water.

- › **Generation of energy from renewable sources:** solar thermal, photovoltaic and wind. Thermosolar, photovoltaic and wind energy. 2.1 GW of solar energy already built, 860 MW under construction and 480 MW of wind energy.
- › **Water treatment and desalination.** 1.5 millions of cubic meters/day of installed capacity installed and 2.2 million of cubic meters/day under construction.

### As an internal management vector

Abengoa is aware of the fact that its services and processes must respect the environment and help preserve natural resources. Therefore, it has established its **commitment to protecting the environment**, which goes beyond simply observing the current laws.

In this regard, the centralised management system has a series of procedures to guarantee that the environmental aspects of all projects and facilities are identified and assessed, ensuring that the environmental impacts of the company’s activity are taken into account in all decisions made and to minimise them.

### As a commitment to the supply chain

The company transmits its environmental undertaking to all suppliers as a key element in its commitment to sustainable development, as established in Abengoa’s code of social responsibility for its suppliers and subcontractors, which establishes the following environmental principles:

- › All suppliers are required to respect the environment and observe the applicable environmental laws and regulations in their activities.
- › The supplier must use a preventive approach that protects the environment, ensuring it minimises its environmental impact and promoting actions for improvement and efficiency in relation to emissions, water consumption, waste generation and management, energy consumption, use of raw materials and other resources.

## Environmental and climate change risk management

The scope of Abengoa’s risk management system covers all business areas and types of risks, including environmental risks and those associated with climate change.

As regards the **risks associated with climate change**, Abengoa has taken into account the recommendations of the Task Force on Climate-Related Financial Disclosures (TCFD) to manage them. The company considers that alignment with the international standards and the need to raise the awareness on financial risks and opportunities associated with climate change are an essential step to improving transparency.

In general, the environmental and climate change risks with the biggest impact for the company are:

	Transitory		Physical		
Structural	Regulatory	Reputational	Chronic	Punctual	Other
Geographical dispersion of projects and facilities.	Uncertainty associated with the new environmental and climate change regulations.	Absence of an effective environmental sustainability and climate change strategy.	Variation in the conditions of the physical environment.	Natural disasters.	Use of crops as raw materials in the bioethanol production process, competing with feeding systems.

A series of procedures have been established to identify and control these risks, with the main purpose of creating a common management, mitigation and control culture across all levels of the organisation. **201-2**

Risk	Consequences	Management
<b>Geographical dispersion of projects and centres of the company.</b>	<ul style="list-style-type: none"> <li>› Failing to meet the requirements in processes associated with the environment.</li> <li>› Failing to comply with the ISO 14001:2015 standard, with an impact on the external certification of the group.</li> </ul>	<ul style="list-style-type: none"> <li>› Establishment of centralised procedures, applicable to all activities of the company across the world.</li> </ul>
<b>Uncertainty about the new environmental or climate change regulations</b> associated with the future of the Paris Agreement.	<ul style="list-style-type: none"> <li>› Failing to observe the legal requirements that prevent the activities in affected projects or facilities from being carried out.</li> <li>› The current uncertainty associated with the United States' withdrawal from the Paris Agreement could have a significant impact on the investments in financial and technical resources in renewable energy projects, mainly in developing countries, and this could affect our renewable energy infrastructure construction activity.</li> </ul>	<ul style="list-style-type: none"> <li>› Establishment of procedures and measures that guarantee the regular identification of the legal requirements associated with environment-related matters, with the purpose of ensuring they are up-to-date at all times and to have enough margin for action in case these are not observed.</li> <li>› Participation in the conferences and webinars of Caring for Climate (C4C) and the Spanish Office for Climate Change.</li> <li>› Monitoring and analysis of documents and news about the progress of the Paris Agreement, as well as monitoring of related national and international policies.</li> </ul>
<b>New policies</b> that restrict actions that contribute to the <b>acceleration of climate change</b> or political measures that promote the adaptation to climate change.	<ul style="list-style-type: none"> <li>› Some examples include the implementation of carbon price fixing mechanisms, the reduction of GHG emissions, use of energy with lower emissions, adoption of energy efficiency measures and the promotion of more sustainable practices in the use of soil.</li> </ul>	<ul style="list-style-type: none"> <li>› Establishment of an emission management system, counting the emissions in all areas. This will allow the company to establish mitigation and efficiency goals and initiatives.</li> <li>› Establishment of an internal carbon price calculation mechanism, aligning them with the emerging climate regulations established in the Paris Agreement and in accordance with the growth of the business.</li> </ul>
<b>Reputation.</b>	<ul style="list-style-type: none"> <li>› Currently, the fight against climate change is one of main concerns at the global level. The absence of a strategy to fight against climate change can have a negative impact on a company's reputation as regards its stakeholders and, in particular, its clients.</li> </ul>	<ul style="list-style-type: none"> <li>› Communication and dissemination of the Abengoa's climate change strategy, as well as of all initiatives rolled out in the Integrated Report and on the company's website.</li> </ul>
<b>Increase in temperature</b> and variations in the rainfall levels.	<p>Generalised impacts:</p> <ul style="list-style-type: none"> <li>› Malfunction caused by structural expansion.</li> <li>› Problems associated with corrosion and in the useful life of main components, reducing such a useful life.</li> <li>› An extreme increase in rainfall could result in failing to meet certain requirements and finally in the early termination of construction projects, as well as in damage to facilities under operation, leading to service interruptions and downtime.</li> <li>› The absence of rain could increase the number of fires, also leading to the early termination of construction projects and damage to facilities under operation.</li> </ul> <p>Specific impacts, by type of technology:</p> <ul style="list-style-type: none"> <li>› Alteration of the production of effective power in combined-cycle plants and gas plants, due to a reduction in the mass flow of turbines caused by a reduction in the air density.</li> <li>› Alteration of the conditions of feed water in desalination plants, causing an increase in the consumption of chemical products and increasing the probability of contaminating the process due to a rise in the number of algae and molluscs in the facilities.</li> <li>› Increased cost of capital in transmission lines due to an increase in the voltage in conductors.</li> <li>› Reduction of the availability of water used in processes due to a reduction in the volume of rainfall in specific regions.</li> <li>› Alteration of the feed water salinity and pH levels in desalination processes and power plants, with an impact on the performance and leading to a higher use of chemical products.</li> </ul>	<ul style="list-style-type: none"> <li>› Improvement of the environmental impact assessment of projects, including the potential alterations caused by variations in temperature and establishing measures to mitigate such effects.</li> <li>› Insurance policies <sup>(1)</sup> to cover the exposure to meteorological phenomena. The company's insurance plan protects all facilities against physical damage and the loss of profits caused by these extraordinary risks.</li> </ul>

(1) There is currently no environmental provision and guarantee information available. The company's insurance plan includes third-party liability policies, which cover the environmental risks of the activities, among other risks.

Risk	Consequences	Management
<b>Sea level rise.</b>	<ul style="list-style-type: none"> <li>› Changes in the seawater desalination activity, leading to an increase in the operational costs, as a result of having to implement protection measures to prevent floods.</li> </ul>	<ul style="list-style-type: none"> <li>› Taking into account the potential increase in the sea level when designing desalination plants. Abengoa's plants in operation were built at a safe level above the sea level to prevent the effects of sea level rise.</li> </ul>
<b>Use of crops as raw materials</b> in the bioethanol production process, competing with feeding systems.	<ul style="list-style-type: none"> <li>› The growth of the global biofuel market has given rise to controversies at different levels and between different stakeholders (from groups of countries to business entities and individual consumers). It is for this reason that its economic, environmental and social effects are being widely debated on.</li> </ul>	<ul style="list-style-type: none"> <li>› Abengoa's activity currently includes the design, engineering and construction of bioethanol plants from alternative raw materials, such as solid municipal waste, as in the case of the plant currently being built in Nevada (US), which will have a capacity to produce 10 million gallons of biofuel per year.</li> </ul>

These and other **risks are monitored**, as well as the mitigation measures applied, to **develop the lessons learned**, transforming risk management into a mature process that can provide feedback and be used to implement measures based on the experience gained in other projects, whether new or existing.

Likewise, assessing risks allows the organisation to identify new business **opportunities associated with climate change**.

A low-carbon economy offers business growth opportunities:

- › **Boosting the renewable energies business** in the event stricter regulations are applied to the use of fossil fuels.
- › A **greater demand for water** due to the potential increase in temperature or the greater number of hours of light caused by a drop in the rainfall volumes.
- › **Increased pressure from stakeholder groups** in relation to the establishment of measures to combat climate change, arising from society's greater awareness of the need to protect the environment.

## Environmental performance

Abengoa seeks to **minimise the environmental impact** of its activities **and resources used**. The company has defined various environmental aspects as of a high priority and for control and management in all of its activities after assessing the environmental aspects and impacts with its centralised management system and taking into account the type of business of the company, which focuses on the construction and operation of facilities. However, such a priority does not exempt Abengoa's different businesses from managing any other environmental aspect that, despite not being critical to the company as a whole, is individually critical at the project level.

### Basic environmental management indicators

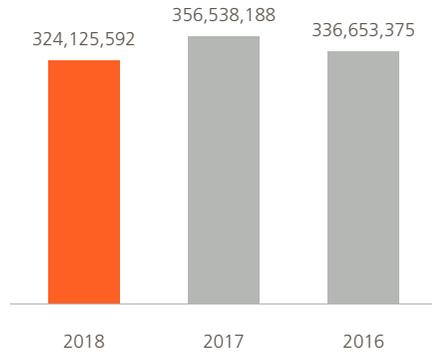
Energy	Water	Waste	Pollutant emissions
Consumption of primary energy and intermediate energy	Collecting water, broken down by primary source and desalinated water production efficiency.	Generation of waste, classified by hazardiousness and type of treatment.	GHG Emissions and emission of other pollutant substances

## Water footprint

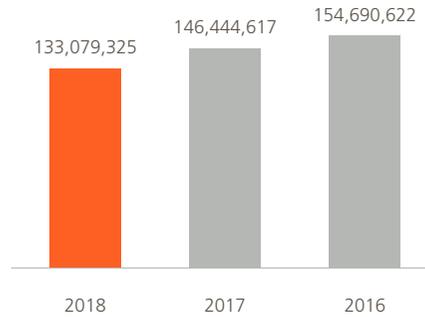
Water is an essential element for processes across the planet, whether natural or anthropogenic. The lack of this resource or incapacity to access it, incorrect management or deficient sanitation systems, in addition to the aggravating effect of growing populations have turned water into a critical element on which humanity must act as soon as possible.

Aware of this, **Abengoa provides solutions to the comprehensive water cycle by desalinating and treating water**, and by building water infrastructures and promoting new horizons for development and innovation in this area.

### Seawater collection (m<sup>3</sup>) 303-1

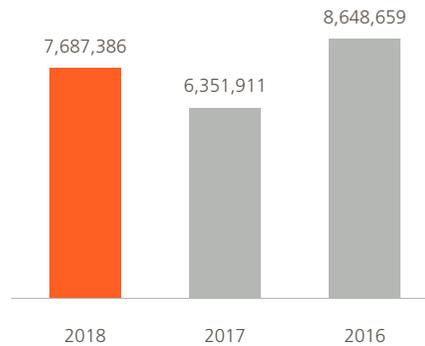


### Production of desalinated water (m<sup>3</sup>)



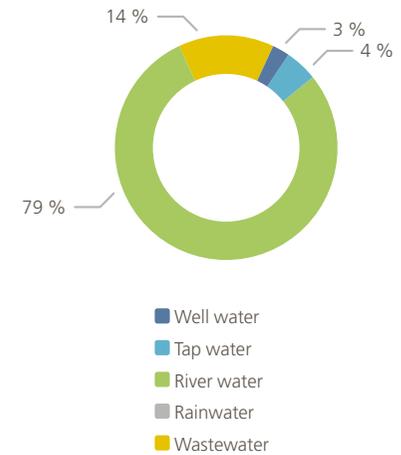
The water produced by Abengoa in its desalination plants has generated a positive impact on the planet of 133 Hm<sup>3</sup>, equivalent to the annual consumption of 2.75 million people for one year.

### Collection of water from other sources (m<sup>3</sup>) 303-1



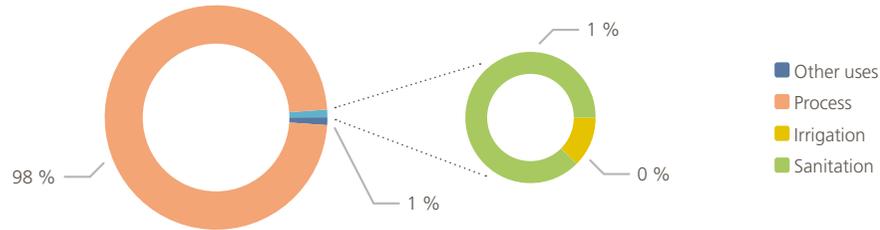
### According to the source (m<sup>3</sup>)

Source	2018	2017	2016
Well water	207,891	312,011	369,382
Tap water	356,158	451,581	1,256,693
River water	6,063,855	5,557,546	6,976,001
Rainwater	2,786	4,542	4,611
Wastewater	1,056,696	26,231	41,972
<b>Total general</b>	<b>7,687,386</b>	<b>6,351,911</b>	<b>8,648,659</b>



13.78 % of the total water consumed is rainwater or water that has been previously used.

Type of use (%)



Furthermore, Abengoa is committed to ensuring that the water used is treated and discharged with the purpose of remedying the possible damage arising from the use of water in its activities, ensuring that the final quality levels are within the limits established in the current regulations and laws. The total volume of discharges in 2018 was 174,076,542 m<sup>3</sup> and the company took the necessary measures to guarantee a minimum impact on the marine ecosystem.

## Energy footprint

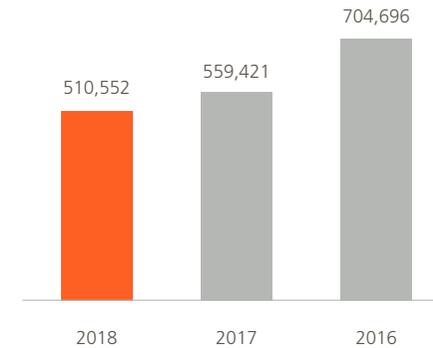
Energy management has been one of this century's main global challenges for the mitigation of climate change. Economic and technological development and the population growth have led to the non-stop increase in the demand for energy. This, in addition to the high dependence on fossil fuels are proof of the urgent need to increase the efficiency in the use of energy, as well as to maximise the presence of clean energies in the global energy mix.

Abengoa is aware of this and of the role of companies in finding solutions. Therefore, it contributes to helping mitigate this with its clean energy production technology engineering, construction and operation services. Likewise, it seeks to ensure its consumption is as efficient as possible, promoting the use of renewable energy. As a result, out of the total energy used by the company in 2018, 50.4 %<sup>1</sup> was obtained from renewable sources.

## Consumption of primary energy (GJ) 302-1

Type of fuel	2018	2017	2016
Biofuels	52,145	47,837	25,677
Biomass	12,229,325	12,317,116	15,372,412
Oil derivatives	2,028,397	1,919,379	2,023,164
Natural Gas	8,431,475	8,555,514	12,662,200
<b>Total general</b>	<b>22,741,342</b>	<b>22,839,846</b>	<b>30,083,453</b>

## Consumption of intermediate energy (MWh)



## Energy intensity 302-3



Note 1 54 % of primary energy and 6 % of intermediate energy are from renewable sources.

## Climate footprint

Climate change continues to be one of the pillars of the company's sustainability policy, not only in relation to the impact on the physical environment, but also for its repercussions on the economy and world population. Abengoa is aware of the fact that this situation cannot be reversed, but that it requires the effort, work and commitment of everyone: governments, companies and society as a whole.

It is for this reason that Abengoa focuses its activities on offering solutions aimed at reducing emissions and on energy efficiency, not only in the end product but throughout the supply chain.

GHG Emissions (tCO <sub>2eq</sub> ) 305-1, 305-2, 305-3	2018	2017	2016
Direct emissions	738,458	652,332	1,044,098
Indirect emissions (scope 2)	313,746	315,283	418,938
Other indirect emissions (scope 3) <sup>(1)</sup>	773,486	589,825	2,306,639
<b>Total</b>	<b>1,825,690</b>	<b>1,557,440</b>	<b>3,769,675</b>

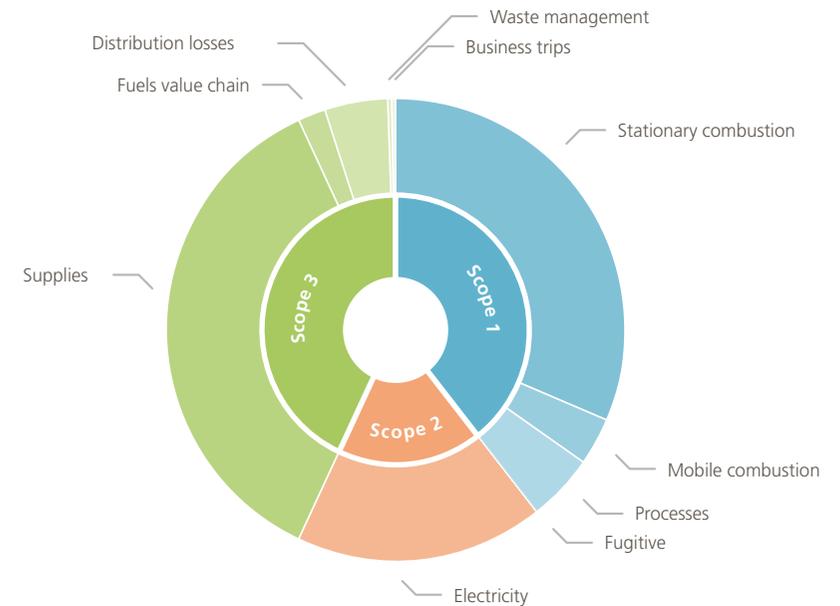
(1) Supply emissions include the emissions associated with capital goods. The list of sources was expanded in 2018, including the emissions associated with waste management and emissions during business trips.

GHG Emissions (tCO <sub>2eq</sub> )	2018	2017	2016
Direct emissions from biomass	1,331,008	1,103,015	2,025,292

The increase in emissions of scope 3 is due to the rise in the number of sources, having added the emissions associated with business trips and those derived from managing the company's waste. Likewise, the number of families of materials included in the calculation of supply emissions has increased.

## Emissions by type of source in 2018

Type of source	Stationary combustion	Mobile combustion	Processes	Fugitive	Electricity
tCO <sub>2eq</sub>	596,403	55,600	85,641	813	313,746
	Supplies	Fuels value chain	Distribution losses	Waste management	Business trips
	651,676	32,499	80,363	7,560	1,388

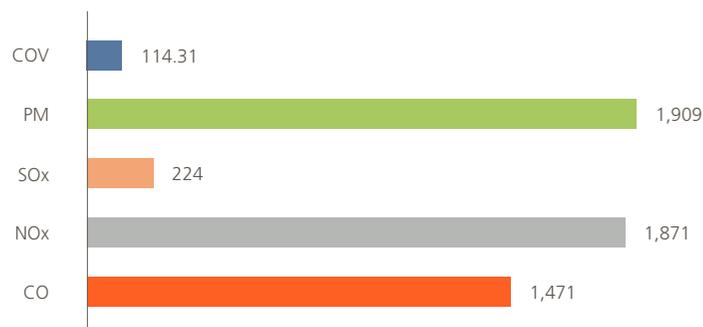


The supply source includes the emissions associated with the products and services supplied by suppliers. In the case of products, the calculations were based on families of materials, applying emission factors from internationally recognised sources (DEFRA or IPCC, among others), as well as from the company's history of emission factors. The most relevant families of materials in 2018 have been metal structures (steel and aluminium), concrete, zinc and fuel (production phase, not use). As regards the services, estimates were drawn up, considering an average emission factor according to the service emission history since the establishment of its GHG inventory.

Intensity of emissions<sup>2</sup> 305-4



Other emissions of polluting substances (t) 305-7



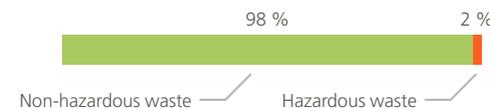
## Abengoa and the circular economy

Abengoa continues to work in the incorporation of the circular economy's principles into its processes, products and services, and has established a line of action in its strategic CSR plan to meet its commitments in this area:

- › **Encourage the efficient use of resources** and promote the acquisition and use of recycled or certified materials.
- › **Reduce the environmental impacts** in the life cycle of Abengoa's products and services, including the supply chain and raw material production systems.
- › **Promote correct waste management practices**, focusing on reducing the volume of waste generated and promoting recycling and transformation of such waste into energy as much as possible.

### Waste

Abengoa has managed 93,462 tons of waste in 2018, of which only 2 % were hazardous waste.



Waste	2018	2017	2016
Non-hazardous (t)	91,547	43,865	37,344
Hazardous (t)	1,915	1,609	4,301
<b>Total</b>	<b>93,462</b>	<b>45,474</b>	<b>41,645</b>

Note 2 The emissions intensity include scope 1, 2 and 3.

**Breakdown, by type of waste management process (t) 306-2**

Type of waste management process	2018	2017	2016
Temporary storage	28,199	0	0
Composting	19	3	2,033
Permanent deposit	855	548	619
Incineration	41	46	150
Other	30,874	1,890	4,178
Recycling	1,236	3,891	6,855
Energy recovery	529	561	516
Reuse	302	689	3,735
Landfill	31,407	37,844	23,560
<b>Total general</b>	<b>93,462</b>	<b>45,474</b>	<b>41,646</b>

The generalised increase in waste is due to the increase in the company's construction activity throughout 2018.

Abengoa is aware of the environmental impacts that can be caused by incorrectly managing the heat transfer fluid (HTF) used in the parabolic trough power plants it operates, in the event of accidental spillages. In this regard, the Chairman's office ensures all HTF spillages are monitored properly, with the purpose of ensuring a speedy response is provided and that the preventive measures required are implemented in all plants, regardless of whether they have been affected by the spillage or not. During 2018, there have been 4 spillages, with 32,650 litres of HTF spilled in total.

**Materials**

Abengoa encourages the efficient use of resources and promotes the acquisition and use of recycled or certified materials.

In 2018, it has purchased 13,525 kg of paper for the main offices<sup>3</sup> of Abengoa in Spain, all of which are FSC<sup>4</sup> certified.

Main materials supplied during 2018 (kg): 301-1

Materials <sup>(1)</sup>	2018
Steel	1,033,499
Wood	23,266,223
Cement	2,565,775
Concrete	1,889,046,331

(1) For materials only the main raw materials were checked externally: steel, wood, cement and concrete.

Note 3 Palmas Altas Campus (Seville), Torrecuellar centre (Seville) and office at Manuel Pombo Angulo (Madrid).

Note 4 Canon Black Label Zero FSC/TCF.

## Biodiversity management

Abengoa considers that the responsible use of the natural heritage and its conservation is an ethical commitment and an indispensable element to achieve global sustainability. In this regard, the company has included a line for the **study of biodiversity and its assessment and Abengoa's environmental preservation lines** in the Strategic CSR Plan, aimed at rolling them out across all activities, provided that the conditions allow for this.

In relation to this, the most significant impacts on biodiversity are contemplated in the corresponding environmental impact statements or equivalent figures, according to the legal framework in each country and to the activities that so require. Likewise, compensation actions are carried out when required, as set forth in these statements or in the equivalent figures.

Currently, the company's most significant impact on biodiversity is associated with the construction of desalination plants. The construction process increases the water turbidity levels and prevents the penetration of light, which prevents photosynthesis from occurring in marine flora. A compensation plan is executed to act on this impact, which proposes transferring part of the affected flora to areas not affected by the construction process. [304-2](#)

### Protected areas

Two of Abengoa's activities have an impact on protected areas: [304-1](#)

- › Project for the construction of a **desalination plant in Agadir** (Morocco), inside the Parc National Du Souss Massa.
- › **Bioethanol production activity in Brazil**, affecting 17.4 hectares of the legal reserve in the bioethanol plants of São Joao and São Luiz.

### Abengoa receives an award in the United Kingdom from the International Green Organisation:

The company, together with Amey and Network Rail, received the **Golden Apple Award for the Best Environmental Practices** in the construction category in 2018 for the waste reduction plan implemented in a railway electrification project.

Abengoa received the award from the International Green Organisation in the United Kingdom for its waste reduction plan developed in a railway electrification project rolled out by the company in the UK.

In particular, the Golden Apple Award for the Best Environmental Practices was given as a joint award to Abengoa through its Transmission and Infrastructure vertical, to Amey, its partner in the project, and to their client, Network Rail (NWR), in the Construction and Waste Management category.

The award recognises the success of the plan implemented for the minimisation of aggregates and reduction of waste with reuse in the railway electrification project carried out in the Great Western region, which is currently being executed in the United Kingdom by the consortium made up of Amey-Abengoa.

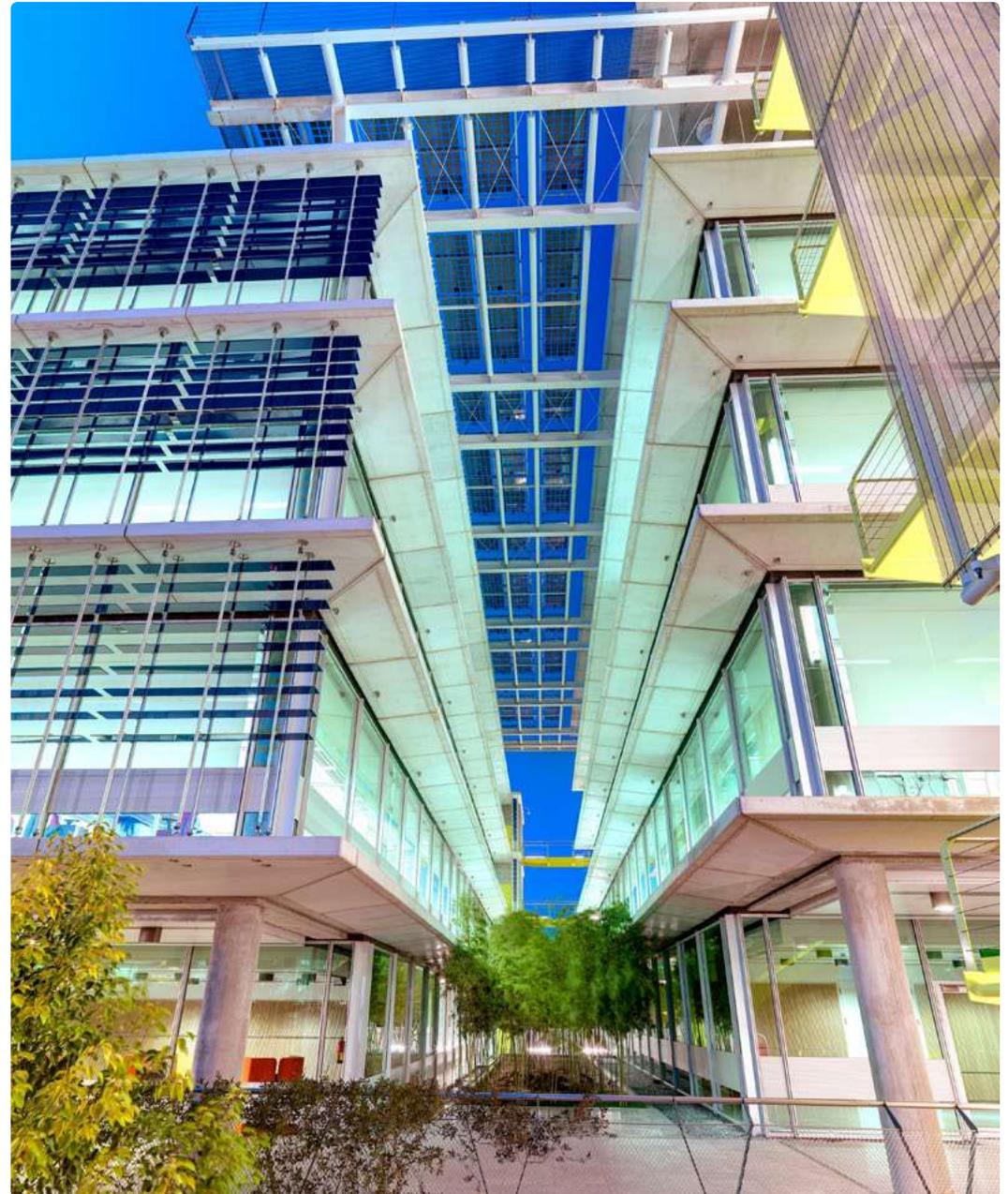
The International Green Organisation was established in 1994 as an international independent, non-profit and non-political organisation aimed at recognising and promoting the best environmental practices across the world.

The company received no environmental fines or penalties in 2018. [307-1](#)

## Palmas Altas Campus

### Efficient office

Abengoa has a firm commitment to the development of measures and initiatives that help improve the efficiency of its activities. Proof of this is that Palmas Altas Campus, headquarters of the company in Seville (Spain) is LEED (Leadership in Energy & Environmental Design) Platinum certified by the US Building Council (USGBC). LEED is a **voluntary sustainable building certification system** based on the incorporation of systems that contribute to energy efficiency, the use of alternative energies, the improvement of interior environmental quality, efficiency in the consumption of water, sustainable development of free spaces on plots or the selection of materials. Likewise, it is directly connected to the metropolitan area with a **walkway built by Abengoa, which crosses the SE-30** and allows pedestrians and cyclists to cross it, and is also used by the public buses of the Tussam and Metropolitan Transport Consortium of Seville. A series of **improvements** were implemented in the cooling tower filling and treatment systems in 2018, **aimed at reducing the consumption of water**. Likewise, various **measures** were implemented **to optimise the consumption of electricity**, such as replacing the lamps in car park 2 with LED lamps, changing to the low-voltage power supply system in three of the buildings or the adjustment of the operating times and setpoints of the air-conditioning systems, in accordance with the outdoor temperatures.





## 04. Governance, transparency, risk management and compliance

- \_ Corporate governance
- \_ Transparency and anti-corruption
- \_ Risk management
- \_ Regulatory compliance



## Corporate governance

### Goals set forth in the 2019-2023 SPCSR

#### Equality



› Ensuring that at least **30 % of the members of the Board of Directors** are women by 2020.

Good corporate governance at Abengoa translates into the **implementation of a series of best practices that govern the relations between the different governing bodies** of the company and its stakeholders, **based on transparent and rigorous management practices**. Likewise, it mainly focuses on securing the corporate interest, as a body that can generate sustainable and responsible value for all stakeholders in the long term.

Abengoa considers that it is essential to create governing bodies that **generate trust in their stakeholders, guarantee the adequate strategy and disseminate a culture of integrity** for the growth and progress of any company, in particular, after Abengoa's financial restructuring processes of the past few years. This will allow the company to reposition itself as one of the key players in the markets in which it operates.

In line with the above, the organisation advocates for a corporate governance based on the principles of efficiency and transparency, established according to the main existing recommendations and standards, such as the International Corporate Governance Network (ICGN) or the Unified Code for Good Governance of listed companies of the CNMV<sup>1</sup>. Steering decision-making processes under these guidelines not only ensures the company's operations are managed more efficiently but also improves its profitability and contributes to sustainable development in the areas in which the company operates.

Note 1 [Unified Code for Good Governance of the Companies Listed in the National Securities Market Commission \(CNMV\)](#): document that formulates the requirements for all listed companies, with the purpose of ensuring such companies abide by the obligation to provide information about the "degree to which the corporate governance recommendations are monitored or, if applicable, an explanation about the reasons for not observing these recommendations" in its Annual Corporate Governance Report.

After the approval of the **corporate governance policy** in 2016 that reflects the company's principles and goals, and which is used to establish the framework for its **CSR policy**, as established in recommendation no. 53, Abengoa has continued to work with the aim of adapting these recommendations to its governance system. Therefore, the company has improved in relation to observing the Good Governance Code of listed companies during 2018, reporting that it has observed 52 of the 56 applicable recommendations in this code. The company observed 50 of these recommendations in 2017.

Another factor associated with good governance lies in **ensuring regulatory compliance**<sup>2</sup>, which involves applying due diligence to guarantee that the company meets all applicable regulatory and legal requirements in the countries in which it operates. In this regard, it is worth highlighting that the company has included direct supervision functions of the regulatory compliance area in the Appointments and Remuneration Committee.

## Corporate Governance Policy

The new corporate governance policy was approved in March 2016 and is governed by the following principles:

- › (i) **Observance of the current regulations**, with the aim of following the best national and international good corporate governance practices and adapting the internal regulations governing Abengoa's actions and its governing bodies and internal control mechanisms to the highest standards in this area, in accordance with the company's actual situation.
- › (ii) **Securing the corporate interest**, understood as making the business profitable and sustainable in the long-run, promoting its continuity and maximising the economic value for Abengoa.
- › (iii) **Transparent management practices**, ensuring that the information disseminated to the market is true and correct at all times.
- › (iv) The **involvement of Abengoa's shareholders**, respecting the principle of equal treatment of all shareholders under the same circumstances, trying to foster its participation in corporate life and establishing mechanisms to guarantee effective and on-going communication with them. In this regard, Abengoa's Board of Directors has approved the communication and shareholder, institutional investor and voting advisor relations policy to establish the bases for all relations between parties and the corresponding communication channels.

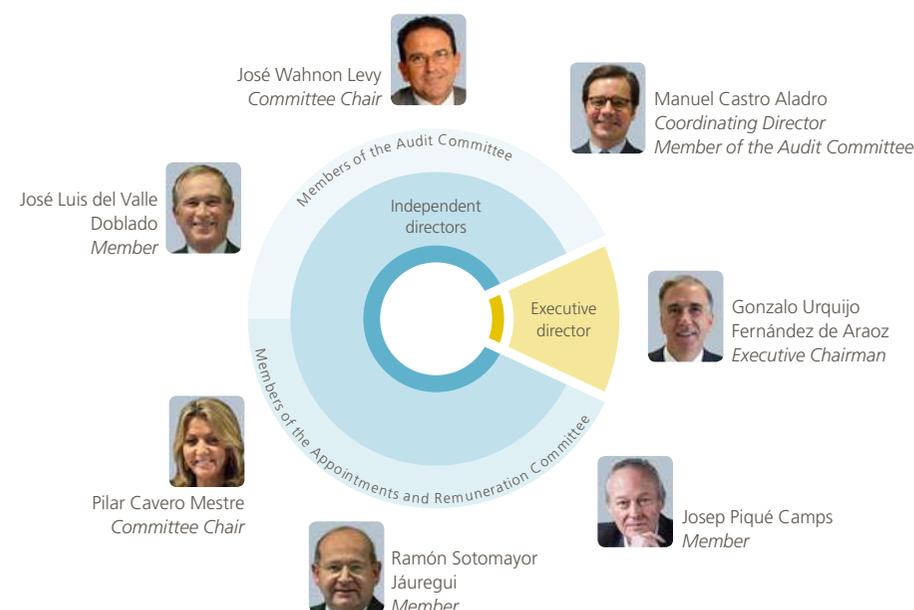
Note 2 For more information, refer to the [Regulatory Compliance](#) chapter.

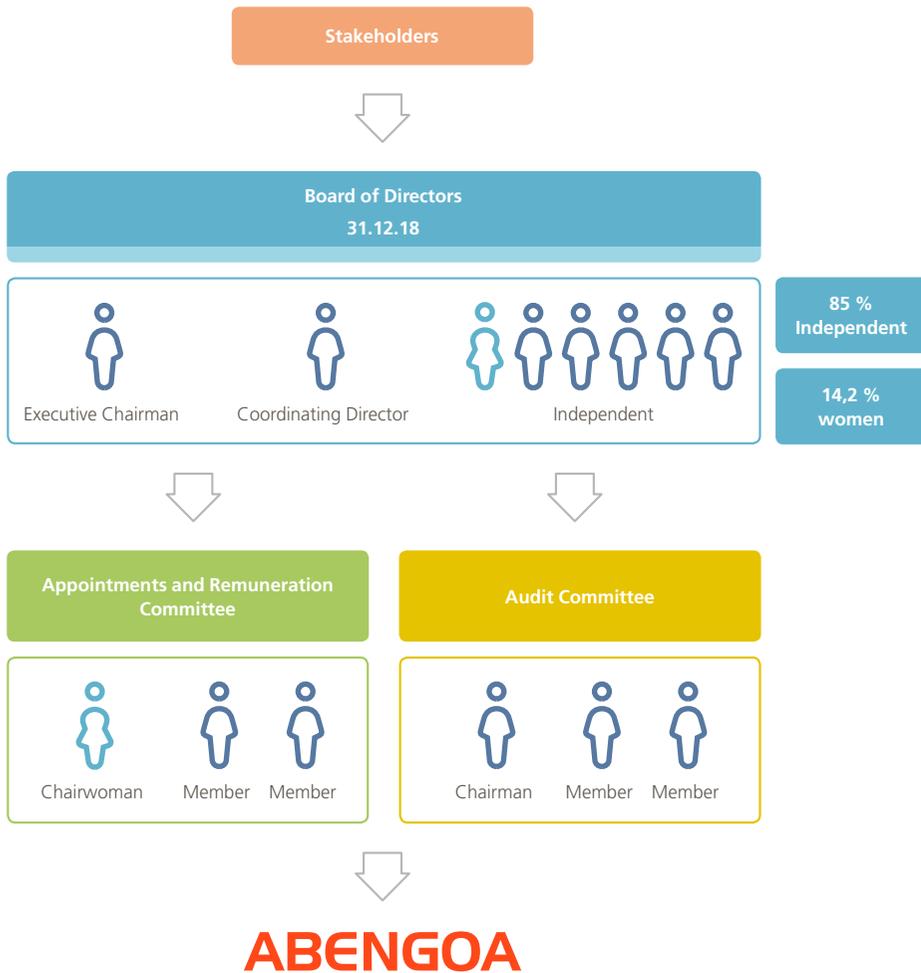
- › (v) The **adaptation of the company's governing body**, its dynamics and organisation, according to the latest corporate governance practices, ensuring it has the optimum structure and configuration to guarantee that it can operate effectively, in accordance with Abengoa's actual situation.

## Governing bodies

As of the date of this report, the **Board of Directors** is made up of seven directors: six men and one woman. Six of these board members are independent and one is an executive member. The chairman, Gonzalo Urquijo Fernández de Aroz, sits on the Board of Directors of other listed companies: Vocento, S.A. and Gestamp Automoción, S.A. Likewise, José Luis del Valle Doblado is a member of the Board of Directors of Lar España Real Estate SOCIMI, S.A.; Josep Piqué Camps was a member of the Board of Directors of Aena, S.A., although he resigned from the post in 2019, Pilar Cavero Mestre sits on the Board of Directors of Merlin Properties and José Wahnnon Levy, from Grupo Día. In relation to the above and in observance of the good corporate governance recommendations, Abengoa's Board of Directors Regulations limit the number of posts its board members can hold in other listed companies, guaranteeing the availability of board members and the smooth running of the sessions of the Board and its committees.

102-18, 405-1





The Board of Directors is responsible for governing Abengoa's activities. In accordance with the good governance practices, **specialised committees** are required to strengthen and guarantee the efficiency of the Board of Directors' role. Accordingly, Abengoa's Board of Directors is assisted by two committees: **Appointments and Remuneration Committee and Audit Committee**. Taking into account the current structure of the Board of Directors and the company's current needs following the restructuring process, the company considers that these two committees suffice. However, the company could assess the future need to create additional committees that assist the Board of Directors in its duties.

Currently, the Board of Directors and its committees are structured as followed:

Name	Type of director	Position
Gonzalo Urquijo Fernández de Aroz	Executive	Executive Chairman
Manuel Castro Aladro	Independent	Coordinating Director Member of the Audit Committee
José Wahnon Levy	Independent	Chairman of the Audit Committee
Pilar Caveró Mestre	Independent	Chairwoman of the Appointments and Remuneration Committee
José Luis del Valle Doblado	Independent	Member of the Audit Committee
Ramón Sotomayor Jáuregui	Independent	Member of the Appointments and Remuneration Committee
Josep Piqué Camps	Independent	Member of the Appointments and Remuneration Committee

The CV of all members of Abengoa's governing bodies is available on the [company's website](#).  
102-22, 102-23

## Corporate Governance Structure

The **Appointments and Remuneration Committee and the Audit Committee** are solely made up of independent members and they are assisted by a secretary who is not a member.

The Board of Directors met 18 times during 2018, in which the most important operational matters and the situations that required a response from management were addressed. The most important include:

- › The **divestment in tangible assets** agreed as part of the financial restructuring process completed on 31 March 2017 and, in particular, the sale of the stake in Atlantica Yield plc to Algonquin Power & Utilities Corp., a divestiture completed in November 2018.
- › **Monitoring the construction of the A3T project**, the monetisation of which had been established as part of the financial restructuring process completed in 2017.
- › The **negotiations with creditors** that successfully appealed the 2016 restructuring agreement.
- › **Monitoring of the second financial restructuring process** started in 2018 and successfully completed on 26 April 2019.
- › **Monitoring of the different business units**, approval of the most important bids and, in general, monitoring the business progress.

The Board of Directors also reviews the tasks assigned to the different committees and commissions reporting to it. In this regard, the **Board of Directors is responsible for approving** the company's general **policies and strategies**, among others and, in particular, the **strategic or business plan**, as well as the **management goals**, the **investment and financing policy**, the **corporate social responsibility policy** and the **risk control and management policy**, the latter being supervised by the Audit Committee. *102-19, 102-26, 102-27, 102-31*

**The Board of Directors approved the Strategic Plan of CSR (SPCSR) for 2019-2023 in February 2019.** The SPCSR defines the company's framework and guidelines with a series of actions that can integrate the expectations of stakeholders into the organisation's strategy, identifying concrete goals and designing specific actions that help develop a responsible business fabric to create a sustainable and global development model.

The CSR management is responsible for presenting the Non-Financial Information Statement and Integrated Report to the Executive Committee and Board of Directors. These must include the main activities and impacts of the company, describing its strategy, its business model, its goals and challenges, and the performance indicators, together with the Responsible Management Balance Sheet and the key indicators of non-financial results. Likewise, senior management members responsible for non-financial information will hold regular meetings with the chairman and the Executive Committee to review and analyse all aspects associated with

social, economic and environmental matters, which will be regularly reported to the Board of Directors. *102-20*

The **Board Regulations** establish that the principle of equal treatment must be applied to its relations with the company's shareholders in the same position and guided by corporate interests. As a consequence, it must create the mechanisms required to learn about shareholder proposals associated with corporate management, arrange informative meetings about the company's activities and progress and open the channels required for the on-going exchange of information with its groups of shareholders<sup>3</sup>.

In line with the above, the company and, in particular, its CFO, held different meetings in 2018 with minority shareholders, with the purpose of discussing the company's progress and the new financial restructuring process launched in September 2018, as well as to learn about their concerns. In addition, the company's Investor Relations department focuses on leading and supervising all communications with shareholders and investors, providing a shareholder assistance portal, which can be accessed from the website or by phone, and through which shareholders can communicate their questions and doubts. *102-21, 102-33, 102-34*

The regulations also determine the need to appoint an independent director to gather and coordinate the concerns of non-executive directors, call for the meeting of the Board of Directors or include new points in the agenda, contact investors and shareholders to learn about their points of view and concerns, specifically about the company's corporate governance approach, and guide the chairman's assessment process, among other matters. Mr Castro Aladro, Abengoa's Coordinating Director, is responsible for these roles.

The company's Executive Chairman has no delegation of authority but holds several and joint powers with other attorneys-in-fact of the Company.

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Note 3 [More information in the Financial Capital chapter.](#)

## Appointments and Remuneration Committee

The Appointments and Remuneration Committee<sup>4</sup> was set up in 2003 and it is exclusively made up of non-executive independent members, making it a more objective body in its role and decisions. Its main purpose is to **provide advice and inform the Board of Directors** about the appointments, re-elections, resignations and remuneration **of the Board and its members, as well as in relation to the general remuneration and incentives policy for its members and the senior management**, which is also approved in the General Meeting of Shareholders. [102-34](#), [102-35](#), [102-36](#)

Likewise, the Committee checks that the conditions for appointing a director and the character or type assigned remain unchanged on an annual basis. This body is responsible for selecting the profiles that best represent the needs of the different stakeholders among professionals specialising in different areas and with a proven national and international track record. These professionals will be selected according to their merits and to cover open positions with professional profiles that are not associated with specific interests. All this in accordance with the provisions of the **director selection policy** approved by the Board on 30 March 2016.

It is worth highlighting that the members of the Board of Directors of Abengoa, except for Josep Piqué Camps, who was appointed through co-optation on 13 June 2017 and subsequently ratified in the General Meeting of Shareholders on 25 June 2018, were appointed by the General Meeting on 22 November 2016 and, in compliance with the undertakings assumed within the framework of the restructuring agreement signed on 24 September 2016, were proposed by the Appointments and Remuneration Committee according to the selection and proposals made by the consulting firm Spencer Stuart.

In this regard, Spencer Stuart and the Appointments and Remuneration Committee assessed the capacity and merits of the different candidates and proposed the appointment of the best candidates, according to the characteristics and current circumstances of Abengoa. This same procedure was followed during 2017 to select the board members appointed to fill the vacancies during that year (Miguel Antoñanzas Alvear replacing Javier Targhetta Roza and Josep Piqué Camps replacing Miguel Antoñanzas Alvear).

The **Appointments and Remuneration Committee** explicitly establishes that there is no implicit bias when selecting female directors. This Committee is responsible, among others, for informing the Board of Directors about **gender diversity matters** and for ensuring **compliance with the director selection policy**. Pilar Cavero is the chairwoman of this committee. In addition, the director selection policy establishes that the Board of Directors must be diverse and well-balance.

Another of the responsibilities of this Committee is to assess the performance of the Board of Directors and its executive directors, examining and organising the Chairman and CEO replacement process, reporting appointments and resignations of senior executives and on gender diversity matters. [102-24](#); [102-28](#)

During 2018, the **main responsibilities of the Appointments and Remuneration Committee**, which held eight meetings, focused on the following matters, among others:

- › Assessment of the **operation of the Committee** in 2017.
- › Determining the (non) accrual of **variable remuneration** in 2017.
- › **Definition of the variable remuneration** schemes for 2018, with two components.
- › **Annual remuneration report** and **report** for the General Meeting of Shareholders about the **operation of the Committee**.
- › Review of the **executive succession plan**.
- › Assumption of the **Risk and Regulatory Compliance** supervision responsibilities.
- › Proposal to **ratify Mr Piqué** as a director.
- › Preliminary assessment of the **accrual and payment of variable remuneration for 2018** and of **other variable remuneration schemes** (2019, MIP 2019-2021 and second financial restructuring process of the group's debt).

The **Remuneration Report**<sup>5</sup> includes the details of the average directors and executives remuneration, including variable remuneration, expenses, fixed remuneration, short and long-term variable remuneration, remuneration for members of the Committee and Board of Directors, severance pay and other forms of remuneration. Please refer to the Corporate Governance Report and Annual Remuneration Report for more information.

The average remuneration of senior management is described below:

Average salary 2018	Thousands of euros	
	Men	Women
Management		244.3
Management Committee	179	174

Abengoa's governing bodies include the Executive Committee (senior management) and the Management Committee (made up of the directors of the main business units, countries and corporate functions).

Note 4 [More information on pages 29-30 of the Corporate Governance Report.](#)

Note 5 [Included in Note 33.3 Remuneration and other benefits.](#)

- › Management: Executive Committee/Management Committee: fixed remuneration, variable remuneration and payment in kind.
- › Executive Committee: no breakdown by men and women, since there are no women members.

In 2018, the relationship between the annual salary of the chairman and the average salary of employees, including all regions and contract types, was 82.6<sup>6</sup>. [102-38](#), [102-39](#)

### Audit Committee

The Audit Committee<sup>7</sup> was set up in 2002 and, in compliance with the requirements of the good governance regulations, is made up of non-executive independent members, assisted by the Board Secretary to ensure an objective approach in their functions. In accordance with the good corporate governance standards, the Audit Committee is chaired by an independent director, appointed according to his/her accounting and auditing knowledge and experience. As an independent body, it **ensures that all companies observe the Code of Ethics in their operations**.

The Committee's main functions and regulatory responsibilities are: monitoring and resolving conflicts of interest, reporting on the financial statements to the Board of Directors, reporting changes in accounting criteria, supervising the internal audit functions, learning about the financial reporting process and supervising the internal control systems, as well as helping auditors identify any matters that could jeopardise its independence. In addition, it is responsible for supervising the risk control system, according to the internal audit and risk management functions, ensuring compliance with the corporate governance regulations and the corporate social responsibility policy. [102-25](#), [102-26](#), [102-29](#), [102-30](#), [102-31](#)

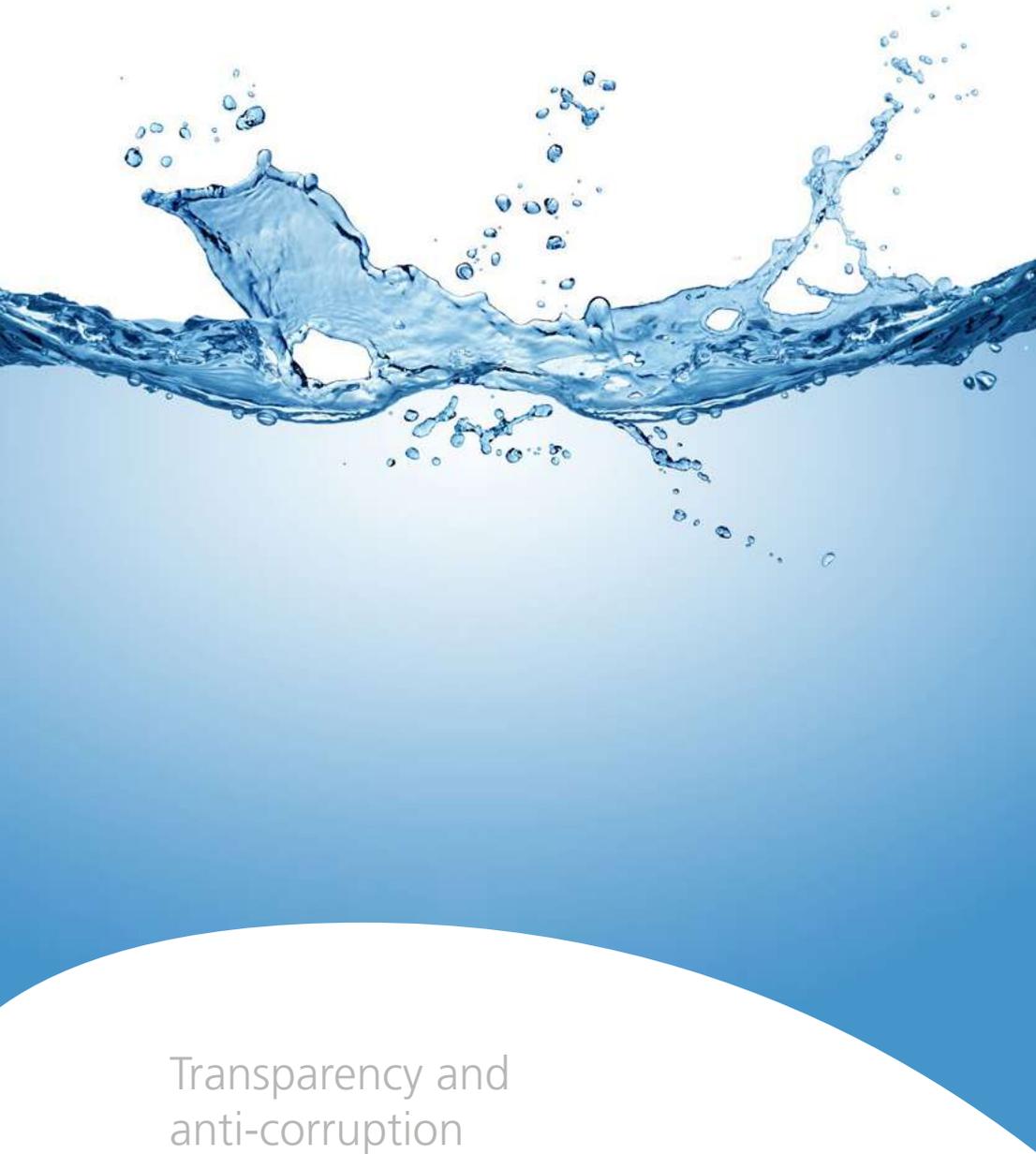
In 2018, the Audit Committee met ten times and addressed the following matters, among others:

- › **Review and analysis** prior to the formulation of the individual and consolidated **financial statements** of Abengoa S.A and its group, respectively, corresponding to 2017.
- › **Review and analysis** prior to approving the **financial information** corresponding to intermediate periods of 2018 sent to the CNMV.
- › Preliminary **review and analysis** of the **financial restructuring** proposal.
- › **Approval of the Non-Financial Information Statement** included in the Management Report.
- › **Approval of the 2019 budget** and review of **liquidity plans**.
- › **Approval of divestment** procedures, in particular, the sale of 16.47% of Atlantica Yield.
- › Identification and **monitoring of financial risks** of the Company for the formulation of its 2018 Financial Statements.
- › Approval of the **verification work** carried out by the external auditor.
- › **Internal audit**: approval and monitoring of the work and supervision plan, and assessment of its purpose.
- › Supervision of the **whistleblowing channels**.
- › Approval of the **work of the external auditor** other than that directly associated with the audit.

Note 6 Includes fixed and variable remuneration and remuneration in kind. This information corresponds to 94 % of the workforce (employees and operators) as of 31 December 2018, excluding those corresponding to the Brazilian company Abengoa Bioenergía Brazil, which was undergoing a judicial rehabilitation process with no reliable information about the process being available, and the members of the Executive Committee and Management Committee.

Note 7 More information in the [Corporate Governance Report](#).





Transparency and  
anti-corruption

Goals set forth in the 2019-2023 SPCSR

Corruption prevention



- › Implement improvements aimed at maximising the **efficiency of the fraud prevention system**.
- › Promote **training on aspects related to fraud, corruption, ethics and the code of conduct** through the internal communication channels.

Abengoa builds its strategy based on **regulatory compliance and good corporate governance**, as established in its **code of conduct**. Its business model and corporate culture are governed by solid values, such as **integrity, reliability, professional rigour, customer focus, social contribution, diversity, equal opportunities and health and safety**, among others. [102-16](#)

Abengoa's commitment to these principles has continued to guide the company and all of its professionals on its current path of economic recovery.

**It is essential to include the expectations, concerns and specific characteristics of** each and every group of **stakeholders** in the company's strategy throughout this process. Therefore, it is a priority to continue working on strengthening the communication channels used with them, with a view to increasing the level of transparency.

As a consequence, the company is still undergoing a transformation process to further simplify its organisational structure and adapt its internal policies and its compliance and corporate culture programmes, with the aim of **ensuring an on-going and effective communication flow with its stakeholders**, while guaranteeing compliance with the law and respect for business ethics.

## Continuous improvement process

In the constant search for excellence and highest standards of quality, Abengoa endeavours to adapt the **best international practices associated with internal control, transparency, the fight against fraud and regulatory compliance**, among others. In this regard, the organisation seeks to align the best business practices with its strategy, adapting its processes on an on-going basis.

According to this, Abengoa works on a daily basis to **optimise and update the internal management processes that affect the most relevant business decisions** or those with an impact on the balance sheet, income statement or reputation of the company. In parallel, the company reviews and updates the processes that affect financial information, known as POC (Procesos de Obligado Cumplimiento - Mandatory Compliance Processes), aimed at ensuring that the **internal control system is robust, integrated and in line with the current organisational structure**.

The project for the optimisation and centralisation of the Organisational Structure Management system in SAP will start in 2019. This is the system used by Abengoa to plan its business resources. This process will help the company optimise its user profile management, control work-flows in the system and automate the internal control model, which will improve how financial information is controlled at Abengoa.

In addition, this measure will also help prevent fraud and corruption.

## Anti-corruption *205-2, 415-1*

Abengoa continues to adapt its **mechanisms related to transparency and the fight against corruption in its new functional and business structure**. To achieve this, it has implemented measures for the adaptation and rationalisation of its internal control systems and processes, which establish a series of approval requirements and circuits for the most relevant business decisions or those with an impact on the balance sheet or income statement.

These mechanisms guarantee the **balance between business opportunities, risk management and process execution**.

## Anti-corruption law

Abengoa is subject to the stipulations in the **local and international anti-corruption laws** and, in particular, the US Foreign Corrupt Practice Act or FCPA, which regulates the actions of all companies operating in the United States, regardless of their country of origin.

Abengoa's common management systems contemplate the requirements of these regulations, **guaranteeing compliance with the anti-corruption mechanisms** by all company employees, executives and directors.

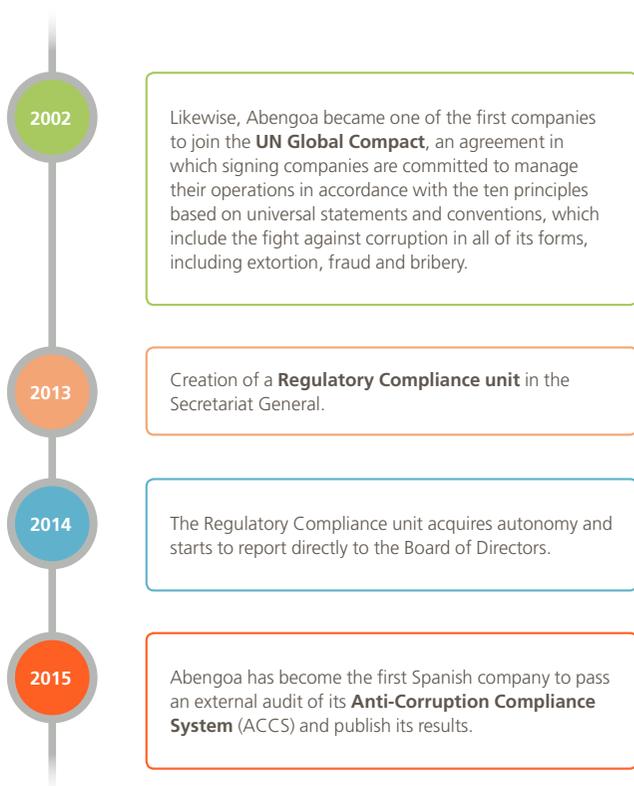
One of the functions of the Internal Audit area is to develop **annual prevention, fraud detection and regulatory compliance plans**. These plans cover the risk of failing to comply with Abengoa's internal anti-corruption regulations.

During 2018 the company made contributions to professional associations amounting to 123 thousand euros, mainly chambers of commerce or associations related to the building or other industries. *102-13*

Likewise, no direct or indirect contribution was made by Abengoa in 2018 to political parties and/or members of political parties, either in the form of money or in kind. *415-1*

## Anti-corruption compliance system

Abengoa incorporated the **fight against corruption** in its strategy a few years ago and has been strengthening its actions in this area since then.



The company has continued to improve the ACCS in 2018, adapting the confidential information safety procedure to the best global practices.

In parallel, the communication work in this area has been strengthened. In this regard, the Regulatory Compliance unit ensures all staff is informed about the latest relevant matters associated with compliance.

### The 10 key elements of the ACCS

Organisational culture and communication	Procedures and policies implemented at Abengoa	Detection mechanisms
<ol style="list-style-type: none"> <li>1. Involvement of senior management</li> <li>2. Regulatory Compliance Department, in direct contact with the Board of Directors</li> <li>3. Code of Conduct, with zero tolerance</li> <li>4. Training</li> </ol>	<ol style="list-style-type: none"> <li>5. Common Management Systems</li> <li>6. Risk analysis and assessment</li> <li>7. Specific procedures for the areas with the highest potential risks:                             <ul style="list-style-type: none"> <li>- Gifts and donations</li> <li>- Third-party control, monitoring and due diligence</li> <li>- Due diligence prior to company mergers and acquisitions</li> <li>- Due diligence prior to closing Joint Ventures agreements</li> <li>- Purchases, payments and contracts with third parties</li> </ul> </li> </ol>	<ol style="list-style-type: none"> <li>8. Update, review and continuous improvement of the ACCS</li> <li>9. Internal and external whistleblowing channel</li> <li>10. Conducting specific audits</li> </ol>

The ACCS is an initiative that has been driven directly from the company's management and is applicable to all staff, with no exceptions. The purpose of this system is to **prevent irregular practices** and, if these occur, **increase the probability of identifying and mitigating them**.

## Code of conduct 102-16, 205-2

Even though Abengoa is a company that must cater to the distinctive cultural characteristics of the countries in which it operates, there are a series of principles and forms of conduct that must be observed by all members of the organisation, since these are the basic pillars on which the corporate culture is based.

To achieve this, Abengoa created a professional code of conduct that establishes the **ethical behaviour guidelines which must govern the company's activity** and the prohibitions based on the values that define the organisation's corporate philosophy. Likewise, it defines the working relationship of its employees, executives and directors in the company, as well as the relations with its stakeholders.

Its purpose is to **guarantee transparency and professional rigour**, establishing guidelines to define the expected behaviour of all of Abengoa's employees.

This [code](#) is available on Abengoa's intranet and website in the two functional languages of the organisation - Spanish and English - and can be accessed by all employees, executives, directors and people associated with the company.

The code of conduct expressly states the values, principles and guidelines for conduct that must guide the behaviour and consolidate the culture of all of the company's employees in their professional duties.

Abengoa's code of conduct:

- › It requires the highest honesty and ethical conduct standards.
- › It requires compliance with the applicable laws, standards and regulations.
- › It addresses real or possible conflicts of interest and provides guidelines for employees, executives and directors to report such conflicts to Abengoa.
- › It requires the highest possible level of confidentiality and fair treatment inside and outside Abengoa.
- › It guarantees that all communications with the Public Administration or external entities meet the applicable requirements.
- › It guarantees that failure to observe the code is immediately reported internally, as well as any signs of illegal conduct.

It is vital for the organisation's employees to be acquainted with the code of conduct to ensure the practical application of its principles.

## Mechanisms to prevent corruption

### Whistleblowing channel 103-2

The whistleblowing channel is a key element of Abengoa's commitment in its fight against corruption and any form of voluntary practice against the laws and regulations. The company's stakeholders can use this channel to confidentially and anonymously report any form of irregular activity detected during the development of their professional functions.

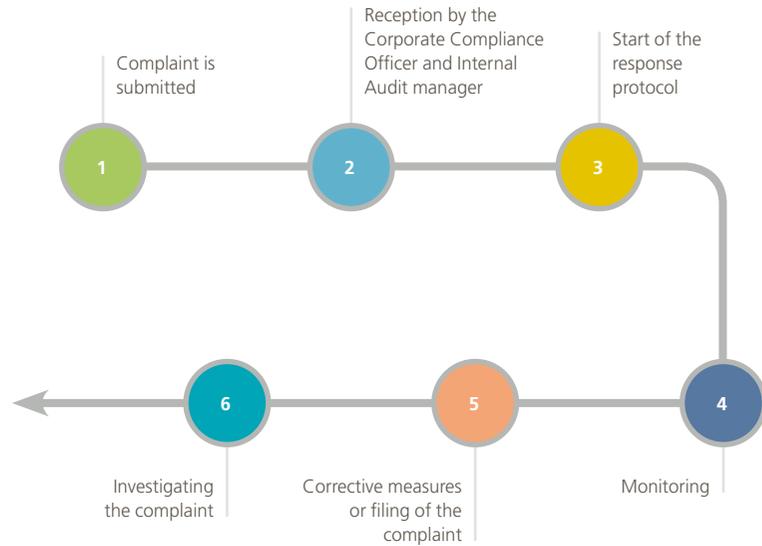
Without a doubt, this has become a very useful channel for **reliable and secure communications between any stakeholder and Abengoa's management**, with the purpose of addressing any irregularity, breach or unethical, unlawful or any other form of behaviour that fails to observe the company's regulations.

Abengoa's internal and external **whistleblowing channels** were opened in 2007 and meet the specific requirements of the Sarbanes – Oxley Act:

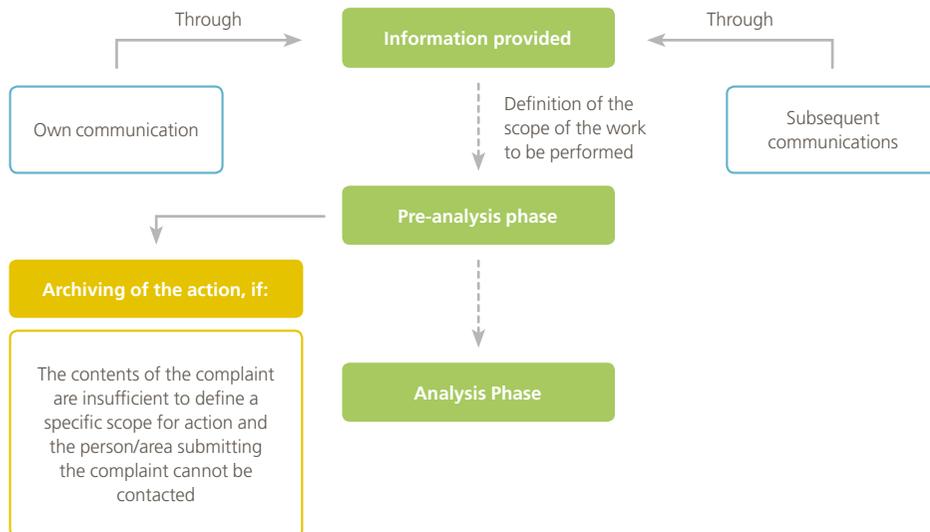
- › **Internal:** available to all employees, who can report claims or complaints.
- › **External:** available to any person outside the company, with the purpose of reporting irregular situations, fraudulent acts or other acts contrary to Abengoa's code of conduct. This channel is available on the company's website.

All complaints will be received directly by the Corporate Compliance Officer and Internal Audit Manager. After they have been analysed, **all complaints will be reported to the Audit Committee and the chairman of the Board of Directors**, who will formally conclude on the investigations or determine the measures that must be adopted, if required, in relation to the complaints received.

In accordance with the complaint channelling policy defining the parameters and conditions under which all information received is treated, it is specifically guaranteed that the tool can be accessed confidentially, allowing information to be submitted **anonymously** and **without any retaliation** for all complaints reported on good faith. The policy establishes that the response protocol must start within a period of 48 hours after receiving the complaint.

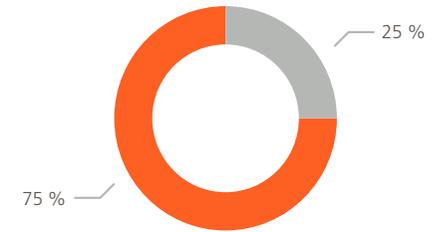


Steps followed after the complaint is received.



Twelve complaints were received during 2018, which translated into nine actions of the analysis phase.

Complaints received and classified according to their nature (inside/outside the scope of the channel)

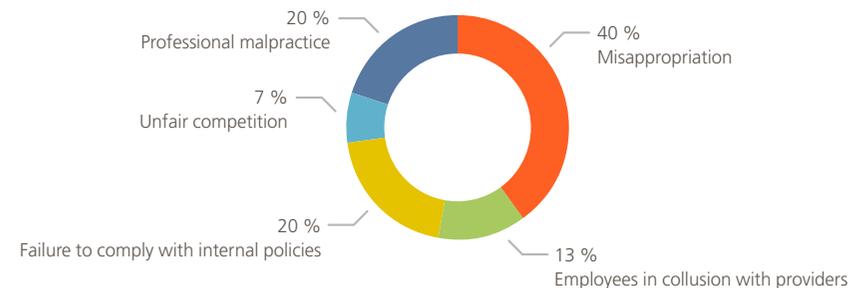


The process is described in the following steps:

- › When the notification is received, it is assessed to confirm whether it falls within the scope of action of the whistleblowing channel or not.
- › If the complaint is within the scope of the channel, the case is opened and a preliminary analysis is conducted. If the complaint is nominative, the person/area submitting the complaint is contacted to gather more information and define the scope of the analysis procedures more clearly and with all necessary details. The company has 48 hours to provide a response to the person/area submitting the complaint.
- › The scope of the work is defined with the information provided in the complaint and in subsequent communications with the person/area submitting the complaint, followed by the pre-analysis and analysis phases.

Confidentiality or, if applicable, anonymity and objectivity are preserved throughout all analysis phases.

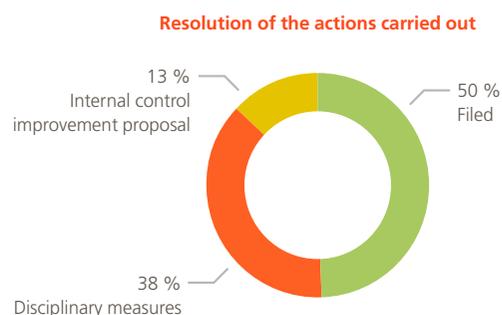
Types of complaints reported



The geographical distribution of the complaints received during 2018 is shown below: 102-17

	2018	2017	2016
Latin America	56 %	50 %	22 %
Africa	11 %	0 %	17 %
Europe	22 %	30 %	44 %
North America	0 %	0 %	6 %
Asia and the Middle East	11 %	20 %	11 %
<b>Total</b>	<b>100 %</b>	<b>100 %</b>	<b>100 %</b>

Conclusions presented as a result of the actions carried out. 205-3



## Good Practices Committee

Abengoa created the Good Practices Committee of the Board of Directors' Audit Committee in 2017 with the purpose of improving the company's transparency with its stakeholders. This Committee **assesses the cases in which Abengoa's code of conduct is not observed, as well as any form of internal fraud** (understood as a breach by managers and/or directors of the mandatory policies and processes), in which such actions have been instrumental to the perpetration or attempted perpetration of an offence or minor administrative misdemeanour within the scope of their roles.

The Committee is chaired by the Internal Audit department and is made up of the corporate Human Resources, Legal Advice and Regulatory Compliance departments.

## Implementación, gestión y control del Sistema de Control Interno

Abengoa has implemented an **internal control system based on the COSO** (Committee of Sponsoring Organizations of the Treadway Commission) methodology, as the framework to manage, identify and mitigate the risks when preparing financial information.

With a top-down approach, internal control is driven by Abengoa's chairman across the company, ensuring the senior management and all employees are responsible for observing the corresponding internal control practices.

- › The first line of control is **operational business management**, through the use of the company's Common Management Systems.
- › The second line of control is **risk management** and compliance established by the company's management.
- › And the third is internal and independent audit.

The risk control system is completed by the corporate governance bodies and senior management.

An effort has been made throughout the year to continue improving the efficiency of the internal control system, always with high standards of quality, in accordance with the **COSO standards**. Therefore, some internal control processes have been automated and centralised,

maintaining or even increasing the efficacy of the control system, while using less resources.

**Fraud prevention and detection work** has also been carried out **in the parent company and its subsidiaries** to help reduce its impact.

Some of the most important projects carried out during 2018 include the **global centralisation of the supplier governance** functions, which was controlled locally in each region until now. The project was launched in 2017 but it was implemented in different regions throughout 2018, increasing the system robustness and efficacy.

To achieve this, a minimum set of documentation and information was defined for all suppliers to be included in the Abengoa supplier master. In parallel, the existing suppliers were reviewed, documenting the information required in the main regions in which the project was rolled out: Spain, Oman, South Africa, Peru and the United Arab Emirates.

The centralisation of the supplier governance function is an improvement in the control system, which prevents corruption and money laundering, as well as fraud across all levels of the company.

## Audits for preventing and detecting fraudulent activities

In parallel to the implemented systems, Abengoa allocates important resources to the prevention and detection of corruption every year through the **Fraud Prevention and Detection Work Plan**, aimed at identifying and mitigating the main fraud-related risks to which the company is exposed and investigating the complaints received through the available channels.

This plan includes a preliminary risk analysis, with the purpose of designing an audit and revision plan that covers all regions in which Abengoa is present, including its most sensitive businesses and the areas with highest risks in their financial statements. The audit plan is subject to a permanent audit system, transforming it into a live tool, which includes the results and conclusions of the work carried out by the company in response to each completed project and activity.

The Regulatory Compliance department extends its framework of action across all lines of activity of the company, in coordination with the Non-financial Internal Audit Area, the Risk Management unit and Corporate Social Responsibility (CSR) unit.

## Responsible taxation

Abengoa has a firm commitment to managing tax-related matters, using **good practices** and acting with a **transparent** approach, in compliance with the applicable tax regulations and obligations in each jurisdiction in which it conducts business.

**The company makes a responsible and efficient effort to meet its tax obligations**, avoiding any significant risks and unnecessary conflicts. In this regard, the company pays € 10.61 for every € 100 of its revenue.

Taxes paid, by region



In 2018, Spain and South America represented 71% of the total taxes paid by Abengoa, with Brazil accounting for 42% of the taxes paid in South America.

Abengoa's tax strategy was approved by the Board of Directors and it is based on a series of **basic principles for action on all tax-related matters**:

- › Requiring all employees to observe the principles of **honesty, integrity and good judgement** in all decisions they take, in particular, as regards tax-related matters, while ensuring they observe the applicable regulatory and legal requirements and reasonably interpret the applicable regulations in each operation and business.
- › **Ensuring that transparency and integrity** are the base for the company's actions associated with tax-related matters and in the relationship promoted by Abengoa with the Tax Administrations in the different jurisdictions in which it operates. Evidence of responsible commitment includes:
  - **Adhering to the code of Good Tax-Paying Practices** of the Spanish Tax Administration.
  - **Avoiding the use of opaque structures** created for tax-related purposes, understood as those designed to prevent the Tax Administration from gathering information about

the ultimate responsible for the activities or ultimate holder of the corresponding goods or rights.

- Presentation since 2017 of the **Country-by-Country report** (CBC) to the Spain's National Tax Agency (AEAT).
- Implementation of the **real-time information system** with the AEAT.
- › **Transfer price policy** associated with our operations with associated entities, in compliance with the arm's length principle or the legal market valuation principle.
- › Development of **responsible tax policies** that allow the company to **prevent conduct that can generate significant tax risks**. In this regard, Abengoa's internal control system based on the COSO methodology includes a specific section on taxation with the associated controls, which is reviewed by an external auditor, as in the case of all other areas.

As regards the prevention of financial risks, fraudulent actions and money laundering, Abengoa makes explicit reference in its policy that investments made in tax havens are solely based on purely justified economic and business reasons not associated with other motivations at all, such as to receive tax benefits or be qualified as tax-exempt.

In addition, the organisation operates in other regions that, even though they are not included in the list of tax havens of the AEAT, they are included in the lists of other international bodies and observatories, which consider them territories with a lower tax burden than Spain. In this regard, it has subsidiaries in Delaware (US), the Netherlands, Luxembourg, Uruguay and Switzerland. These subsidiaries have been created for strictly economic or business purposes, or to simplify mercantile and administrative processes, but not for tax evasion, money laundering or illicit activity funding reasons. **201-4**

## Monitoring of the restructuring plan

The **audit committee** has continued to collaborate with the Board of Directors, with the purpose of informing and providing assistance to such body in its decisions and to ensuring that the information generated by the company during its restructuring process in 2018 is truthful and accurate, focusing on the supervision of financial information and its preparation and control processes, corporate governance matters, external auditor management and the effectiveness of the internal control and risk management system.

Likewise, **other projects** led during the year and which had a special relevance in the restructuring process include:

- › Diagnosis and implementation of the best market practices to maximise the efficiency of the whistleblowing channel.
- › Project for the improvement and simplification of the matrix of internal controls associated with the preparation of financial information.
- › Analysis and proposals for improvement in bidding and public tender processes to be awarded with projects.
- › Implementation of automatic or semi-automatic systems to treat banking transactions and the information of banking positions in the group's subsidiaries.
- › Support provided to prepare information and given to external advisors during the restructuring process.
- › Support provided to the external auditor during the replacement of the group's auditor.



## Risk management

### Goals set forth in the 2019-2023 SPCSR

#### Risk management



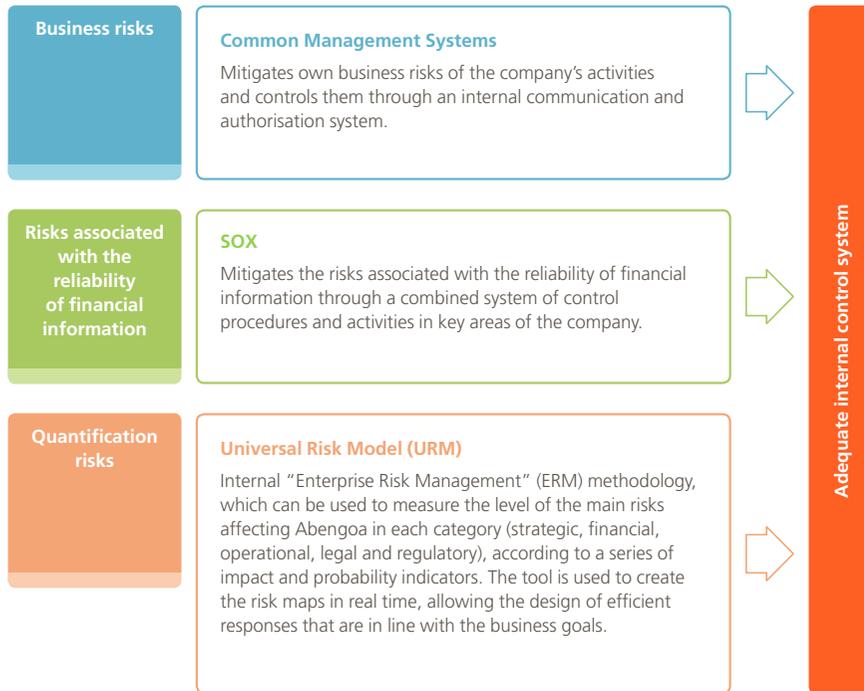
- › Conduct the annual **CSR risk analysis at the company's facilities**, so these can be included in Abengoa's risk map.
- › **Use the Risk Management System to identify the potential changes in the environment**, as required to prepare and adapt the company to achieve the global business goals.
- › Strengthen Abengoa's risk management systems in relation to **identifying and controlling CSR aspects** (social, environmental, ethical and reputational order).
- › Create value through Abengoa's Risk Management System as a competitive advantage and tool that guarantees **excellence in the decision-making process**.

Abengoa considers that the risks that might affect the company need to be managed and treated correctly, with the purpose of ensuring that the goals established in its Strategic Plan and Feasibility Plan can be met, while turning such risk management into a competitive advantage.

To achieve this, Abengoa has implemented a **Risk Management System** that is fully **integrated in the business** and which covers all areas of the company, according to a common awareness-raising culture for all employees, thus ensuring that all risks are managed adequately across all levels of the organisation.

Abengoa's Risk Management System is based on three main pillars: common management systems, internal control procedures (SOX) and the universal risk model. Likewise, it is characterised for having a **comprehensive and dynamic approach**, allowing it to control and identify the risks, create a common culture that helps achieve the goals in this area and have the necessary capacity to act and adapt. [102-11](#)

### Global risk management system



### Key elements of the risk management system

1. Business integration	2. Specialisation	3. Continuous measurement	4. Annual external validation	5. Dynamics
All management procedures identify the applicable risks and establish the criteria to mitigate them.	Each procedure is assigned to a specialist ("risk owner"), who is an expert in the area and trained to establish the protection measures.	Using the company's own tools and supporting software to draw up risk maps in all categories, according to the probability and impact of the risks.	System based on the ISO31000, audited once a year at the corporate level and in the different business units.	The system (the procedures) undergoes permanent review to adapt to business evolution.

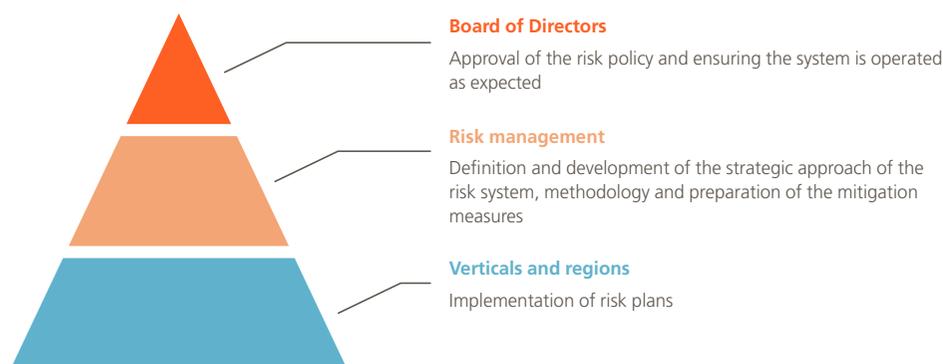


## Risk policy

Abengoa's risk policy has been approved by the Board of Directors and is aimed at **establishing the key concepts, principles and guidelines to design its Risk Management System.**

To achieve this, it must be fully integrated in terms of planning and executing the company's strategy, in the definition of the business goals and in the procedures of daily operations, so that the methodology used to apply this system leads to the identification and management of risks in any activity carried out and is established as the basic criteria when taking decisions.

Organisational layout of Abengoa's Risk Management System



The **Board of Directors** approves Abengoa's Risk Management policy and the tolerance levels in relation to Abengoa's risks.

The **Board's Audit Committee** monitors the internal control and risk management functions to guarantee that the Risk Management System is effective and ensures that this system identifies and mitigates the risks within the framework of the policies established by the Board of Directors.

The **Risk Management area** reports directly to the chairman of the Board of Directors, and is responsible for adapting the organisation to the potential changes in the environment, preparing it to ensure such changes do not prevent it from achieving its business goals.

The scope of Abengoa's **Risk Management Department functions** covers three specific areas:

Areas	Roles
<p><b>Business risk management</b></p>	<ul style="list-style-type: none"> <li>› Supporting the chairman in the <b>definition and development of the strategic focus</b> of the Risk Management System, as well as in the decision-making processes for the company.</li> <li>› Defining, preparing and updating the <b>methodology</b> and the different procedures and analytical support tools to manage the company's risks.</li> <li>› Guaranteeing the <b>correct dissemination of the risk management policy</b> across the organisation, as well as ensuring that the organisation develops the correct culture to face risks.</li> <li>› Identifying, analysing, quantifying and drawing up a <b>risk treatment plan</b> for all risks to which the company is exposed in the business, at the global level and at the operational level, both during the bid preparation stage and during the execution, operation and maintenance and warranty stages.</li> <li>› Preparing an internal classification to identify the <b>risks in the countries</b> in which the activities are rolled out, defining the measures to implement and develop the activities.</li> <li>› Identifying specific <b>risks of M&amp;A</b> (Mergers and Acquisitions) operations.</li> <li>› Preparing Abengoa's <b>risk maps</b>, as well as defining the action plan to mitigate them.</li> <li>› Negotiating contracts with clients before signing the contract to <b>guarantee</b> that the contractual <b>risk profile</b> can <b>be assumed</b> by Abengoa.</li> </ul>
<p><b>Insurance management</b></p>	<ul style="list-style-type: none"> <li>› Identifying the <b>risk transfer strategy</b> for the company's insurance market, identifying the most suitable insurance plans, both at the corporate level and in each business unit, project and operation, as well as the adequate coverage, limit and sub-limit details.</li> <li>› <b>Taking out and renewing the company's insurance policies</b>, including the negotiation with insurance companies and insurance brokerage firms.</li> <li>› <b>Managing incidents</b>, defining the applicable strategy, as well as leading the relationship with insurance companies and appraisers, to maximise the value when recovering the damage caused in the incident.</li> </ul>
<p><b>Special risk management</b></p>	<ul style="list-style-type: none"> <li>› <b>Managing crisis scenarios</b>, preparing the correct procedure framework and leading the management process with the crisis management committee. The potential crisis management events could include taking staff as hostages, strikes, situations that recommend the evacuation of the staff from a specific country, etc.</li> <li>› Preparing the <b>safety and evacuation plans</b> in companies and international projects being executed, as well as the on-going monitoring of the environmental risk levels in the regions in which we operate.</li> <li>› Applying <b>business intelligence methodologies</b>.</li> </ul>

## Applicable methodology of the Risk Management System for the business

Abengoa manages its risks in an **on-going cycle**, based on five key phases: identification, assessment, response, monitoring and reporting. Two-directional, fluid and regular communication is essential in each phase, as well as permanent feedback to incorporate the improvements required.



This process is carried out for all projects in their different stages, from the identification of the business opportunity, going through the bid preparation and presentation, contract, execution and warranty period, and to the operation and maintenance phase.

This methodology has a **preventive and predictive approach**, aimed at anticipating the most adequate mitigation measures for each type of risk and in each phase. [102-11](#)

**Lessons are learned** after monitoring how risks unfold and the mitigation measures of each stage, which can be used to generate risk management feedback and apply measures for new projects or businesses, according to past experience. In addition, this information is used as the input for the internal Enterprise Risk Management (ERM) system to update Abengoa risk map.

## Relevant new features during 2018

In 2018, the **common management systems** and Risk Management System **were updated and simplified**, according to the requirements set forth in the first restructuring agreement and the guidelines established in the strategy plan approved by the Board of Directors, with the purpose of adapting them to the new reality and strategy of the organisation and aimed at ensuring the processes are carried out more efficiently.

The main specific actions in this area include:

- › **New criteria were defined to prepare and submit bids**, guaranteeing that the company's risk profile of all activity bids is within tolerable levels for the organisation.
- › The **procedure** followed to prepare and manage the risks assumed when submitting **non-binding bids** of the budgetary type has been defined.
- › The risk management, insurance management and **special risk and safety management functions** were **integrated** in a single department.
- › The criteria and procedures for the identification, assessment and mitigation of the **risks** in the **projects arising in relation to the Abengoa-AAGES relationship**<sup>1</sup> have been defined.
- › **Limitation of the risks** during the execution of the activities, focusing the strategy **on smaller projects** and in recurrent markets, increasing the diversification of the activity and reducing the potential impact of the risks to which Abengoa's activities are exposed.
- › **The risks were analysed in all relevant projects** and operations, and its decisions were taken by the Executive Committee and/or Board of Directors.
- › The **risks associated with the company's asset divestment processes** were analysed.
- › The **emergency and evacuation plans** and all safety level, terrorism and specific alert monitoring processes are up-to-date, in relation to those that could have an impact on the assets, operations and staff working in the countries in which we are present, especially in Mexico, the Middle East, South Africa and North Africa.
- › **A methodology has been implemented to analyse the financial and technical viability** and possible sources of reputational risks that could be derived in relation to potential partners during the company's activities, especially in relation to those associated with closing agreements and key strategic partnerships.

Note 1 [A joint venture created between Abengoa and Algonquin.](#)

## Evolution of the company's risks during 2018

Abengoa's activity during 2018 mainly focused on **construction activities (EPC) and on operation and maintenance services for third parties**. Therefore, the main exposure of the company to risks is associated with the inherent risks of these activities.

### Operational risks

- › There are risks derived from intrinsic **delays and overheads** of the engineering and construction activity, due to the technical difficulties of projects and throughout their execution.
- › Some risks are **derived from the failure to meet the contractual obligations** agreed with clients in terms of guaranteed performance and deadlines. The consequences of these obligations might derive in penalties and claims for damages from the client, as well in the enforcement of performance guarantees requested by clients.
- › Risks associated with the **backlog**, such as delays in the start of projects due to delays caused by clients in their financial closing processes or in obtaining the permits required for the execution of projects.
- › Some risks are associated with **managing the supply chain**, derived from the failure to observe the obligations assumed by suppliers; integrated management of different suppliers and subcontractors is necessary to mitigate such risks, as well as maintaining the adequate risk transfer level.
- › Some risks are derived from the **association with third parties** for the execution of specific projects. Given the complexity of Abengoa's projects (usually designed ad hoc), or with the purpose of increasing the competitiveness and value created for the client, it is necessary to ensure the participation of third parties specialising in the processes required to perform certain activities associated with these projects, so there is a risk of potential claims between parties and of the incorrect choice of partner in terms of its technical capacity and viability.
- › Some risks are derived from the **rotation in senior management and key employees**, as well as in relation to not hiring the most suitable highly-qualified employees. Most of Abengoa's know-how is in the company's human capital, so Abengoa's capacity to retain and motivate senior executives and key employees and of attracting highly-qualified employees will have a big impact on its capacity to conduct business successfully.

### Geopolitical risks

- › Some risks are associated with the **internationalisation of Abengoa's activities** and its operations and investments, which can be affected by different types of risks associated with economic, political and social conditions and the safety environment in the countries in which it operates, which can have an impact on the company's financial results and on the staff safety and assets abroad.

For example, it is worth highlighting the situation in the Middle East, taking into account that it is the main region in which Abengoa operates, and how the economies in Middle Eastern countries rely on crude oil price variations, meaning that reduced price scenarios and tax restrictions in the country could lead to a high increase in taxes, delays or cancellation of projects and an increase in client default risks.

### Market risks

- › **Market risks** arise when Abengoa's activities are mainly exposed to the financial risks derived from variations in the exchange rates and interest rates. 2018 was a very intense year in terms of the increase in volatility.
- › Some risks are derived from the **exposure** of the revenues from the electric power plants **to electricity market prices**. Despite the company's divestment plan associated with its power plants, some of the revenues from Abengoa's operation and maintenance activities partially depend on electricity market prices and part of the costs are affected by different factors, such as the price of raw materials.
- › Some risks are derived from the **changes in prices of raw materials** on which Abengoa has a two-fold influence. On the one hand, from the point of view of demand, given Abengoa's presence in different regions, such as Chile or Peru, an increase in the price of raw materials will lead to the growth of the economies in these countries and a higher demand from clients and, on the other hand, the direct cost of the engineering and construction activity will be exposed to the evolution of different materials, such as steel, aluminium, copper or zinc - which have an impact on the determination of the price of many of the units purchased by Abengoa to its suppliers- as well as to the cost of natural gas or electricity, which are usually consumed during the construction of projects or when operating plants and assets by Abengoa.

## Risks associated with Abengoa's financial restructuring process

As regards the financial restructuring process carried out by Abengoa in 2017 and to the second financial restructuring process started by the end of 2018, a series of specific risks have been identified, which are summarised below:

- › Risks associated with **delays in the implementation of some of the measures** established in the viability plan, in particular, when closing specific divestment processes, which could have an impact on the estimated operational and investment cash-flow established in the feasibility plan.
- › Moreover, these restructuring agreements require a series of **covenants to be observed**, which, as of the present date, have been carefully observed with no delays. However, in the case of failure to observe them, this could represent a breach in these agreements.
- › In addition, from the reputational point of view, such a long financial restructuring process generates **uncertainty in different stakeholders**, who can request higher guarantees than those established as the market standards. These problems are being solved by creating partnerships with powerful groups with a solid technical and financial structure and by meeting the contractual requirements agreed with clients, which has allowed us to renew the agreements signed with our recurring clients.

Similarly, based on the financial limitations signed in the restructuring agreement, other agreements have been offered to international partners with acceptable conditions according to Abengoa's risk profile, aimed at offering competitive bids. As a result, important contracts are being awarded to the company in different countries. **102-15**

## Integration of risk management into the organisation's strategy

Abengoa's focus on its Risk Management System requires the full integration of the risk management goals into the organisation's strategy.

The company has determined the activity and target markets according to the risks that can be assumed by the organisation as the criteria used to prepare the Strategy Plan, establishing the priority in known markets, recurring clients, countries with lower risk levels and an activity based on medium-sized third-party projects, which do not require an investment in Capex and with a lower level of risk assumed.

Moreover, each and every strategic decision taken by the senior management will be supported by an analysis of the risks to which Abengoa is exposed, aimed at minimising the potential impact of these risks.

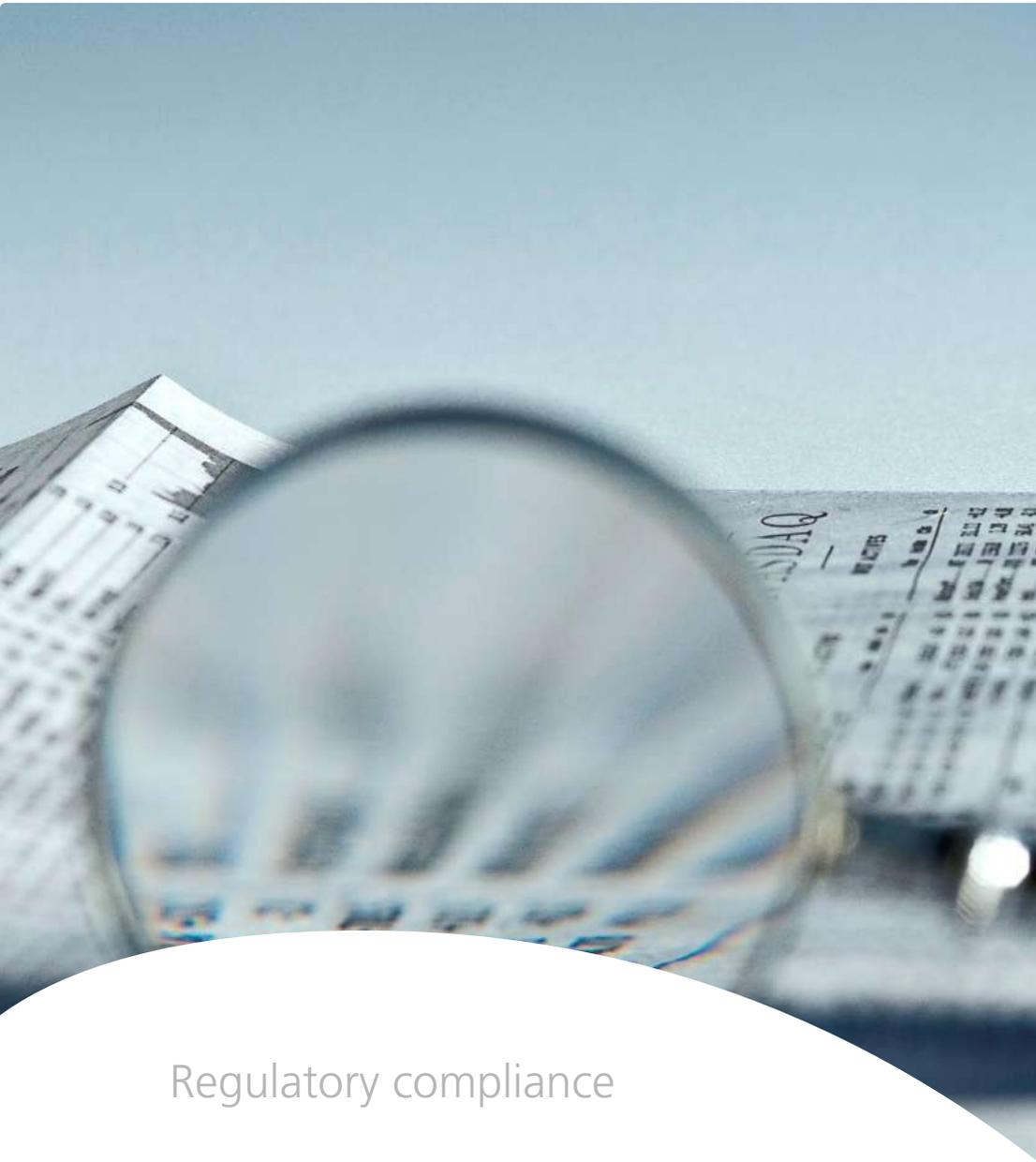
## Risk control by the top governing body in the risk management area

Abengoa's senior management is committed to ensuring that the risk management system is effective and fully integrated with the business, as well as the basic criterion used when taking any strategic decision.

Proof of this commitment and involvement with the function can be seen in the company's organisation, in which the **Risk Management Department reports directly to the executive chairman of the Board of Directors**, allowing him to monitor the efficacy of the risk management processes through a series of regular fortnightly committee meetings. **102-30**

Moreover, the director of the Risk Management Department holds a series of fortnightly risk committee meetings with the company's Managing Director.

In addition, a monthly committee meeting is held between each vertical and region and the Executive Committee, with the participation of the Risk Management Department. The purpose of these meetings is to identify and analyse the evolution of the main risks affecting each one of these units, the assessment of whether the expected financial, environmental, social and health and safety results are being achieved or not, as well as the potential impacts on this unit and on Abengoa as a whole. **102-30, 102-31**



Regulatory compliance

Goals set forth in the 2019-2023 SCSRP

Compliance



- › Consolidate Abengoa's culture of compliance and integrity by reinforcing the training tools and safeguarding the procedures already in place.
- › Obtain UNE-ISO 19601 certification.
- › Progressively extend Abengoa's compliance culture to suppliers and subcontractors.
- › Coordinate the implementation of legal compliance requirements in areas such as tax, labour and the environment.

Abengoa promotes an ethical culture in all its activities and in all the countries in which it operates. As a result, in 2013 it implemented the **Corporate Compliance Programme (CCP)**, aimed at preventing, identifying and penalising conduct that may lead to corporate or employee liability.

The CCP revolves around the recommendations and the model protected by the Open Compliance and Ethics Group (OCEG), as a concept of excellence in the management of key processes of corporate governance, risk management and compliance.

This programme, which is led by the **Corporate Compliance Officer (CCO)**, includes self-regulatory programmes voluntarily adopted by Abengoa to adapt to legal requirements, showcase its ethical aspects and prevent or detect unlawful conduct.

Self-regulatory programmes adopted

- |             |                 |            |                  |  |
|-------------|-----------------|------------|------------------|--|
| Competition | Data Protection | Corruption | Criminal matters | Money laundering and terrorist financing |
|-------------|-----------------|------------|------------------|--|

The **CCP** along with the specific programmes are directly integrated into the company's management model through the **code of conduct**, the rules of **good corporate governance** and a specific **risk analysis**, in addition to their implementation through training and supervision in a **process of continuous improvement**.

## Programme for the regulation of competition, consumers and markets

Abengoa operates in a freely competitive market with transparent conditions in each of the jurisdictions in which it operates.

The **whole workforce**, without exception, is **responsible for compliance with applicable standards** in this area. Employees are not entitled to engage in, authorise or tolerate conduct that violates antitrust rules or Abengoa's antitrust policy.

Similarly, employees must always take reasonable steps to ensure that other employees under their authority and/or responsibility are aware of and comply with this policy.

## Data protection programme

Following the entry into force of the European Regulation on the protection of personal data, in 2018 the company adapted its internal regulations to the new provisions of the aforementioned regulation, including the appointment of a **Data Control Officer**.

## Anti-corruption programme

Abengoa voluntarily complies with the principles established by the U.S. Foreign Corrupt Practices Act (FCPA) and implements these principles through its Code of Conduct, as well as internal manuals for the performance of contracts for third parties.

The company shares and subscribes to each of the points of the United Nations anti-corruption document, the objectives of which are, inter alia, the following:

- › Promote and strengthen **measures to efficiently prevent and combat corruption**;
- › **promote**, facilitate and support **international cooperation and technical assistance** in preventing and combating corruption, including asset recovery; and
- › **promote integrity**, accountability and proper management of public affairs and public property.

Abengoa requires all of its employees to comply with applicable anti-corruption regulations to ensure the trust that customers and authorities place in the company, thereby protecting its businesses from any non-compliance and the liability that this entails and thus safeguarding its reputation.

## Criminal enforcement programme

Under this standard, both the company and the natural person may be liable for crimes that are perpetrated. In this regard, all employee actions must therefore be governed by **rigour, order and responsibility**.

The associated programme is aimed at **detecting, preventing and punishing those forbidden conducts that violate the law** that could lead to any type of liability for Abengoa. Thus, it includes the self-regulation programmes to which the company voluntarily adheres in order to adapt to legal requirements and showcase the ethical aspects that characterise it, as well as to prevent and detect any unlawful conduct that may occur.

This standard is mandatory for all employees. In the same way, ensuring its implementation is the responsibility of management and directors, without exception.

## Money laundering and terrorist financing programme

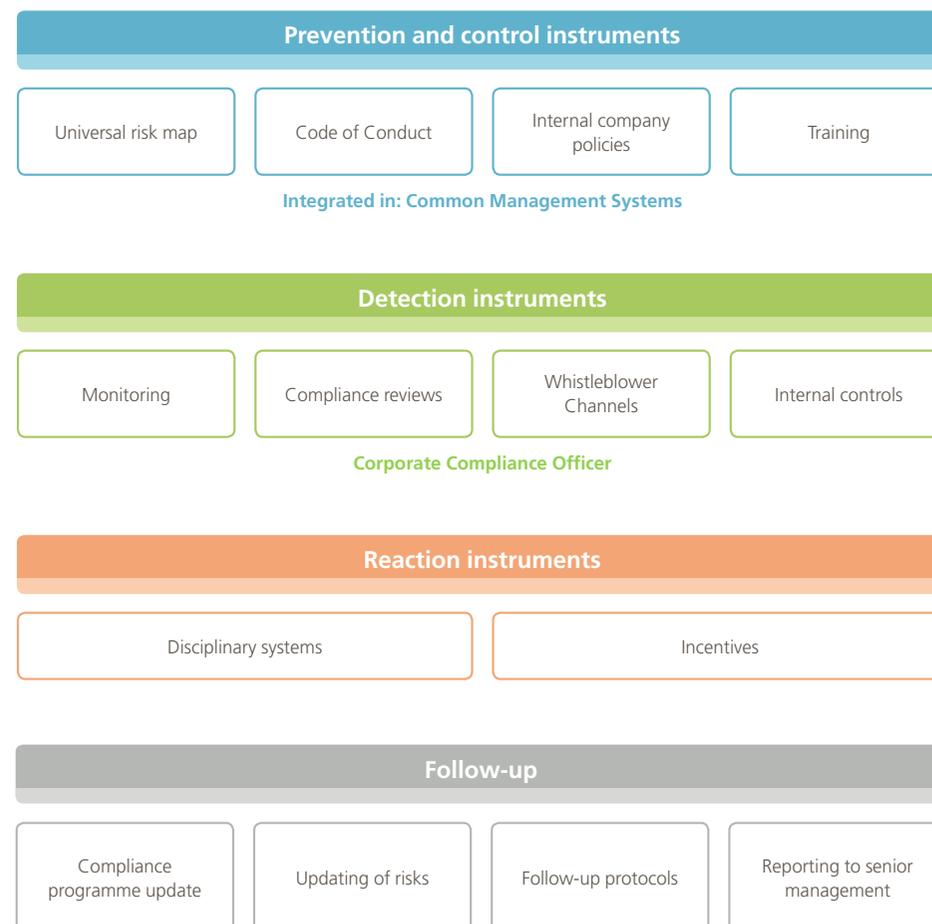
Abengoa voluntarily assumes the principles and obligations established by the applicable regulations on the **prevention of money laundering and terrorist financing**<sup>1</sup>. In addition, the obligations arising in each region for economic transactions carried out abroad and/or with non-residents are included.

This programme is aimed at the implementation of procedures and controls that verify, prevent and hamper collaboration with persons who carry out money laundering activities or are used by them for such purposes, and is mandatory for all employees, as well as supervision and control by the managers, without exception.

## Geographic and functional scope

The CCP is applicable in all companies controlled by Abengoa, regardless of the country or the activities carried out. In the same way, it is obligatory for all employees, both its own and those who act for or on behalf of the organisation or its managers. All of them must comply with the regulations and their non-compliance can lead to civil or criminal liability as well as damage to its reputation.

The CCP was created to promote the consolidation in Abengoa of an ethical culture that marks the behaviour of all employees, as well as those agents with whom the company establishes contractual relationships. In this regard, the programme establishes and develops the main actions of identification, detection, prevention, vigilance and control of risks and, to this end, has efficient instruments that oversee conduct in the performance of the activity, as well as disciplinary measures, in accordance with applicable local legislation, which punish those conducts contrary to the company's standards or self-regulatory policies.



Note 1 Directive 2005/60/EC of the European Parliament and of the Council; Commission Directive 2006/70/EC; EEC Regulation No. 1781/2006 of the European Parliament and of the Council; Law 10/2010 of 28 April, and Royal Decree 304/2014 of 5 May of the Regulations of the previous law, both of the Kingdom of Spain, and other similar laws such as Law 27693 of 2002 of Peru; the Money Laundering Control Act of 1986 of the United States of America; the United Nations Convention against Illicit Traffic in Narcotic Drugs and Controlled Substances, among others.

On the basis of Abengoa's different branches of activity and cross-referencing these with the set of rules, both mandatory and voluntarily assumed, the risks of non-compliance that the organisation may incur are analysed, weighing up the importance against the likelihood of their occurrence and thus obtaining a risk map.

This process of continuous improvement, which periodically receives feedback through supervision, audit and review, is shared with the organisation's employees through training, which serves to inculcate and consolidate the corporate culture of legality.

The six pillars on which the programme is articulated are:



The company is carrying out an extensive review of its compliance systems to adapt its tools to the requirements of the standard and the recommendations of international compliance standards, as a result of publication of the UNE-ISO 19600 Compliance Management Systems standard, in April 2015, and the International Standard Anti-Bribery Management Systems ISO 37101, in October 2015, as well as the publication in the current consultation phase of the PNE 19601 Criminal Compliance Management Systems (and its forthcoming publication as a UNE 19601 standard).

The application of the CCP to suppliers, subcontractors and other stakeholders is being carried out gradually.

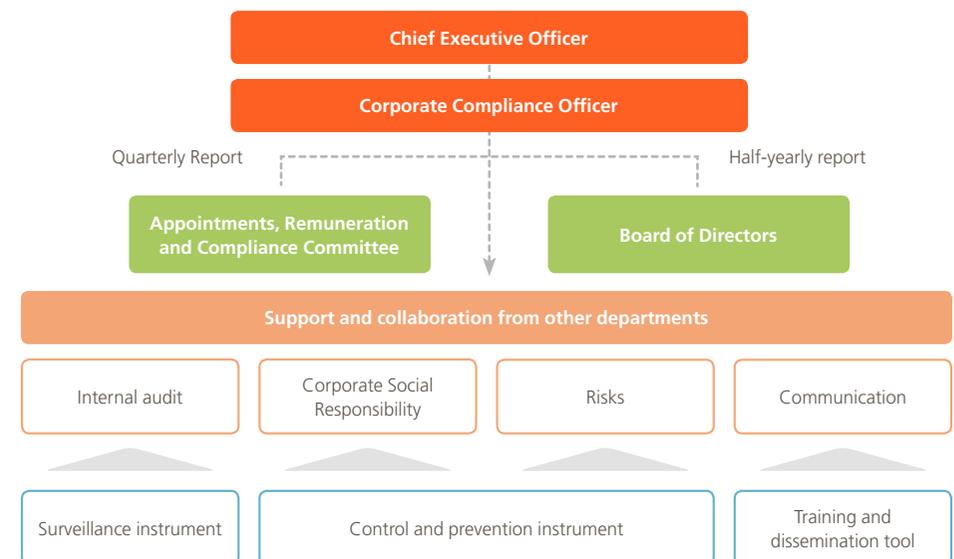
## Internal organisation and resources

The area of Regulatory Compliance is spearheaded by the Corporate Compliance Officer, who is responsible for having full knowledge of the applicable legal regulations at Abengoa, as well as for promoting the upright conduct of all company employees, disseminating the necessary knowledge in legal matters among those to whom it applies. However, each area is directly responsible for compliance with the regulations applicable to its activity (tax, labour, QA, etc.).

The CCO reports directly to the Chief Executive Officer, quarterly to the Appointments and Remuneration Committee, and half-yearly to the Board of Directors.

The Board of Directors is the body that guarantees the actions of all employees, through each level of command or management. To control this, it expressly approves the CCP, intervening in the definition of the scope and content of each area and the control of the common management systems. It is also responsible for setting an example and transmitting the same values to its subordinates, supervising their application in the development of the activity.

The cross-cutting nature of the subject matter and its repercussion on the company's activity requires support and collaboration with other departments that serve as tools for control, prevention, detection, monitoring and dissemination or training.



## Main activities in 2018

- › **Adaptation to the European regulation on the processing of personal data.**  
Review of new features and adaptation of internal processes regarding personal data and associated computer security systems to ensure their protection (employees, suppliers and customers, banks, etc.).
- › **Law 27401 which establishes the criminal liability of legal entities in Argentina.**  
Analysis for implementation, with a local office, of those elements of this law that are not included in Abengoa's compliance system and its implementation.
- › **Supplier control: approval process.**  
Establishment of the necessary reporting requirements and conditions for suppliers (identification, origin of funds, etc.).



- › **Procedure for conflicts of interest and related-party transactions for directors and employees.**  
Establishment of a non-discretionary written procedure on the processing and resolution of conflicts of interest and related-party transactions for directors, senior management and employees.
- › **Confidential information security procedure.**  
Establishment of a physical security procedure for emails and files subject to a confidential process.
  - Four levels of confidentiality with their respective security and processing measures.
  - Using the One Drive virtual storage platform instead of sending files.
  - Prohibitions on certain uses (forwarding, prohibition, etc.), some of them automated and, in any case, traceable.
- › **Coordination with the Internal Audit Department in the review of all internal policies to adapt them to Abengoa's new structure, level of activity and geographical areas, and in the simplification of internal approval and decision-making processes.**  
One of the goals set forth for 2019 is the establishment of a tax compliance programme that adapts the internal mandatory regulation to the requirements of validity as criminal evidence, pursuant to the content of the UNE 19602 on tax compliance systems management.
- › **Review of the risk map, adapting it to the company's size and operational level.**
- › **Specific program for compliance in tax matters.**  
One of the goals set forth for 2019 is the establishment of a tax compliance programme that adapts the internal mandatory regulation to the requirements of validity as criminal evidence, pursuant to the content of the UNE 19602 on tax compliance systems management.

**05.** About  
this report



Abengoa has been publishing its Corporate Social Responsibility Report (CSRR) every year for the past 16 years. This is the fourth year the company publishes this report together with the Activity Report, combining business and sustainability information, making progress towards the integrated report model.

The report describes the company's main activities and impacts, including its strategy, business model, goals and challenges, as well as the changes in its perimeter and organisational structure.

Abengoa conducts a **materiality analysis** once a year to assess the most relevant aspects for its stakeholders and their needs and expectations in relation to the company. The information included in the report is structured according to the results of this analysis, with the purpose of providing a response to the most relevant aspects for Abengoa's stakeholders.

Complementary to this report, and for the second year in a row, Abengoa has published the **Non-Financial Information Statement (NFIS)** in the Management Report included with the Financial Statements, in compliance with Law 11/2018 on disclosing non-financial and diversity information, which is a transposition of European Directive 2014/95 into Spanish law and which is prepared in compliance with official international frameworks and those established in the law, as in the case of the Integrated Report.

## Principles governing this report

*102-1, 102-50, 102-51, 102-52 y 102-54*

The **Integrated Report** includes all information published in the Activity Report and the Corporate Social Responsibility Report, as a means to make progress towards the full adoption of the guidelines and contents of the framework published by the International Integrated Reporting Council (IIRC). Likewise, the report has been prepared in accordance with the most comprehensive option of the Sustainability Reporting Standards of the Global Reporting Initiative (GRI Standards).

Furthermore, Abengoa follows the principles of the AA1000 APS (2008) Accountability standard and provides a response on the progress to observing the ten principles of the UN Global Compact that govern the company's actions, activity and strategy.

### CSR reports timeline



102-40, 102-41, 102-42, 102-43, 102-44

Principle	Standard of reference	Definition	Application at Abengoa
<b>Principles governing the contents of the report</b>			
Inclusion / Engagement of stakeholders	AA1000 (APS) / GRI Standard / IR (Integrated Reporting)	The company must identify its own stakeholders and explain how it has responded to their expectations and interests	Abengoa considers that the participation of its stakeholders in the definition of its strategy is vital across its activities, using the available communication channels. To respond to the demands of its stakeholders, the company has analysed the internal and external information demands required across the organisation. These include communications through the communication mailboxes, interviews with relevant members of the organisation and the information gathered by analysing press releases, as well as internal memos.
Sustainability context / Strategic approach and future orientation	GRI Standard / IR (Integrated Reporting)	The report must provide information about the reporting organisation's performance in the broadest context of sustainability and allow others to understand its strategy and relationship with the capacity to create value in the short, medium and long-run better, as well as how it uses its capital and its impact.	Abengoa focuses its report on providing a response about the company's performance to global challenges and its current situation in relation to sustainability. Likewise, this report describes how the organisation tries to minimise the negative impacts and maximise the positive impacts through its activity and performance.
Materiality / Relevance	AA1000 (APS) / GRI Standard / IR (Integrated Reporting)	The report must address all matters that have a significant economic, environmental and social impact on the reporting organisation, and which have a substantial impact on the assessments and decisions of stakeholders and an effect on their business.	Abengoa uses its communication channels and external sources (press release analysis, benchmarking, request for information) to analyse the most relevant aspects concerning its stakeholders. In addition, the company has a comprehensive materiality assessment procedure for the analysis of internal and external information, aimed at providing a clear and concise response about all aspects concerning its stakeholders.
Completeness	GRI Standard	The report must include the achievement of all material aspects and their levels of coverage, which must be sufficient to reflect all significant economic, environmental and social impacts and allow stakeholders to assess the reporting organisation's performance during the period.	Abengoa has identified its most relevant aspects and how they are covered since 2012, considering each one of these impacts throughout its value chain.
Responsiveness	AA1000 (APS)	This refers to an organisation's response to stakeholder issues affecting their performance in relation to sustainability.	In addition to the responses offered to its stakeholders through the different available channels, Abengoa uses its Integrated Report as a key channel for dialogue in addressing stakeholder concerns. This report covers the most relevant aspects for its stakeholders and includes the Responsible Management Balance Sheet (RMBS), which contains the most relevant indicators.

Principle	Standard of reference	Definition	Application at Abengoa
<b>Principles governing the quality of the report</b>			
Accuracy	GRI Standard	The information reported must be accurate and detailed enough for the stakeholders to assess the performance of the reporting organisation.	The report will be reviewed by an independent third-party to guarantee the accuracy of the qualitative and quantitative data.
Balance	GRI Standard	All information reported must reflect the positive and negative aspects of the reporting organisation's performance, as required to conduct a reasoned assessment of the overall performance.	The information in this report is a transparent and truthful reflection of the company's management practices throughout the year. This report has tried to provide in-depth information about the current situation of the company and its changes to achieve the solidity indexes enjoyed in recent years.
Clarity	GRI Standard	The reporting organisation must present the available information in a way it can be easily understood and accessed by the stakeholders that need to use such information.	The company has directed efforts at describing its activities using charts and in a clear, simple and easy to understand language. In addition, the report includes a glossary of definitions with technical terms or other specific terms with which its readers might not be acquainted.
Comparability and consistency	GRI Standard / IR (Integrated Reporting)	The reporting organisation must select, gather and communicate all information coherently. The information reported must be presented in such a way that its stakeholders can analyse the changes in the organisation's performance and support the analysis in relation to other organisations.	This Report includes the company's most relevant indicators with the aim of ensuring its information can be compared with that of other companies. In addition, information of the last two years (2017 and 2016) is provided, so the reader can have historical information about the company's performance.
Reliability and completeness	GRI Standard / IR (Integrated Reporting)	The reporting organisation must gather, record, compile, analyse and report the information and processes used to prepare the report, so these can be reviewed and the information quality and materiality levels can be established.	The company has established a CSR management system that brings together all regulations, policies and performance regarding non-financial information.
Timeliness	GRI Standard / IR (Integrated Reporting)	The reporting organisation must prepare the reports according to a regular schedule, so the information is available to the stakeholders on time and as required to take informed decisions.	Abengoa has been publishing its Annual Report every year since 2002, providing CSR (CSR Report), annual accounts and corporate governance information. Likewise, by publishing relevant facts and other information in a specific section on its website, it provides relevant information about the company to its stakeholders.
Connectivity of information	IR (Integrated Reporting)	The report must show the interrelation and dependence between the factors affecting the organisation's capacity to create value over time.	The report shows how different social, environmental and economic aspects increase the company's capacity to generate value over time.
Conciseness	IR (Integrated Reporting)	The report must be concise.	During the year, a special effort was made to publish the report contents as transparently and concisely as possible.

## Scope of the information *102-10, 102-45, 102-46, 102-48*

Unless otherwise stated, all performance indicators and information included in this report refer to the **activities carried out by the companies under the control of Abengoa during 2018** (as stated in Appendices I, II and III of the Financial Statements Report) **and which have a social, environmental, economic and governance impact both inside and outside the organisation's perimeter**. Likewise, the Temporary Joint Ventures and Permanent Establishments in which one of Abengoa's companies controls the management structure and has an impact on any of the above-mentioned areas will be included.

Finally, data of the two previous years (2016 and 2017) will be included so it can be compared with the information reported.

This report is aimed at providing a response to the expectations of its stakeholders and to all matters affecting society through its materiality analysis, from an internal and external point of view.

The consolidation perimeter differs from that of 2017 due to the divestitures carried out throughout the year. The main differences lie in the sale of the company's stake in Atlantica Yield and subsidiaries, Cogeneración Villaricos, S.A. (Spain), and in the sale of the transmission lines in operation in Brazil, all part of the strategic divestment process established in Abengoa's Viability Plan.

## Focusing the Report on materiality

*102-47, 102-49, 103-2*

Abengoa conducts an annual **materiality analysis**, which allows the company to identify and delve into the most important aspects for its stakeholders, used as the base for the design and development of its corporate responsibility strategy.

A year on, this process allows the company to observe the principles mentioned above: inclusiveness, relevance and responsiveness, as stated in the AA1000 standard. Likewise, it observes the materiality principle of the Sustainability Reporting Standards of Global Reporting Initiative (GRI Standards). To this end, the report reflects the significant environmental, social and governance impacts and those aspects that have a substantial effect on the assessments and decisions of stakeholders.

The materiality analysis was conducted in three phases:

**Phase I:** identification of relevant issues. The starting point is the materiality study of the previous year, including the matters defined in the Strategic Plan of CSR (SPCSR), the GRI standard, the requirements of Law 11/2018 on Non-Financial Information and Diversity, the indicators defined by the SASB and those obtained during Phase II of the analysis.

- › Financial restructuring process.
- › Attracting and retaining talent.
- › Situation of key suppliers in the organisation.
- › Managing the organisation's risks.
- › Transparency and good governance.

**Phase II:** external assessment of relevant issues. This phase involved the analysis of the press releases during the period and the different communication channels used by the company to communicate with its stakeholders, with the purpose of analysing the volume of information requests received, the visitors, themes, as well as the feedback provided by the managers supervising these channels:

- › Communication Department // Communication mailbox.
- › Investor Relations Department // IR Mailbox.
- › Company website (Spanish and English).
- › Analysis of articles on press in which the company is mentioned (analysis of press clippings, key daily information and follow-up of press releases).

**Phase III:** internal prioritisation of relevant issues. This phase involves the identification of the issues classified as relevant to the organisation and its stakeholders by the heads of the different areas of the company.

In 2018, the company analysed the potential impact of the global mega-trends on Abengoa's businesses in the short, medium and long-term with all members of the Management Committee, with the purpose of identifying the possible risks and opportunities, in addition to the most important sustainability aspects, the main challenges and expectations associated with the CSR strategy.

The following relevant aspects were obtained as a result of the process, which are similar to the 2017 results, due to the duration of the restructuring process.

Relevant issues 2018	Why are they considered as material?
Financial restructuring process	The financial restructuring process is one of the priorities for all stakeholders. This process has continued during 2018 after signing new liquidity agreements with creditors, recovering the trust from the market and guaranteeing financial sustainability and viability in the short and medium-term.
Attracting and retaining talent	Abengoa is aware of the fact that the company's future and the international prestige of its projects are the result of its daily work and the commitment of its team. Human capital is one of the main levers required to generate growth expectations and new business opportunities, which will require committed and skilled professionals who can focus on the market demands.
Equal opportunities/Diversity/Joint responsibility	Any organisation needs talented individuals for its success, regardless of their skills. Therefore, according to the guidelines of the main associated indexes, standards and codes, the organisation has rolled out new mechanisms this year to continue making progress towards total inclusion and non-discrimination, especially in relation to gender.
Managing the organisation's risks	The company considers that the integration of a robust risk management system in its businesses is a competitive advantage that will help it achieve its goals, as well as comply with the quality standards required by its clients, while minimising any risks that may arise.
Transparency and good governance	Abengoa considers that it is essential to transmit exacting and truthful information in an on-going dialogue with its stakeholders, providing a response to the needs in our environment. The compliance policies and programmes establish the guidelines of our business strategy and guarantee compliance with the law and respect for business ethics.

## Relationship with stakeholders

Abengoa defines its **stakeholders** as the individuals, entities or **groups that can be directly or indirectly affected** by the company's activities, products and services and **whose decisions can have an impact on the company**.

Therefore, the company considers that the involvement of its stakeholders is key across all levels through the different consultation channels to assess their needs and expectations and include them in the company's strategy.

Abengoa's relations with its stakeholders are developed in a **context of transparency and trust, based on two-directional, on-going and transparent communications**. The main goal of this is to strengthen the organisation's relations with all stakeholders, as well as to maintain the commitments acquired with each one of them.

Some of Abengoa's main stakeholders include those participating in the value chain and other external stakeholders, whose decisions and actions also have an impact on the company's business.



## Communication channels *102-40, 102-43*

Abengoa is aware of the diversity of its business and of the specific characteristics of each one of its stakeholders and has thus established the most suitable dialogue channels with each group.

Society	Employees	Suppliers	Clients	Shareholders	Local communities	Media	Public Administrations
<ul style="list-style-type: none"> <li>› <a href="#">Corporate website</a></li> <li>› <a href="#">Annual report</a></li> <li>› <a href="#">Press releases</a></li> <li>› Trade fairs, forums and conferences</li> <li>› Corporate blog</li> <li>› Interviews and media information requests</li> <li>› Meetings with NGOs</li> <li>› Meetings with educational institutions</li> <li>› <a href="#">CSR mailbox</a></li> <li>› <a href="#">Communication mailbox</a></li> <li>› External whistleblowing channel</li> <li>› Stakeholder mailbox</li> <li>› Offices / Sales agents</li> <li>› Social media: LinkedIn, Twitter, Facebook, Google Plus, YouTube, SlideShare and Instagram</li> </ul>	<ul style="list-style-type: none"> <li>› <a href="#">Corporate website</a></li> <li>› Connect@ Corporate intranet</li> <li>› Internal newsletter</li> <li>› Climate and satisfaction survey</li> <li>› Informative emails from the Chairman's Office and corporate mailboxes (CSR, OHP and Communication).</li> <li>› Internal whistleblowing channel</li> <li>› Employee self-service</li> <li>› Manual for new hires</li> <li>› HR Spokespersons</li> <li>› Department days</li> <li>› Suggestions box</li> <li>› Health and Safety Committees</li> <li>› Employee self-service</li> <li>› Appraisal surveys</li> <li>› Executive Communication Programme</li> <li>› Open days</li> <li>› Social media: LinkedIn, Twitter, Facebook, Google Plus, YouTube, SlideShare and Instagram</li> </ul>	<ul style="list-style-type: none"> <li>› <a href="#">Corporate website</a></li> <li>› Regular meetings</li> <li>› Email</li> <li>› Trade fairs, forums and conferences</li> <li>› External whistleblowing channel</li> <li>› Satisfaction surveys</li> <li>› <a href="#">Corporate purchases mailbox</a></li> <li>› <a href="#">CSR mailbox</a></li> <li>› Social media: LinkedIn, Twitter, Facebook, Google Plus, YouTube, SlideShare and Instagram</li> </ul>	<ul style="list-style-type: none"> <li>› <a href="#">Corporate website</a></li> <li>› Commercial branches</li> <li>› Sales agents</li> <li>› Telephone assistance</li> <li>› Individual meetings</li> <li>› Satisfaction surveys</li> <li>› Trade fairs, forums and conferences</li> <li>› Open days</li> <li>› External whistleblowing channel</li> <li>› Social media: LinkedIn, Twitter, Facebook, Google Plus, YouTube, SlideShare and Instagram</li> </ul>	<ul style="list-style-type: none"> <li>› <a href="#">Corporate website</a></li> <li>› Shareholder's website</li> <li>› <a href="#">Annual/Quarterly reports</a></li> <li>› Telephone conferences</li> <li>› <a href="#">General Shareholders' Meeting</a></li> <li>› Shareholder's mailbox</li> <li>› Meetings with investors</li> <li>› <a href="#">Relevant facts</a></li> <li>› Investor Relations Department</li> <li>› Meetings with analysts and investors</li> <li>› Presentation of results with audiovisual systems, accessible from Abengoa's website</li> <li>› Consultation space after the presentation of results</li> <li>› <a href="#">Press releases</a></li> <li>› External whistleblowing channel</li> <li>› Social media: LinkedIn, Twitter, Facebook, Google Plus, YouTube, SlideShare and Instagram</li> </ul>	<ul style="list-style-type: none"> <li>› <a href="#">Corporate website</a></li> <li>› <a href="#">Annual report</a></li> <li>› Web page of Focus Foundation</li> <li>› <a href="#">CSR mailbox</a></li> <li>› CSR Department</li> <li>› Communication Department</li> <li>› Meetings with project managers</li> <li>› Meetings with NGOs and educational institutions</li> <li>› Open days</li> <li>› Trade fairs, forums and conferences</li> <li>› <a href="#">Corporate blog</a></li> <li>› External whistleblowing channel</li> <li>› Interviews</li> <li>› Social media: LinkedIn, Twitter, Facebook, Google Plus, YouTube, SlideShare and Instagram</li> </ul>	<ul style="list-style-type: none"> <li>› <a href="#">Corporate website</a></li> <li>› <a href="#">Press releases</a></li> <li>› Meetings with the media</li> <li>› Trade fairs, forums and conferences</li> <li>› Interviews and media information requests</li> <li>› Communication Department</li> <li>› <a href="#">Communication mailbox</a></li> <li>› Social media: LinkedIn, Twitter, Facebook, Google Plus, YouTube, SlideShare and Instagram</li> </ul>	<ul style="list-style-type: none"> <li>› <a href="#">Corporate website</a></li> <li>› Regular meetings</li> <li>› Email</li> <li>› Forums and conferences</li> <li>› Work groups</li> <li>› Institutional Relations Department</li> <li>› Social media: LinkedIn, Twitter, Facebook, Google Plus, YouTube, SlideShare and Instagram</li> </ul>

## Presence of Abengoa on social media

Abengoa has grown significantly in all social networks over the last few years. It is currently present through the following channels:



**Twitter:** first social network of which Abengoa became a member. With almost 20,000 followers, users can find the main corporate information in Spanish and English here. Focus Foundation, through which the company rolls out its main social and cultural actions, is also on Twitter and has almost 2,000 followers.



**Facebook:** in a lighter tone, Abengoa uses this social network to publish corporate information of interest, images, pictures, videos and the main articles published on the company's blog: The Energy of Change. Account with 16,000 followers. The daily work of Focus Foundation can also be followed on its Facebook page, which already has 1,200 fans.



**LinkedIn:** Abengoa has more than 214,000 followers on the professional social network par excellence. Its posts in Spanish and English provide information about the company's latest activities and its day-to-day work.



**Instagram:** Abengoa's best images can be found on this social network, with Abengoa's projects across the world, as well as its social and cultural actions, thanks to the account of Focus Foundation. Both accounts have over 4,000 followers.



**Youtube:** Abengoa's Youtube channel allows the user to find out more about the main projects and presence of the company across the globe in its videos. It has over 1,000 subscribers and its videos have over 290,000 views.



**SlideShare:** Abengoa publishes presentations and brochures on this LinkedIn network, which has already received 190,000 visits.

## How does Abengoa ensure information quality?

In accordance with the above-mentioned **principles** associated with **accuracy, reliability and completeness, and with the new requirements set forth in the Non-Financial Information and Diversity Law**, Abengoa has established a series of **internal controls as part of its CSR management system**, created with the purpose of assessing the impact of its activities as accurately as possible. These controls apply to different tools used by the company to report and consolidate non-financial information.

The CSR department has conducted **internal non-financial information audits** since 2009, **aimed at reviewing the information of the three CSR dimensions** and focusing on the main associated risks, as well as on the efficacy of the controls implemented by the company to mitigate them. The purpose of the audits is to guarantee the reliability and quality of non-financial information.

Moreover, Abengoa's Integrated Report is assessed by an **external independent certification** body with a limited level of assurance on specific indicators of the Responsible Management Balance Sheet or included in the index of compliance with the ISAE 3000 Standard, Assurance Engagements other than Audits or Reviews of Historical Financial Information, with the ISAE 3410 Standard, Assurance Engagements on Greenhouse Gas Statements, issued by the International Auditing and Assurance Standard Board (IAASB); and with the Action Guide for Corporate Responsibility Report review work issued by the Spanish Institute of Chartered Accountants. **102-56**

Likewise, and in compliance with the current mercantile regulations, **the Non-Financial Information Statement has been reviewed** by KPMG Asesores, S.L. The independent inspection report is attached to the Non-Financial Information Statement in section 04 of Volume II: Legal and Economic-Financial Information. **102-56**

## 06. External verification

102-56





KPMG Asesores S.L.  
Pº. de la Castellana, 259 C  
28046 Madrid

### **Independent Assurance Report on the Integrated Annual Report of Abengoa, S.A. for the year 2018**

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

To the Management of Abengoa, S.A.:

We have been engaged by the management of Abengoa, S.A. (hereinafter the Company) to provide limited assurance on the Integrated Annual Report of Abengoa, S.A. for the year ended 31 December 2018 (hereinafter "the Report"). The information reviewed is limited to the indicators of the Responsible Management Balance Sheet and in the GRI index identified with the symbol "✓".

#### **Management responsibilities**

The management of the Company is responsible for the preparation and presentation of the Report in accordance with the Sustainability Reporting Standards of Global Reporting Initiative (GRI Standards), in its comprehensive option, as detailed in section 102-54 of the GRI Content Index of the Report.

Management is also responsible for the information and assertions contained within the Report; for determining the Company'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 the establishment of appropriate controls that management considers necessary to enable that the preparation of indicators with a limited assurance review would be free of material errors due to fraud or errors.

#### **Our independence and quality controls**

We have complied with the independence and other ethical requirements of the Code of Ethics for Professional Accountants issued by the International Ethics Standards Board for Accountants (IESBA), which is founded on fundamental principles of integrity, objectivity, professional competence and due care, confidentiality and professional behaviour.

Our firm 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.



#### **Our responsibility**

Our responsibility is to carry out a limited assurance review and to express a conclusion based on the work performed, referring exclusively to the information corresponding to 2018. We conducted our engagement in accordance with International Standard on Assurance Engagements ISAE 3000 Revised, "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.

#### **Procedures performed**

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 the Company'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 the Company.
- Evaluation through interviews concerning the consistency of the description of the application of the Company'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 Universal Standards 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 the application of the Sustainability Reporting Standards de Global Reporting Initiative (GRI Standards) requirements for the preparation of reports in accordance with comprehensive option.
- 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 Abengoa.
- Verification that the financial information reflected in the Report was audited by independent third parties.

Our multidisciplinary team included specialists in social, environmental and economic business performance.



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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.

#### Conclusion

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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.

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 Report has not in all material respects, been prepared and presented in accordance with the Sustainability Reporting Standards of Global Reporting Initiative (GRI Standards), in its comprehensive option, as detailed in section 102-54 of the GRI Content Index of the Report, including the reliability of data, adequacy of the information presented and the absence of significant deviations and omissions.

#### Purpose of our report

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In accordance with the terms of our engagement, this Independent Assurance Report has been prepared for the Company in relation to its 2018 Integrated Annual Report and for no other purpose or in any other context.

Under separate cover, we will provide the management of the Company with an internal report outlining our complete findings and areas for improvement.

KPMG Asesores, S.L.

A handwritten signature in blue ink, appearing to read 'Patricia Reverter Guillot'.

Patricia Reverter Guillot

12 June 2019

A stack of papers with several colorful sticky notes (yellow, green, blue, pink, orange) attached to the edges, creating a sense of depth and organization. The sticky notes are arranged in a staggered pattern across the stack.

## 07. GRI index

102-55

- Indicators related with the key aspects for the company and its stakeholder.
- ✓ Indicators verified by a third independent part.

External verification	General standard disclosures	Content	Page or direct respond	Omissions	Key aspects
<b>Organization profile</b>					
	102-1	Name of the organization	132		•
✓	102-2	Activities, brands, products, and services	77, 153-154 The company does not have banned or litigated products. See Industrial Capital to consult the list of products and Company services.		•
✓	102-3	Location of headquarters	12		•
✓	102-4	Location of operations	12, 86		•
	102-5	Ownership and legal form	28		•
✓	102-6	Markets served	11, 12, 153-154		•
✓	102-7	Scale of the organization	9, 24, 28, 63		•
✓	102-8	Information on employees and other workers	63, 65, 86		•
	102-9	Supply chain	82		•
	102-10	Significant changes to the organization and its supply chain	4-5, 83, 135		•
✓	102-11	Precautionary Principle or approach	120, 123		•
	102-12	External initiatives	21, 83, 87		•
✓	102-13	Membership of associations	21, 83, 113		•
<b>Strategy</b>					
	102-14	Statement from senior decision-maker	4-5		•
✓	102-15	Key impacts, risks, and opportunities	4-5, 124-125		•
<b>Ethics and Integrity</b>					
✓	102-16	Values, principles, standards, and norms of behavior	18, 87, 112, 115		•
✓	102-17	Mechanisms for advice and concerns about ethics	69, 87		•
<b>Governance</b>					
	102-18	Governance structure	107		•
	102-19	Delegating authority	109		•
	102-20	Executive-level responsibility for economic, environmental, and social topics	18, 109		•
	102-21	Consulting stakeholders on economic, environmental, and social topics	109		•
	102-22	Composition of the highest governance body and its committees	108		•
	102-23	Chair of the highest governance body	108		•
	102-24	Nominating and selecting the highest governance body	110		•
	102-25	Conflicts of interest	111		•

External verification	General standard disclosures	Content	Page or direct respond	Omissions	Key aspects
	102-26	Role of highest governance body in setting purpose, values, and strategy	109, 111		•
	102-27	Collective knowledge of highest governance body	109		•
	102-28	Evaluating the highest governance body's performance	110		•
	102-29	Identifying and managing economic, environmental, and social impacts	111		•
	102-30	Effectiveness of risk management processes	111, 125		•
	102-31	Review of economic, environmental, and social topics	109, 111, 125		•
	102-32	Highest governance body's role in sustainability reporting	It is the Board of Directors that reviews it, following a review by the chairman and the CEO.		•
	102-33	Communicating critical concerns	109		•
	102-34	Nature and total number of critical concerns	27, 109, 110		•
✓	102-35	Remuneration policies	110		•
	102-36	Process for determining remuneration	110		•
	102-37	Stakeholders' involvement in remuneration	Corporate Governance Report 2018: "As a result of the commission made by the Board of Directors, the remuneration policy of the Directors of Abengoa is prepared, discussed and formulated within the Appointments and Remuneration Committee, with the resulting proposal being submitted to the Board of Directors for submission to the approval of the company's Meeting of Shareholders."		•
✓	102-38	Annual total compensation ratio	111		•
	102-39	Percentage increase in annual total compensation ratio		Indicator not available in 2017 to calculate the change ratio.	•
<b>Stakeholders participation</b>					
	102-40	List of stakeholder groups	133, 137		•
✓	102-41	Collective bargaining agreements	69		•
	102-42	Identifying and selecting stakeholders	133		•
✓	102-43	Approach to stakeholder engagement	133, 137		•
✓	102-44	Key topics and concerns raised	27, 80, 133		•
<b>Reporting practice</b>					
	102-45	Entities included in the consolidated financial statements	135		•
	102-46	Defining report content and topic Boundaries	135		•
✓	102-47	List of material topics	135		•
	102-48	Restatements of information	135		•
	102-49	Changes in reporting	135		•
	102-50	Reporting period	132		•
	102-51	Date of most recent report	132		•

External verification	General standard disclosures	Content	Page or direct respond	Omissions	Key aspects
	102-52	Reporting cycle	132		•
	102-53	Contact point for questions regarding the report	155		•
✓	102-54	Claims of reporting in accordance with the GRI Standards	132		•
	102-55	GRI content index	143		•
	102-56	External verification	138, 139		•
<b>Management approach</b>					
	103-1	Explanation of the material topic and its Boundary	9, 24		•
✓	103-2	The management approach and its components	24, 115, 135		•
✓	103-3	Evaluation of the management approach	24		•
<b>Economic performance</b>					
✓	201-1	Direct economic value generated and distributed	24		•
	201-2	Financial implications and other risks and opportunities due to climate change	95		•
	201-3	Defined benefit plan obligations and other retirement plans	70		•
	201-4	Financial assistance received from government	24, 119		•
<b>Market presence</b>					
	202-1	Ratios of standard entry level wage by gender compared to local minimum wage	66		
	202-2	Proportion of senior management hired from the local community		No material	
<b>Indirect economic impacts</b>					
	203-1	Infrastructure investments and services supported		No material	
	203-2	Significant indirect economic impacts		No material	
<b>Procurement practices</b>					
✓	204-1	Proportion of spending on local suppliers	85		•
<b>Anticorruption</b>					
✓	205-1	Operations assessed for risks related to corruption	During 2018, apart from other cross-cutting work, no preventive or detective actions were carried out to reduce the risk of corruption or fraud.		•
✓	205-2	Communication and training about anti-corruption policies and procedures	113, 115		•
✓	205-3	Confirmed incidents of corruption and actions taken	24		•

External verification	General standard disclosures	Content	Page or direct respond	Omissions	Key aspects
<b>Anti-competitive behavior</b>					
✓	206-1	Legal actions for anti-competitive behavior, anti-trust, and monopoly practices	<p>1. The European Commission commenced an inspection of Abengoa, S.A., Abengoa Bioenergía, S.A. and Abengoa Bioenergy Trading Europe B.V. for potential participation in anti-competitive agreements or actions allegedly targeted at manipulating the results of Platts' day closing price appraisal, as well as for denying one or more companies access to their participation in the day closing price appraisal process. The proceedings are ongoing: a reply to the List of Charges has been filed, and the appointment for the oral hearing is pending.</p> <p>2. The National Commission of Markets and Competition (CNMC) initiated an investigation against Negocios Industriales y Comerciales, S.A. (Nicsa) and its parent company, Abengoa S.A., and against other companies in the sector, considering that it had found evidence of the perpetration of anti-competitive practices in the fixing of prices and commercial conditions and market sharing for distribution and sale of low and medium voltage cables. The CNMC considered Nicsa's conduct as anti-competitive and fined it 354,907 euros. In February 2019, a contentious-administrative appeal was filed with the National High Court (Audiencia Nacional).</p> <p>3. The CNMC sent a request for information to several companies in the railway sector, including Instalaciones Inabensa, S.A., regarding potential anti-competitive conduct in a contract for the manufacture, installation, supply, maintenance and improvement of electrification systems and railway electromechanical equipment. In February 2019, the CNMC notified its Decision and imposed a penalty of 11 million euro on Inabensa. The company is currently working on the appropriate appeal before the National High Court.</p>		•
<b>Materials</b>					
✓	301-1	Materials used by weight or volume	24, 102		
	301-2	Recycled input materials used		No material	
	301-3	Reclaimed products and their packaging materials		No material	
<b>Energy</b>					
✓	302-1	Energy consumption within the organization	24, 99		•
	302-2	Energy consumption outside of the organization		No material	
✓	302-3	Energy intensity	24, 99		•
	302-4	Reduction of energy consumption	<p>Given that 2018 was a year for relaunching the activity and reconfiguring the systems, this year has been considered as the base year and there have been no associated environmental objectives or measures at corporate level, with the exception of some specific initiatives carried out in some centres. However, as a result of Abengoa's commitment to the environment and environmental sustainability, the company has defined an action line in its 2019-2023 Strategic CSR Plan, which introduces specific medium-term objectives and follow-up actions and indicators that allow the implementation of compliance guidelines.</p>		
	302-5	Reductions in energy requirements of products and services			

External verification	General standard disclosures	Content	Page or direct respond	Omissions	Key aspects
<b>Water</b>					
✓	303-1	Water withdrawal by source	24, 98		•
	303-2	Water sources significantly affected by withdrawal of water		No material	
	303-3	Water recycled and reused		No material	
<b>Biodiversity</b>					
✓	304-1	Operational sites owned, leased, managed in, or adjacent to, protected areas and areas of high biodiversity value outside protected areas	103		
✓	304-2	Significant impacts of activities, products, and services on biodiversity	103		
	304-3	Habitats protected or restored		No material	
	304-4	IUCN Red List species and national conservation list species with habitats in areas affected by operations		No material	
<b>Emissions</b>					
✓	305-1	Direct (Scope 1) GHG emissions	24, 100		•
✓	305-2	Energy indirect (Scope 2) GHG emissions	24, 100		•
✓	305-3	Other indirect (Scope 3) GHG emissions	24, 100		•
✓	305-4	GHG emissions intensity	24, 101		•
✓	305-5	Reduction of GHG emissions	Given that 2018 was a year for relaunching the activity and reconfiguring the systems, this year has been considered as the base year and there have been no associated environmental objectives or measures at corporate level, with the exception of some specific initiatives carried out in some centres. However, as a result of Abengoa's commitment to the environment and environmental sustainability, the company has defined an action line in its 2019-2023 Strategic Plan of CSR, which introduces specific medium-term objectives and follow-up actions and indicators that allow the implementation of compliance guidelines.		
	305-6	Emissions of ozone-depleting substances (ODS)		No material	
✓	305-7	Nitrogen oxides (NOX), sulfur oxides (SOX), and other significant air emissions	24, 101		
<b>Effluents and waste</b>					
	306-1	Water discharge by quality and destination		No material	
✓	306-2	Waste by type and disposal method	24, 101-102		•
	306-3	Transport of hazardous waste		No material	
	306-4	Water bodies affected by water discharges and/or runoff		No material	
<b>Environmental compliance</b>					
✓	307-1	Noncompliance with environmental laws and regulations	During 2018, no significant fines or penalties for noncompliance with environmental legislation and regulations have been recorded. 103		•
<b>Supplier environmental assessment</b>					
✓	308-1	New suppliers that were screened using environmental criteria	84		
✓	308-2	Negative environmental impacts in the supply chain and actions taken	84		

External verification	General standard disclosures	Content	Page or direct respond	Omissions	Key aspects
		<b>Employment</b>			
✓	401-1	New employee hires and employee turnover	24, 67		•
	401-2	Benefits provided to full-time employees that are not provided to temporary or part-time employees	70		•
	401-3	Parental leave	91 % of the employees in Spain have re-joined or are waiting to re-join, and the remaining 9% have not requested reincorporation to the position.		•
		<b>Labour/management relations</b>			
	402-1	Minimum notice periods regarding operational changes	69		•
		<b>Occupational health and safety</b>			
✓	403-1	Workers representation in formal joint management–worker health and safety committees	70-71		•
✓	403-2	Workers representation in formal joint management–worker health and safety committees	24, 71		•
	403-3	Workers with high incidence or high risk of diseases related to their occupation	There have been no occupational diseases during the last three years.		•
✓	403-4	Health and safety topics covered in formal agreements with trade unions	69		•
		<b>Training and education</b>			
✓	404-1	Average hours of training per year per employee	24, 68		•
✓	404-2	Programs for upgrading employee skills and transition assistance programs	67		•
	404-3	Percentage of employees receiving regular performance and career development reviews	67		•
		<b>Diversity and equal opportunity</b>			
✓	405-1	Diversity of governance bodies and employees	24, 63, 65, 66		•
✓	405-2	Ratio of basic salary and remuneration of women to men	66		•
		<b>No discrimination</b>			
	406-1	Incidents of discrimination and corrective actions taken	87 There were no cases of discrimination during the year.		•
		<b>Freedom of association and collective bargaining</b>			
	407-1	Operations and suppliers in which the right to freedom of association and collective bargaining may be at risk	87 Abengoa does not perform operations or work with suppliers where its right to freedom of association or collective bargaining may be jeopardised.		•
		<b>Child labour</b>			
	408-1	Operations and suppliers at significant risk for incidents of child labor	The supplier assessment that Abengoa has resumed during 2018 identifies different factors that could be considered risk factors, based on international indices that contemplate aspects related to human rights, including the risk of child labor.		•

External verification	General standard disclosures	Content	Page or direct respond	Omissions	Key aspects
<b>Forced or compulsory labor</b>					
	409-1	Operations and suppliers at significant risk for incidents of forced or compulsory labor	The supplier assessment that Abengoa has resumed during 2018 identifies different factors that could be considered risk factors, based on international indices that contemplate aspects related to human rights, including the risk of forced labor.		•
<b>Security practices</b>					
	410-1	Security personnel trained in human rights policies or procedures	Abengoa suppliers must consider the code of conduct, which is included in the procurement documentation. This code includes guidelines and measures to prevent incidents related to human-rights violation, together with the requirement of the highest standards of honesty and ethical conduct.		•
<b>Rights of indigenous peoples</b>					
	411-1	Incidents of violations involving rights of indigenous peoples	No cases of violations involving the rights of indigenous peoples have been identified.		•
<b>Human rights assessment</b>					
✓	412-1	Operations that have been subject to human rights reviews or impact assessments	87		•
	412-2	Employee training on human rights policies or procedures	Due to the company's situation this year, training has been carried out primarily in Health and Safety or technical areas. However, employees can access the intranet to check the NOCs (compulsory rules) or the Code of Conduct that includes all the information, policies and procedures related to Human Rights.		•
	412-3	Significant investment agreements and contracts that include human rights clauses or that underwent human rights screening		No material	
<b>Local communities</b>					
✓	413-1	Operations with local community engagement, impact assessments, and development programs	87-88		•
✓	413-2	Operations with significant actual and potential negative impacts on local communities	87-88		•
<b>Supplier social assessment</b>					
✓	414-1	New suppliers that were screened using social criteria	83		•
	414-2	Negative social impacts in the supply chain and actions taken		No material	•
<b>Public policy</b>					
✓	415-1	Political contributions	113		•
<b>Customer health and safety</b>					
	416-1	Assessment of the health and safety impacts of product and service categories		No material	
✓	416-2	Incidents of noncompliance concerning the health and safety impacts of products and services	During 2018, there have been no breaches of regulations or voluntary codes relating to the health and safety impacts of products and services during their life cycle.		•

External verification	General standard disclosures	Content	Page or direct respond	Omissions	Key aspects
		<b>Marketing and labeling</b>			
	417-1	Requirements for product and service information and labeling	Abengoa has begun work on the development of a system to label its products and services, but at the moment there are no results available.		
✓	417-2	Incidents of noncompliance concerning product and service information and labeling	During 2018, there have been no breaches of the regulations on the information and labelling of products and services or the regulation of voluntary codes.		•
✓	417-3	Incidents of noncompliance concerning marketing communications	During 2018, there have been no breaches of regulations relating to marketing communications.		•
		<b>Customer privacy</b>			
✓	418-1	Substantiated complaints concerning breaches of customer privacy and losses of customer data	During 2018, there have been no complaints related to the violation of the privacy or disappearance of the company's customers.		•
		<b>Socioeconomic compliance</b>			
✓	419-1	Noncompliance with laws and regulations in the social and economic area	During 2018, there have been no monetary fines related to noncompliance with regulations relating to the supply and use of products and services.		•
		<b>Own indicators</b>			
✓	ID1	Numer of patents	24, 56		•
✓	ID2	R&D and innovation employees	24, 56		•
✓	ID3_4	R&D and innovation investment	24, 56		•

## 08. Appendix

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## Main references services *102-2, 102-6*

### Energy

	Technology	Power	Location	Status	Activity in 2018
Solúcar Platform	Solar thermal, tower and parabolic trough and photovoltaic	183 MW	Seville (Spain)	In operation	O&M of the Solnova 1, Solnova 3 and Solnova 4 plants (50 MW each) and the first two commercial plants in the world to use power-tower technology PS10 (11 MW) and PS20 (20 MW)
Solar platform of Extremadura	Solar thermal parabolic trough	200 MW	Logrosán, Cáceres (Spain)	In operation	O&M of the four Solaben 1, 2, 3 and 6 plants, 50 MW each
Castilla La Mancha solar platform	Solar thermal parabolic trough	100 MW	Ciudad Real (Spain)	In operation	O&M of the two Helios 1 and 2 plants, 50 MW each
El Carpio solar platform	Solar thermal parabolic trough	100 MW	El Carpio, Córdoba (Spain)	In operation	O&M of the two Solacor 1 and 2 plants, 50 MW each
Écija solar platform	Solar thermal parabolic trough	100 MW	Écija, Seville (Spain)	In operation	O&M of the two Helienergy 1 and 2 plants, 50 MW each
Kaxu Solar One	Solar thermal parabolic trough	100 MW	Pofadder, Northern Cape (South Africa)	In operation	O&M
Khi Solar One	Solar thermal power tower	50 MW	Upington, Northern Cape (South Africa)	In operation	O&M
Xina Solar One	Solar thermal parabolic trough	100 MW	Pofadder, Northern Cape (South Africa)	Under construction	O&M
Solana	Solar thermal parabolic trough	280 MW	Gila Bend, Arizona (USA)	In operation	O&M
Mojave Solar	Solar thermal parabolic trough	280 MW	Barstow, California (USA)	In operation	O&M
Cerro Dominador PV	Photovoltaic	100 MW	Municipality of María Elena, Antofagasta (Chile)	In operation	O&M after its start-up in the 4 <sup>th</sup> quarter of 2017
Hassi R'Mel	Hybrid solar-gas	150 MW (20 MW from the solar field)	Hassi R'Mel (Algeria)	In operation	O&M and asset management
Nagalapuram	Solar thermal parabolic trough	50 MW	Andhra Pradesh (India)	In operation	Advisory service and performance optimization.
Ain Beni Mathar	Hybrid solar-gas	470 MW (20 MW from the solar field)	Ain Beni Mathar (Morocco)	In operation	O&M
Villaricos cogeneration	Cogeneration	21.7 MW	Almería (Spain)	In operation	O&M and asset management
Nuevo Pemex cogeneration	Cogeneration	300 MW	Tabasco (Mexico)	In operation	Predictive maintenance of the plant services
Talas de Maciel II	Wind farm	50 MW	Trinidad (Uruguay)	In operation	O&M
Peralta	Wind farm	50 MW	Cuchilla de Peralta (Uruguay)	In operation	O&M
Pintado	Wind farm	90 MW	Villa de Pintado (Uruguay)	In operation	O&M

## Water

	Technology	Capacity	Location	Status	Activity in 2017
Desalination plant in Cartagena	Reverse osmosis	65,000 m <sup>3</sup> /day	Cartagena (Spain)	In operation	O&M
Desalination plant in Almeria	Reverse osmosis	50,000 m <sup>3</sup> /day	Almería (Spain)	In operation	O&M
Desalination plant in Skikda	Reverse osmosis	100,000 m <sup>3</sup> /day	Skikda (Algeria)	In operation	O&M
Desalination plant in Honaine	Reverse osmosis	200,000 m <sup>3</sup> /day	Honaine (Algeria)	In operation	O&M
Desalination plant in Ténès	Reverse osmosis	200,000 m <sup>3</sup> /day	Ténès (Algeria)	In operation	Plant under concession. Abengoa is currently responsible for its operation and maintenance as well as asset management
Desalination plant in Accra	Ultra filtration + reverse osmosis	60,000 m <sup>3</sup> /day	Accra (Ghana)	In operation	O&M
Desalination plant in Chennai	Reverse osmosis	100,000 m <sup>3</sup> /day	Chennai (India)	In operation	Plant under concession. Abengoa is currently responsible for its operation and maintenance as well as asset management

## Contact 102-53

This report is available on the: [www.abengoa.com](http://www.abengoa.com).

Your opinion really matters to us because it helps us keep doing things better each year. Therefore, should you have any comments regarding Abengoa's Integrated Reporting or Corporate Social Responsibility policy at Abengoa, we would appreciate your addressing them to:

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