



01 Annual Report 2017
Integrated Report

ABENGOA

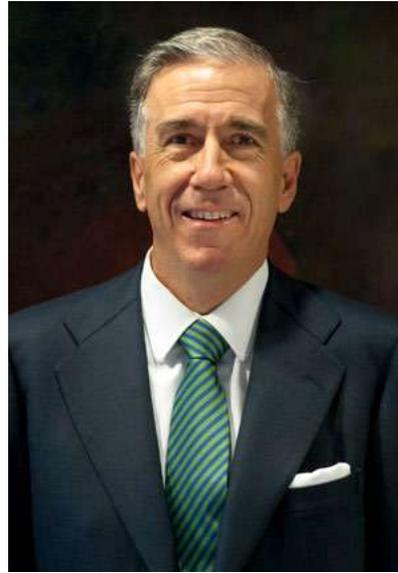
Innovative technology solutions for sustainability

Contents

01. A message from the chairman	3	04. Governance, transparency, risk management and compliance	89
02. Abengoa today	6	Corporate governance	90
03. Management of capitals	15	Transparency and anti-corruption	94
03.1 Financial capital	21	Risk management	101
03.2 Industrial capital	26	Regulatory compliance	105
03.3 Human capital	54	05. About this report	110
03.4 Social and relationship capital	63	06. External verification	118
Clients	64	07. GRI index	121
Suppliers	69	08. Appendix	132
Community	73	Abengoa communication channels with its social partners	133
03.5 Natural capital	80	Main references services	134
		09. Glossary	136



01. A message from the chairman



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

Dear All,

Let me start this letter by talking about health and safety. In 2017, thanks to the endeavours and commitment of each and every one of those who make up Abengoa, we posted a record figure in terms of health and safety. The fact is, in addition to having completed last year without any fatal or accidents with special severity (affecting neither our own personnel nor staff of our subcontractors), we have improved three points in the Frequency Rate with Sick Leave (FRSL)¹, down from 7.6 in 2016 to 4.6 in 2017.

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

Despite the achievements made in this area, during 2018 we will continue working in this direction, since it is one of our priority areas, an intrinsic part of the company's business culture, and also a priority for every person that works here.

And now let's take a look at the business. Although 2017 has also been a complex year for Abengoa on many fronts, during this period we have been able to confirm that the company's capability of winning EPC contracts in the energy, water, transmission and infrastructure sectors remains intact.

Evidence of this is that, in 2017, the company was awarded major projects in reference countries such as Argentina, Chile, United Kingdom, Saudi Arabia, Morocco, Oman and Tunisia, among others.

Thus, we have been selected by the Sociedad Nacional de Explotación y Distribución de Agua de Túnez (SONEDE), under the supervision of the Ministry of Agriculture, Water Resources and Fisheries of this country, for the execution of a desalination project. A consortium spearheaded by ACWA Power has awarded us the construction of a new desalination plant in Oman. In Saudi Arabia, we are set to build our largest desalination plant to date (250,000 m³/day), also awarded by ACWA Power and the end customer of which is the Saline Water Conversion Corporation). And with the ONEE (Office National de l'Electricité et de l'Eau Potable) and the Ministry of Agriculture, Fisheries, Rural Development, Waters and Forests of Morocco, we have signed two contracts for the development in the region of Agadir of the largest desalination project for combined use of drinking and irrigation water in

the world. In turn, this project offers the possibility of electricity supply from renewable energies.

To these we can add the electrical interconnection of a wind farm and a new electric substation in Argentina; two new projects in the space sector for the European Launch Vehicle SpA (ELV) and for Airbus Defence and Space; the expansion of a combined water treatment plant in Mexico for Gas Natural Fenosa; and new electricity transmission projects in Uruguay and Chile (contract award from Transelec for a high-voltage line and operations at the substations of Kimal and Los Changos), among others recently awarded.

However, the awarding of new contracts is as important as the culmination of the projects we have in our portfolio, which are also the leading guarantee of success for our clients and other stakeholders. In 2017, the company obtained the definitive acceptance of Xina Solar One, its third thermosolar plant in South Africa. Thanks to the construction of these three plants (KaXu, Khi and XiNa), Abengoa's technology supplies clean energy to more than 220,000 South African homes and prevents the atmospheric emission of 831,000 tonnes of CO₂ equivalent per year.

In addition, the company has also received Notice To Proceed (or NTP) with the first plant that will produce aviation fuels from Solid Urban Waste (SUW) with gasification technology in the United States. Moreover, we have made the connection to the grid of the first 62 MW –all of the plant's 100 MW were completed at the start of 2018– of the photovoltaic plant of the Cerro Dominador solar complex in Chile, as well as final acceptance of a desalination plant in Algeria,

the third that we have constructed in this country, as well as other projects in Mexico, Peru, India and Oman.

Likewise, throughout 2017 we have continued working on the construction of emblematic projects such as, in Saudi Arabia, Waad Al-Shamal, the largest hybrid solar-gas plant in the world; or the Agua Prieta solar field, our first solar thermal plant in Mexico, which will be integrated with a combined cycle to form the country's first hybrid solar-gas plant.

Currently, with a headcount of 12,468 employees², we boast a presence in 29 countries and generate recurring earnings before interest, tax, depreciation and amortisation (EBITDA) of 127 million euros at the end of the year.

In 2017, significant progress was also made in the asset divestment programme introduced through Abengoa's financial feasibility plan. The agreement for the sale of 25% of Atlantica Yield to the company Algonquin Power & Utilities Corp. was one of the great milestones of last year. Abengoa-Algonquin Global Energy Solutions (AAGES), a joint venture that will bring new business opportunities for Abengoa, came about as a result of signing this contract.

We have also reached agreements with companies such as Trilantic Europe, for the sale of the four bioethanol plants that Abengoa owned in Spain and France. We agreed the sale of the Norte III combined cycle power station in Mexico with the

consortium formed by Macquarie Capital and Techint Ingeniería y Construcción. In addition, within the framework of restructuring the debt held by the company in Brazil, there has been the sale of the transmission lines in operation (brownfield lines) of Abengoa to the American investment fund Texas Pacific Group (TPG).

Along with the sale of assets, we continue to make progress in our plan to reduce overheads to optimise all the company's resources. In 2017, we have managed to reduce our overheads by more than 40% year-on-year. We are therefore convinced that, if we follow the path established in our feasibility plan, Abengoa will once again be a benchmark in its sector. In the same way as we are adapting the business to the company's new reality, we are also introducing the adaptation to the new organisational structure. This initiative is being carried out on the basis of seeking consensus among all those involved, as well as management efficiency.

During 2017 Abengoa reached a restructuring agreement with its creditors in Brazil, which is judicially approved. From this milestone the process of implementing the new business plan has also begun in that country. Coupled with this is the approval of our agreement with creditors at Abengoa Mexico in the first weeks of 2018.

Therefore, once we have taken stock of our 2017 performance, one of the core objectives for next year will be to ensure impeccable, innovative and efficient execution in each of our projects, as well as to achieve the highest standards of satisfaction in our actions. I particularly wish to point out that in 2018 we hope to conclude the construction of the

A3T cogeneration plant in Mexico, another key element of our restructuring programme approved in 2016.

We will simultaneously be focused on complying with the remainder of our divestment programme and persevering in the reduction of our overheads in order to return to a path of sustainable and growing cash generation. To this end, one of our core objectives is to maintain a firm move towards higher contracting levels, as we close the projects and activities we are currently developing, in line with our feasibility plan.

Our focus on those key markets in countries where we operate is proving successful and in the short term there is a positive trend in terms of new business. Our presence in Latin America, the Middle East, North Africa and certain European countries is generating plenty of activity for us. We also harbour great hopes for the reactivation of other markets where we are achieving a major presence and reputation, the South African market being a case in point.

As regards our activity in the traditional fields, energy, water, transmission and infrastructures, as well as the associated O&M services, we have made great progress in regaining visibility, presence and repositioning ourselves with clients with whom, in many cases, there had already been a close working relationship in the past. We appreciate your renewed confidence in the performance of new projects and actions that reinforce our road map.

I would not want to end this message without first expressing my sincere gratitude to our stakeholders: clients, employees, shareholders, financial creditors and

suppliers, among a great many more, for the trust, patience and commitment placed in our company.

I assure you that it will not be in vain and I encourage you to continue sharing with us all the successes reaped. All in all, Abengoa will continue to work with the conviction that it is progressing in the right direction and with our greatest encouragement.

102-10, 102-14, 102-15

Note 2 Figures at the close of 2017.



02. Abengoa today

Where we are and where we are going

Following a lengthy process of restructuring, the company has been able **to resume its activity and continue to generate value through this**.

During 2017, the organisation has furthered its strategic objective of prioritising turnkey engineering projects (EPC) in which the company has technical expertise (know-how), as well as consolidated knowledge to adapt to the company's new situation.

Nevertheless, Abengoa continues to take part in concession-type projects, minimising capital investment by signing agreements with strategic partners in which it participates with a minimum investment and mainly performs the engineering and construction of the project.

It should be noted that in November the company signed an agreement with **Algonquin Power & Utilities Corp** for **the sale of 25 % of Atlantica Yield plc**, a project that was part of the company's feasibility plan. This operation is not only divestiture operation but also has a marked strategic nature with huge future value for Abengoa given that they undertook the **incorporation of a new company** whose objective would be the **international development** and the **construction of energy and water infrastructures: Abengoa-Algonquin Global Energy Solutions (AAGES)**.

The creation of AAGES will therefore mean **new opportunities** for Abengoa, given that Abengoa will have **exclusive rights to develop both the Engineering, Procurement and Construction** as well as the **Operation and Maintenance (O&M)** of all the projects carried out by AAGES, as well as a **preferential right for the EPC** of the other projects developed by APUC. Moreover, this partnership makes it possible to speed up the construction and sale of concession-type assets from Abengoa to Atlantica Yield, currently under the ROFO (Right Of First Offer) agreements, which will be another step in the divestment plan of Abengoa.

Main figures 102-07, 201-1

In 2017 Abengoa had sales of €M 1,480, 2 % lower than in 2016, and an EBITDA of €M 127, 153 % higher than 2016, which highlights the operational recovery of the activity.

Concept	2017	2016	Var (%)
Income Statement (€M)			
Revenue	1,480	1,510	(2)
EBITDA	127	(241)	153
EBITDA Margin (%)	9	(16)	2
Net Income	4,278	(7,629)	156
Balance Sheet (€M)			
Total Assets	6,359	9,914	(36)
Equity	(2,408)	(6,780)	64
Corporate Net Debt	3,254	7,237	(55)
Share Information			
Last price (€ per B share)	0.01	0.19	(95)
Capitalization (A+B share) (€ million)	218	195	12
Daily trading volume (€ million)	6	5	24

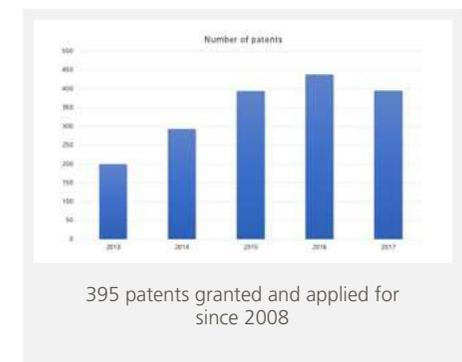
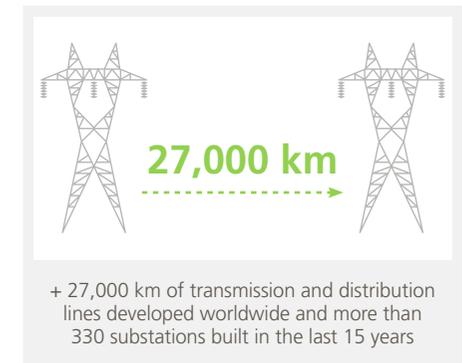
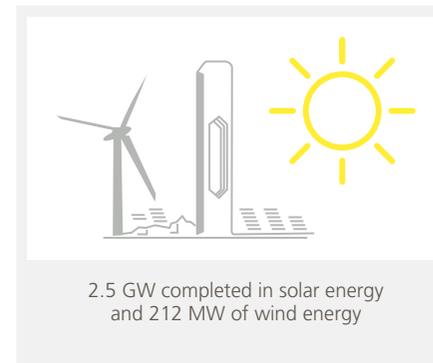
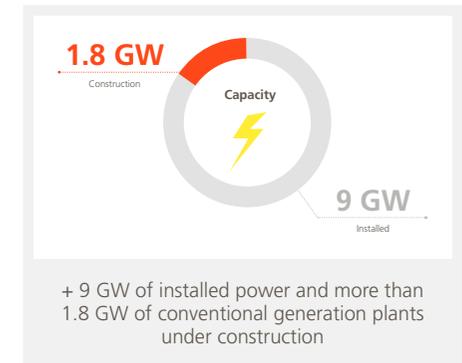
Areas of activity and geographic regions

The breakdown by business activity of turnover and EBITDA at the close of the 2017 and 2016 financial years is the following:

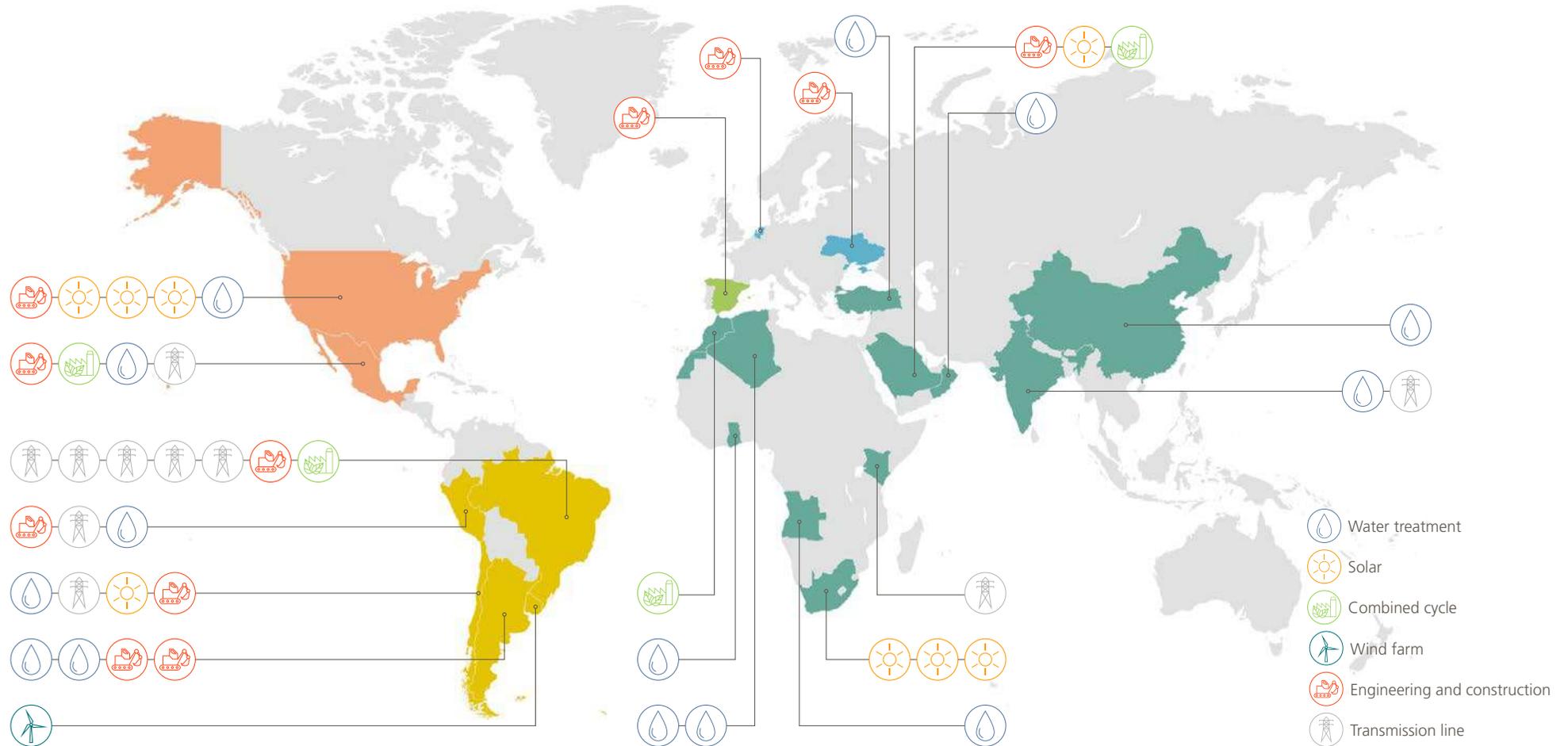
Concept	Revenue		EBITDA	
	2017	2016	2017	2016
Engineering and construction (k€)				
Engineering and construction	1,316,624	1,367,278	24,904 (*)	(326,653) (*)
Total	1,316,624	1,367,278	24,904	(326,653)
Concession-type infrastructure (k€)				
Solar	60,160	37,141	43,902	21,492
Water	46,883	58,932	31,257	40,722
Transmission lines	-	1,447	-	(221)
Cogeneration and other	56,101	45,255	26,868	23,442
Total	163,144	142,775	102,027	85,435
Total	1,479,768	1,510,053	126,931	(241,218)

(*) Includes construction cost provisions of projects given the situation of the Company for an amount of € 245 million at December 31, 2016 and fees by independent professional services advisors to the restructuring process for an amount of € 52 million at December 31, 2017. (€ 55 million in 2016).

Key figures 2017



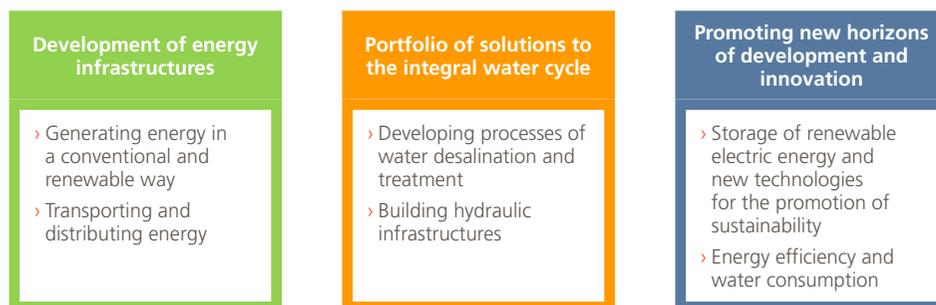
Map of economic impact and contribution to progress 102-6



North America		South America		Spain		Europe		Rest of the world	
Sales (€k)	194,947	Sales (€k)	370,101	Sales (€k)	47,385	Sales (€k)	148,370	Sales (€k)	618,965
Employees	328	Employees	8,075	Employees	2,811	Employees	260	Employees	994
Local suppliers (%)	95.04	Local suppliers (%)	95.15	Local suppliers (%)	82.88	Local suppliers (%)	91.96	Local suppliers (%)	85.62
Local purchases (€k)	18,751	Local purchases (€k)	352,310	Local purchases (€k)	599,788	Local purchases (€k)	167,786	Local purchases (€k)	327,170
Taxes paid (€k)	4,891	Taxes paid (€k)	115,938	Taxes paid (€k)	24,534	Taxes paid (€k)	199	Taxes paid (€k)	7,624

Pillars of the future

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



Abengoa is a company with a long-term sustainable vision that has an offer that covers the entire value chain, from design or construction to subsequent operation and maintenance.

The main demographic indicators show that the increase of the population, the growth of cities, the improvement to the quality of life, as well as the demand for new infrastructures are already a reality. For that reason the company focuses its main strategic activities on responding to **growing needs in terms of energy and water provision of an increasingly demanding society**.

Moreover, **Abengoa's firm commitment to renewable energies** is supported by the need for a greater preponderance of these in the energy mix to respond to the challenges that countries have to avoid increasing emissions, complying with commitments acquired by the vast majority of countries in the Paris Climate Agreement.

In this context, the organisation is in a **good market position** to **respond to global challenges** through **innovative renewable energy and infrastructure projects**, leading the transition towards a carbon-free energy model, whilst contributing to improving the life quality of the societies in which it is present. This is possible thanks to the trajectory and experience of a competitive company in the sector, with a workforce that shares the conviction of contributing to sustainable development.

From the strategic point of view, Abengoa focuses its efforts on the implementation of **six fundamental principles**:

- › **Commitment to health and safety**: "Zero accidents"
- › Focus the business on the main technologies using **consolidated knowledge and capabilities**
- › **Prioritise the main geographical** where **business exists** in order to capture new opportunities
- › **Limit the size of projects** to reduce risks
- › **Focus the organisation's activity** on **EPC** to limit the financial risk
- › Introduce a **new organisational model** to gain competitiveness

As a result of the new strategy, **Abengoa has organised its activity in four areas**, responsible for carrying out business development, bids, engineering and project execution:

Energy	Water	Transmission & Distribution	Services
Generation of conventional and renewable energy	Integral solutions for municipal and industrial clients	Main international contractor in the medium-, high- and ultra-high voltage segments	Service providers for infrastructures in the transmission, water, renewable and conventional energy segments
Engineering, construction, start-up and operation and maintenance	Excellent technical capabilities and global positioning	More than 27,000 km of transmission lines and more than 330 substations built in the last 15 years	Optimisation of Operation and Maintenance, improving production
9 GW of installed capacity in conventional generation	Proven experience in desalination plants, wastewater treatment plants, and hydraulic infrastructures	It includes the railway industry, with more than 2,300 km of electrified rails and 80 developed substations	25 years' average life in current contracts
Pioneers in solar thermal technology with more than 2 GW in operation	More than 1.5 million m ³ /day in desalination and 1.8 million m ³ /day of purified water		

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

With its headquarters in Seville (Spain), Abengoa operates in 48 countries through 456 companies, subsidiaries, investee companies, facilities and

offices. The company continues to execute projects in the US, Mexico, South America, Europe, Africa, the Middle East, Turkey and India.



- North America**
- > Canada
 - > USA
 - > Mexico

- Latin America**
- > Argentina
 - > Brazil
 - > Chile
 - > Colombia
 - > Costa Rica
 - > Nicaragua
 - > Panama
 - > Peru
 - > Uruguay

- Europe**
- > Belgium
 - > Denmark
 - > France
 - > Germany
 - > Ireland
 - > Italy
 - > Lithuania
 - > Netherlands
 - > Norway
 - > Poland
 - > Portugal
 - > Serbia
 - > Spain
 - > Switzerland
 - > Turkey
 - > Ukraine
 - > United Kingdom

- Asia**
- > China
 - > India
 - > Israel
 - > Japan
 - > Kuwait
 - > Malaysia
 - > Nepal
 - > Oman
 - > Russia
 - > Saudi Arabia
 - > Sri Lanka
 - > United Arab Emirates

- Africa**
- > Angola
 - > Algeria
 - > Ghana
 - > Kenya
 - > Morocco
 - > South Africa

- Oceania**
- > Australia

List of countries where there are personnel or sales during the period.

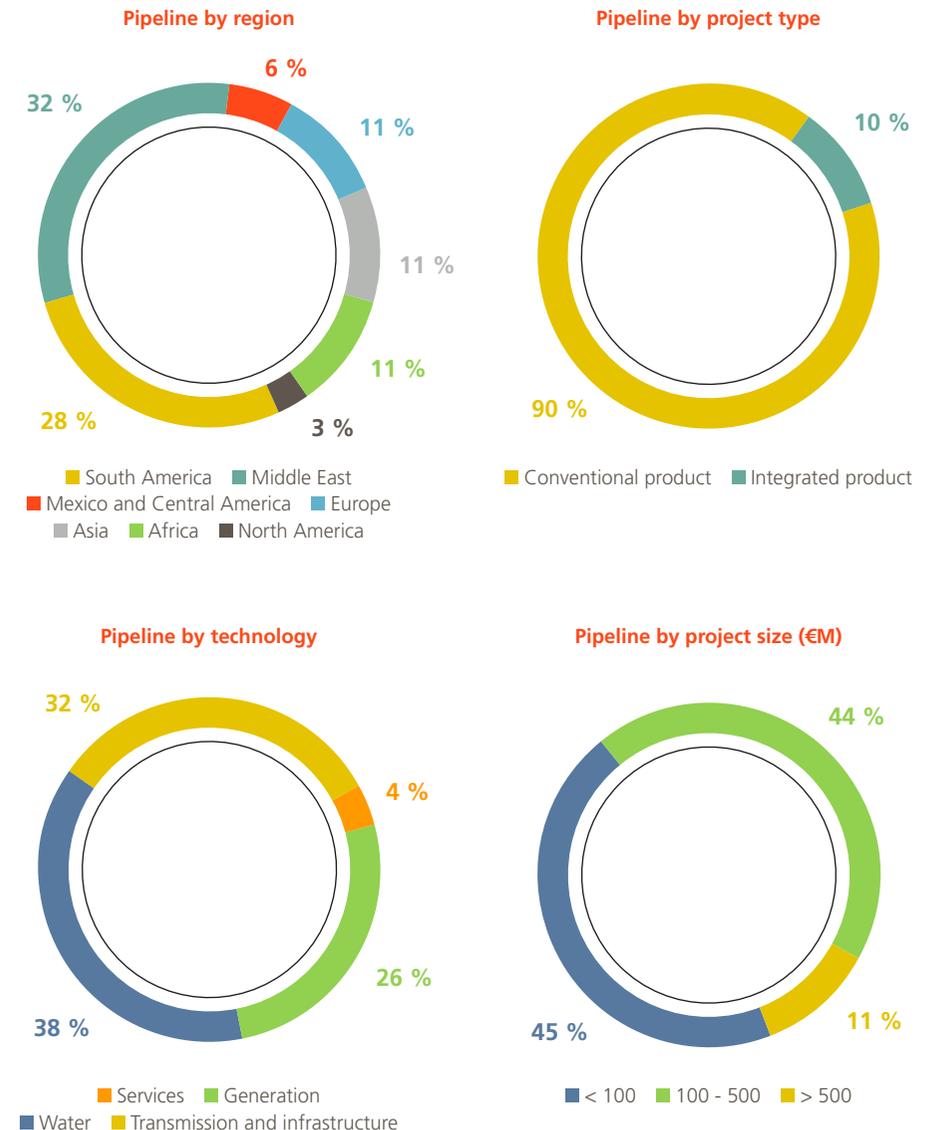
Projects Awards

Since the beginning of 2017, significant milestones have been achieved in support of Abengoa's viability. Abengoa has been awarded new projects for an approximate value of €M 1,400 in 2017.

Facility	Characteristics	Location	
	Agadir	275,000 m ³ /day desalination plant for drinking water supply	Morocco
	Shuaiba III	250,000 m ³ /day desalination plant for drinking water supply	Saudi Arabia
	Desalination plants	Desalination plants for a total of 164,000 m ³ /day of drinking water	Oman and Tunisia
Facility	Characteristics	Location	
	Network trail	5-year contract for the electrification and maintenance of 250 km of railway lines in the south of England	United Kingdom
	Los changos-Kimal	Construction of 140 km transmission line and two substations	Chile
	InterAndes Substation	High voltage line of 345 kV and construction of a new electric substation in the south of the province of Jujuy	
	25 de mayo	Voltage transformation station	Argentina
Facility	Characteristics	Location	
	Fulcrum	10 mgal/year biofuel from Municipal Solid Waste (MSW) in the USA	USA
Facility	Characteristics	Location	
	Lieja Hospital	Mechanical installations: air conditioning, ventilation, building management system and associated electrical installations	Belgium

Pipeline Awards

Abengoa has a pipeline with projects identified for an amount exceeding 36 billion euros.

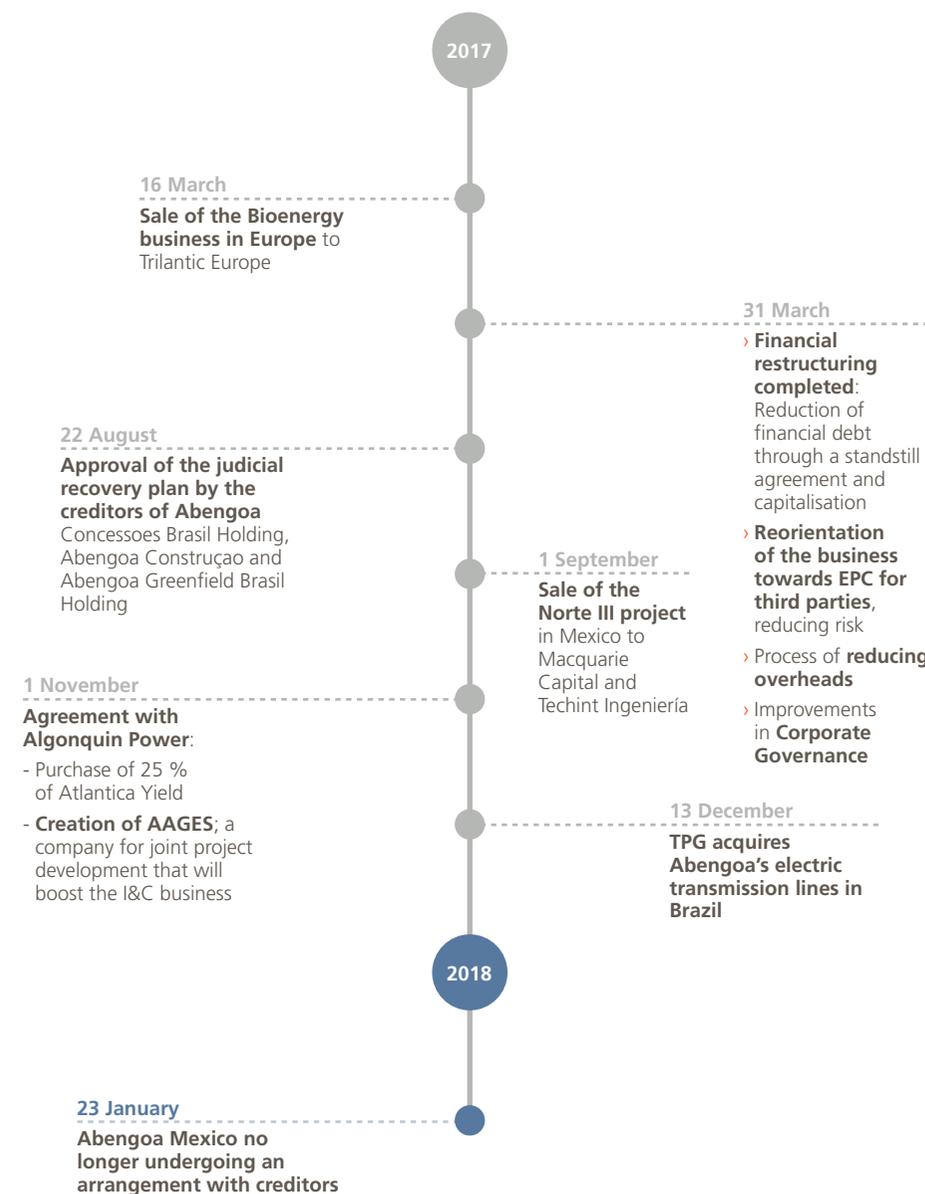


Sale of assets

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

	Bioenergy USA	1 G & 2 G bioethanol	✓
	Bioenergy Europe	1 G bioethanol	✓
	AB San Roque	Biodiesel	✓
	Bioenergy Brazil	1 G bioethanol. Judicial rehabilitation	Ongoing
	Khi	50 MW CSP - tower in South Africa	Ongoing
	Xina	100 MW - trough in South Africa	
	SPP1	150 MW hybrid CC+CSP in Algeria	
	Accra	60,000 m ³ /day in Ghana	Ongoing
	Tenés	200,000 m ³ /day in Algeria	
	Chennai	100,000 m ³ /day in India	Ongoing
	Brazil T&D	9,750 km in Brazil <ul style="list-style-type: none"> > In operation: acquired by TPG > In construction: judicial rehabilitation 	✓ Ongoing
	ATN3	355 km transmission line, in Peru	Ongoing
	Norte III	924 MW combined cycle in Mexico	✓
	Hospital Manaus	300-bed hospital in Brazil	
	Real Estate	Various assets	Ongoing

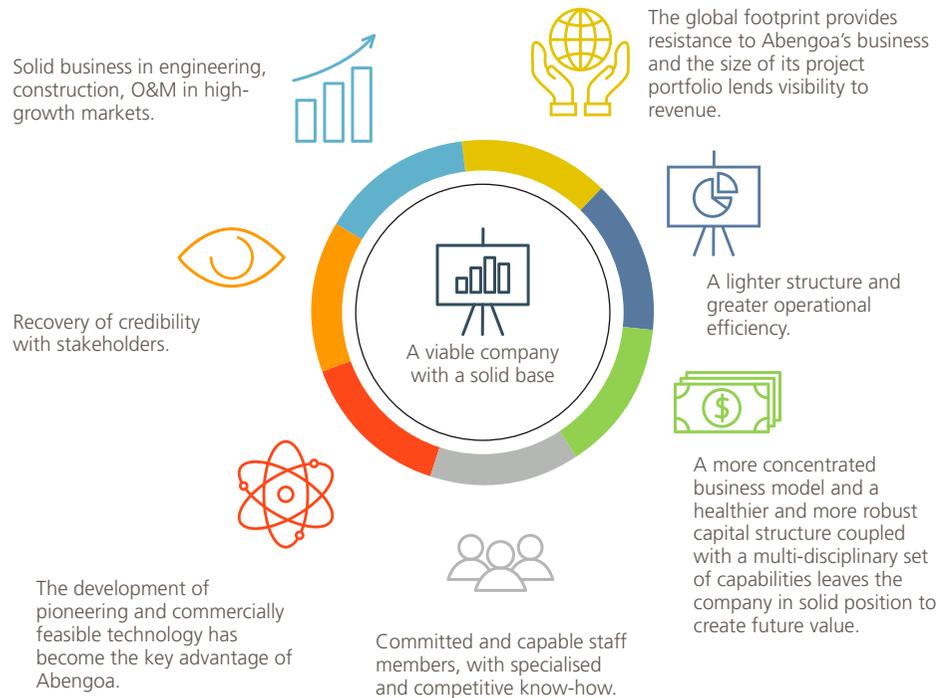
Major milestones of 2017



Sustainability as an activity axis

The company continues to **maintain sustainability as the axis of its strategy**, so it is essential to adapt the structure to the new reality. At the same time, major efforts must be made to **recover the confidence of the markets, the credibility of our customers and the dialogue with our suppliers**.

All this will be done on the basis of a strategic plan that will oversee the lines of action to be introduced by the company in this new situation.



Sustainable Development Goals (SDGs)

All the projects included in our business are focused on offering sustainable solutions in order to achieve several sustainable development goals.



SDG6: Desalination activity. Goals 6.1, 6.4, 6.a and 6.b
[\(https://www.un.org/sustainabledevelopment/water-and-sanitation/\)](https://www.un.org/sustainabledevelopment/water-and-sanitation/).

SDG7: Activity in renewable energy and transmission. Goals 7.1, 7.2, 7.3 and 7.b
[\(https://www.un.org/sustainabledevelopment/energy/\)](https://www.un.org/sustainabledevelopment/energy/)

SDG9: Build resilient infrastructures, promote inclusive and sustainable industrialisation and foster innovation. Goals 9.1, 9.4 and 9.5
[\(https://www.un.org/sustainabledevelopment/infrastructure-industrialization/\)](https://www.un.org/sustainabledevelopment/infrastructure-industrialization/)

SDG11: Through our business orientation. Goals 11.3, 11.6 and 11.b
[\(https://www.un.org/sustainabledevelopment/cities/\)](https://www.un.org/sustainabledevelopment/cities/).



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

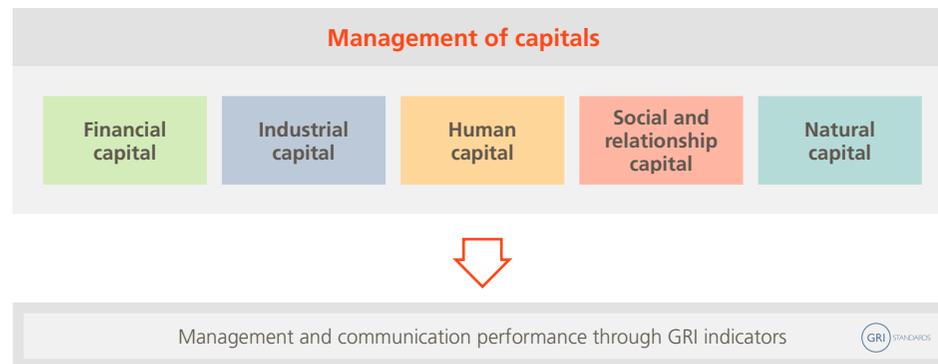
03.5 Natural capital

Criteria governing the Abengoa business model

Abengoa wants to be a company that all stakeholders can trust. In this regard, this report aims to clearly communicate all information related to our business model and the **creation of value**, not only **informing** about the matters identified as material, but also those which, **because of their relevance, are critical for stakeholders.**

The accompanying chapters describe how the company manages its capitals, which are divided into **five major areas (financial, industrial, human, social-relationship and natural)**, as well as the strategic focus with regard to each of them.

The aim is to report on results obtained and company performance during 2017 through the corresponding indicators, based on the GRI Standards.



Once again, Abengoa has carried out a process of analysing issues that have been most relevant, both for the company itself and for its stakeholders. This is for the purpose of giving the report a proportionate and objective view of those issues that have affected the company most significantly.

Material issues	Addressed in
Financial restructuring	Financial capital
Attracting and retaining talent	Human capital
Situation with key suppliers of the organisation	Social capital_suppliers
The organisation's risk management	Governance, transparency, risk management and compliance
Transparency and good governance	Financial capital

Mission, Vision and Values

Over the latest period, the company has been immersed in a major crisis that has involved a complicated process of financial restructuring. This fact, together with the need to adapt to a new business model due to the sale of important assets that involve the disassociation of certain business groups, made it appropriate to review the company's foundations.

Accordingly, during 2017 the company has **updated its mission, vision and values** with the aim of **reinforcing** the message of **transparency, commitment and good governance**.

102-16

Mission: our mission is 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.

Vision: 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.

Values: 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.

- › Health and Safety
- › Integrity
- › Transparency and good governance
- › Professional rigour
- › Trustworthiness
- › Focus on the client
- › Innovation
- › Social contribution
- › Respect for the environment
- › Cultural diversity and equal opportunities

Corporate Social Responsibility Policy

Abengoa manages its capitals in accordance with sustainability criteria covered under its CSR policy. In 2015, the Corporate Social Responsibility policy was unanimously approved by the Board of Directors and is available at the [company's website](#).

This policy establishes the guidelines to be followed throughout the organisation in this area and the manner in which CSR is integrated into all corporate areas and serves as a leverage, to achieve their business objectives.

The Corporate Social Responsibility area reports directly to the chairman's office and regularly sits on committees to **monitor all issues related to sustainability**. Furthermore, the **Audit Committee** is also tasked with **reviewing compliance** of the strategic lines set out in the **CSR policy**. 102-20

Strategic Corporate Social Responsibility Plan (SCSRP)

Due to the complex restructuring process carried out in the last period, the company had to temporarily suspend implementation of the Strategic Corporate Social Responsibility Plan until the new structure and scope of the group's activities was defined.

This strategic plan, which defines the company's CSR framework and guidelines, identified specific objectives and actions that contribute to a closer relationship with society. **Currently the CSR area is working towards the replanning of its SCSR as well as its subsequent implementation,** in order to introduce a homogeneous action plan in all spheres.

United Nations Global Compact 102-12, 102-13

Abengoa has maintained its commitment to the United Nations Global Compact since 2002. Through this Global Compact, the company undertakes to abide by and implement its 10 principles related to human rights, employment, the environment and the fight against corruption.

Sustainable Development Goals (SDGs)

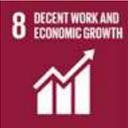
In 2015, the UN approved the 2030 Agenda on Sustainable Development, a new opportunity for both countries and their societies to develop a new path through which to improve the current world.

This Agenda has 17 Sustainable Development Goals divided into five areas: people, prosperity, peace, planet and partnerships. For the first time, companies are invited to be protagonists of this transformation as a key agent in achieving these goals, which include issues ranging from the

eradication of poverty to the fight against climate change, education, gender equality, as well as the defence of the environment or the redesign of our cities.

Abengoa has incorporated the Sustainable Development Goals (SDGs) into its actions and business strategy. Below, the company's compliance in the performance of each of the principles is shown.

SDG	Description of the goals	Areas	Description	Addressed in
	Goal 1: End poverty in all its forms everywhere	People	Abengoa contributes to reducing the poverty of the population through the local employment of the communities in which it is present, reinforcing the local fabric, as well as through social action that helps the most vulnerable groups	Industrial Capital, Community
	Goal 3: Ensure healthy lives and promote well-being for all at all ages	People	For the company, and especially for the highest level of the organization, the health and well-being of the workforce and supply chain is a priority. Accordingly, through its policies and actions, it ensures safe working conditions as well as the necessary training for the performance of his activity.	Human capital, Suppliers
	Goal 4: Ensure inclusive and equitable quality education and promote lifelong learning opportunities for all	People	Through its social action programmes, the company carries out training actions for local communities	Community
	Goal 5: Achieve gender equality and empower all women and girls	People	The company has mechanisms to ensure gender equality in any area of the company. To do this, in addition to having its own Equality Framework plan, the organisation has its own quarterly committees that involve the highest level of the organisation, for the purpose of correcting deviations that may occur in this matter	Human capital
	Goal 6: Ensure availability and sustainable management of water and sanitation for all	Planet	Abengoa offers products and services for the management of the full water cycle, ensuring the availability of resources in an efficient manner.	Natural capital, Human capital
	Goal 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 its own business -being a world leader in the development of thermoelectric, photovoltaic and hybrid technology plants with storage, as well as in the 'Biomass to Energy' sector- as well as in the way of doing business, promoting efficiency measures in all its activities.	Natural capital

SDG	Description of the goals	Areas	Description	Addressed in
	Goal 8: Promote sustained, inclusive and sustainable economic growth, full and productive employment and decent work for all	Prosperity	The company fosters local employment in those communities where it is present, encouraging social inclusion through the employment of local suppliers, reducing poverty as well as fostering local employability through education.	Community, Suppliers, Human capital, Financial capital
	Goal 9: Build resilient infrastructure, promote inclusive and sustainable industrialization and foster innovation	Prosperity	The organisation contributes to the growth and development of society through the construction, operation and maintenance of sustainable infrastructures with the environment and with society.	Industrial capital
	Goal 10: Reduce inequality within and among countries	Prosperity	Contribution where the company acts through education to ensure professional training that is capable of promoting equal opportunities	Community
	Goal 11: Make cities and human settlements inclusive, safe, resilient and sustainable	Prosperity	Abengoa provides solutions for sustainable urbanisation, the provision of adequate basic services and safe transport systems, focusing its business on the generation of clean energy and water management, the construction of energy transmission infrastructure and railway lines and traction substations, as well as singular buildings, such as hospitals or prisons.	Natural capital
	Goal 12: Ensure sustainable consumption and production patterns	Planet	In accordance with its environmental policy, Abengoa encourages the efficient use of natural resources and proper waste management, thus ensuring its commitment to the environment and aligning its activity towards a model of green growth.	Natural capital
	Goal 13: Take urgent action to combat climate change and its impacts	Planet	Abengoa focuses its activity on offering solutions aimed at mitigating emissions and energy efficiency throughout the supply chain. In addition, the company has developed strategies for analysing risks associated with climate change in projects and facilities, especially in high-risk areas.	Natural capital
	Goal 15: Protect, restore and promote sustainable use of terrestrial ecosystems, sustainably manage forests, combat desertification, and halt and reverse land degradation and halt biodiversity loss	Planet	During the construction and operation of projects, Abengoa promotes the use of techniques and equipment that contribute to the organic regeneration of the soil and consequently to the reduction of fire risk. It also establishes flora and fauna protection plans and restoration and damage repair initiatives, if necessary.	Natural capital
	Goal 16: Promote peaceful and inclusive societies for sustainable development, provide access to justice for all and build effective, accountable and inclusive institutions at all levels	Peace	Strengthening of the company's code of ethics with the compliance area as well as the consolidation of the whistleblowing channels through its internal and external channels.	Regulatory compliance, Transparency and anti-corruption

Responsible Management Balance Sheet (RMBS)

Below we show the RMBS, which was created in 2011 with the aim of having a scorecard that allows you to manage and to improve monitoring. Reliability is obtained by establishing intermediate controls in the information collection and consolidation system.

The balance sheet is published on the [company's website](#) and is structured on the basis of the capitals-based scheme set out in the <IR> framework, published by the International Integrated Reporting Council (IIRC), to reflect the connectivity of 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

Abridged responsible management balance sheet

Financial capital	2017	2016	2015	(2)
Revenue (€M) ⁽¹⁾	1,480	1,510	3,647	✓
Payment to Public Administrations (€k)	153,187	ND	178,651	✓
Significant financial support received from governments (€k) ⁽¹⁾	4,882	12,031	81,747	✓
Intellectual capital	2017	2016	2015	(2)
Investment in R&D and innovation (€M)	0.62	4.8	345	✓
Employees dedicated to R&D and innovation	25	232	797	✓
Granted patents accumulated	395	294	332	✓
Investment effort in R&D and innovation (R&D and innovation investment/Sales)* 100 (%)	0.04	0.32	6	
Natural capital	2017	2016	2015	(2)
Energy				
Energy consumption (GJ) (primary, electrical, thermal)	24,853,762	33,692,874	55,602,638	✓
Energy consumption intensity (GJ) / Sales	16.8	22.3	9.7	✓
Emissions				
Direct emissions (tCO _{2eq})	652,332	1,044,098	2,135,808	✓
Direct emissions from biomass (tCO _{2eq})	1,103,015	2,025,292	3,289,005	✓
Indirect emissions (tCO _{2eq})	315,286	418,938	637,810	✓

Natural capital	2017	2016	2015	(2)
Other indirect emissions (tCO _{2eq})	589,825	2,306,639	4,075,808	
GHG emissions intensity (tCO _{2eq}) / Sales ⁽³⁾	1.8	3.8	1.8	✓
Other atmospheric emissions:				
CO	1,479	ND	9,399	✓
NOx	1,882	ND	11,968	✓
SOx	223	ND	899	✓
PM	1,923	ND	2,731	✓
VOC	114	ND	7,917	✓
Water withdrawal (m³)				
Desalinated water produced	146,444,617	154,690,622	105,346,138	✓
Seawater withdrawal	356,538,188	336,653,375	221,199,378	✓
Water withdrawn from other sources	6,351,911	8,648,659	21,028,296	✓
Waste (t)				
Waste	45,474	41,645	120,913	✓
Human capital	2017	2016	2015	(2)
Job creation (%)	(21.97)	(31.1)	(9.82)	✓
Total voluntary turnover (%)	8.69	18.22	9.09	✓
Female staff members				
In senior management positions (%)	10.04	10.38	10.77	✓
In middle management positions (%)	18.24	21.97	22.20	✓
Training (number of hours over the average number of employees)	20.6	6.21	53	✓
Work-related accident rate				
Frequency rate	13.31	14.22	11.81	✓
Severity rate	0.12	0.23	0.13	✓
Social and relationship capital	2017	2016	2015	(2)
Suppliers				
Purchases from local suppliers (%)	87.3	ND	73	✓
Compliance	2017	2016	2015	(2)
FCPA compliance screenings performed ⁽⁴⁾	539	1,412	5,108	✓

⁽¹⁾ Economic figures restated based on Note 7 of the consolidated Annual Accounts.

⁽²⁾ Indicators audited by an independent external.

⁽³⁾ The data reported includes the GHG emissions of Scope 1, 2 and 3, while in the RMBS only emissions of Scope 1 and 2 were considered.

⁽⁴⁾ US Foreign Corrupt Practice Act (FCPA).



03. Management of capitals

03.1 Financial capital

Current financial situation

Targets for 2018	<ul style="list-style-type: none"> › To balance the company's capital structure and endow the company with the stability necessary to resume its normal activity in the shortest possible time. › To be able to develop a balanced business model, with special emphasis on cash generation that allows it to operate and grow in a sustainable way.
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2017 has been marked by the financial restructuring that began at the end of 2015, not only at the financial level, but also at the organisational and business level.

This restructuring has therefore had a very profound impact at different levels:

- › **Reduction of financial risk** due to the significant decrease in financial debt.
- › **Reorientation of the business model**, putting the 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 of overheads.

Abengoa's financing model

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

Most corporate financing and project funding that existed at the start of 2017 was subject to financial restructuring through a standstill agreement/capitalisation and refinancing. **The financial debt** as of 31 December 2017 amounts to €M 3,752¹ and, in relation to the financial restructuring, **it is classified into the following categories:**

- › **New Money:** this represents the new liquidity injected into the company for an amount of €M 1,294 million. Despite its maturity in 2021, this debt is classified in the short term, as it is expected to be repaid with the proceeds from the sale of Abengoa's stake in Atlantica Yield and the A3T cogeneration plant in Mexico.
- › **Old Money:** new issuance of debt amounting to €M 1,414, replacing the pre-existing debt that has been subject to the standstill agreement or capitalisation. This tranche of debt has a long-term maturity (2022/23, extendable for a further two years).
- › **Other corporate debt:** debt from various sources and with different maturities that has not been restructured, amounting to €M 936.
- › **Project financing:** the bridging loan was practically restructured in full in order to form part of the Old Money, while project finance has remained at €M 108.

Depending on the type of financial instrument, the €M 3,752 of financial debt is classified as:

- › **Capitals market (47 % of the financing):** comprising five new bonds issued as "New Money" and "Old Money".
- › **Loans with credit institutions (41 % of the financing):** comprising eight new loans signed primarily with credit institutions as "New Money" and "Old Money".
- › **Other borrowing (12 % of the financing):** this mainly includes collateral and endorsements executed.

Note 1 Debt posted at fair value, for more information consult the financial statements available at www.abengoa.es. This figure excludes €M 1,723 corresponding to debt of projects classified as held for sale.

Transparent communication 102-34, 102-44

Abengoa is keenly aware of the **importance of continuously enriching the information provided to its stakeholders**, providing increasingly comprehensive content tailored to their needs and circumstances, building better relationships while perfecting channels of dialogue to offer a better flow of information.

This commitment becomes even more relevant considering the company's delicate situation in recent years, and the major impact that this situation has had on its stakeholders.

During 2017, part of the usual activity in **investor communication** was recovered, although it is still far from what it was two years previously. In these extraordinary circumstances, for example, there have not been any roadshows or attendance at conferences with investors. However, the market **presentations of the quarterly results have been resumed** and **individual meetings have been held** with institutional investors in which the dialogue on the business activity and the company's future have been re-established.

In addition, until completion of the financial restructuring in March 2017, the company continued with the efforts that began in 2016 to keep its investors (both shareholders and creditors) and shareholders informed on the progress of financial restructuring and to explain the details of this and the economic impact it would have on their investments in Abengoa.

Estas iniciativas se materializaron en las siguientes acciones:



- › Three **telephone conferences** through the **website** to present the quarterly financial results following the end of the restructuring.
- › A telephone and website conference to report on relevant corporate transactions (sale of 25 % of Atlantica Yield and the industrial agreement with Algonquin Power & Utilities Corp.).



Holding of several **meetings with key institutional investors** to obtain the necessary approval for the execution of the company's strategy, in accordance with the terms of the New Money.



Specific website section dedicated to the restructuring of Abengoa that contains:

- › **Five explanatory presentations** of the details of the restructuring.
- › Summary of all communications in the form of a **Relevant Fact to the CNMV** relating to this process from November 2015 to March 2017.
- › **Section on specific frequently asked questions (FAQs)** for each stakeholder: shareholders, bondholders, financial institutions, customers and suppliers. This section is constantly updated as the process makes progress.
- › **Specific contact details** within the company for shareholders, bondholders and financial institutions.



- › Management of around 5,000 applications through the **shareholder's mailbox**.
- › Telephone helpdesk for all shareholders, bondholders and custodians of bonds that had doubts about the restructuring process.



Number of visits to the **shareholders' website**: 101,483 visits, in Spanish and English equivalent to 4.19 and 5.12 % respectively, of all visits received at www.abengoa.com.



Extremely limited **communication with analysis agencies**.

The **main doubts and questions** of stakeholders in the **shareholder's mailbox** and through **telephone enquiries** were:

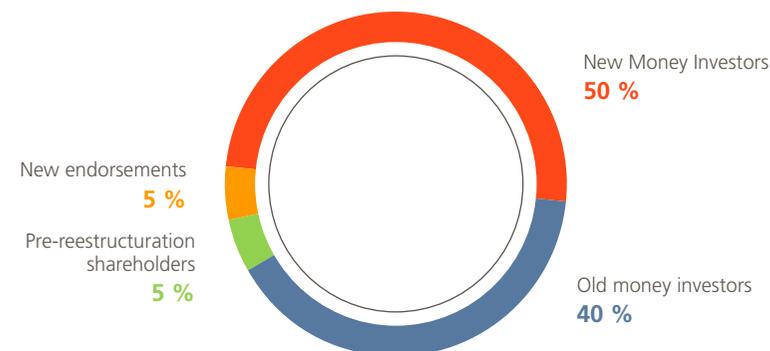
- › **Effect of the restructuring** for investors:
 - Dilution for existing shareholders and issuance of warrants.²
 - New debt instruments issued.
- › **Strategic plan** and financial results throughout the year.
- › **Progress in the sale of assets:** stake in Atlantica Yield and A3T cogeneration plant in Mexico.
- › Information on the different **consents** requested from **financial creditors**.

Shareholding structure

Abengoa's **shareholder structure** has undergone a **complete transformation** as a result of the financial restructuring. *102-5,102-7*

- › The **hitherto reference shareholders**, Inversión Corporativa and Finarpisa, saw their stake significantly diluted as a result of the capital increase.
- › The **suppliers of New Money** and the **new lines of endorsements** were awarded 50 % and 5 % of the capital, respectively.
- › **Existing creditors** that saw their credit restructured in Old Money were awarded 40 % of the capital.

Accordingly, the new ownership structure was as follows:



As a consequence of the financial restructuring, the former reference shareholders Inversión Corporativa and Finarpisa saw their stake reduced to 2.24 % and 0.30 %, respectively, and the main creditors of Abengoa prior to the restructuring became the main shareholders. On 31 March 2017, the main shareholders immediately following introduction of the restructuring were:

Name	Voting rights (%)
Banco Santander, S.A	9.63
Crédit Agricole CIB	8.77
Caixabank, S.A.	4.95
Bankia, S.A.	4.64
Banco Popular Español, S.A.	4.58
D.E. Shaw	3.62
Arvo Investment Holdings S.à r.l.	3.53
Banco de Sabadell, S.A.	3.18
Total	42.90

Since then, there has been a **high turnover in Abengoa's shareholders**, so that at present there are only two shareholders with significant holdings (above 3 % of the vote), according to its official communication to the CNMV:

- › Banco Santander, S.A. with 3.97 %.
- › Secretary of State of Commerce - Ministry of Economy, Industry and Competitiveness with 3.15 %.

Abengoa is a listed company with share capital of € 36,865,862.17³, represented by 18,836,119,300 shares fully subscribed and paid up, belonging to two different classes:

- › 1,621,143,349 shares belong to class A⁴, with an individual face value of € 0.02, which individually confer 100 votes.
- › 17,214,975,951 shares belong to class B⁵, with an individual face value of € 0.0002, which individually confer one vote.

The class A and class B shares are accepted for official trading on the Stock Markets of Madrid and Barcelona and on the Spanish Electronic Market (SIBE)⁶. The class A shares have been accepted for trading since 29 November 1996 and the class B shares since 25 October 2012.

Note 3 The figure following the issue of 17,894 million shares in the share capital increase carried out on 29 March 2017 as part of the financial restructuring, and the financing of the period to voluntarily convert class A shares into class B shares on 31 December 2017.

Note 4 Class A shares: shares that have 100 votes per share ([+ info](#)).

Note 5 Class B shares: shares that have one vote per share ([+ info](#)).

Note 6 Spanish Electronic Market (SIBE): an electronic platform for trading equity securities of the national stock exchanges that offers real-time information on the activity and trend of each share.

Share trend

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

During 2017, the price of the class B share suffered a downward adjustment of 95 %, mainly due to the effect of the financial restructuring. The class B share started the year at € 0.193 / share, in line with the end of 2016, reaching the year's high in the week prior to the implementation of the restructuring, on 24 March with € 0.265 / share. On 31 March, when the new shares issued in the restructuring began to be listed, the share price suffered a significant adjustment to € 0.024 / share, which reflected the dilution suffered by shareholders.

Since then the share has maintained a downward trend, characterised by the high volatility that facilitated continuous speculative movements and has little to do with news about the company's brand. Thus, share B closed 2017 at its minimum price of € 0.010 / share.

The class A share had an evolution parallel to that of the Class B share during 2017. Dilution during the year was 93 %, from € 0.409 / share at the beginning to € 0.028 / share at the end of the year. Likewise, in the week prior to the restructuring, share A reached its maximum of € 0.870 / share on 24 March, while on the 31st it suffered an adjustment to € 0.055 / share.



03. Management of capitals

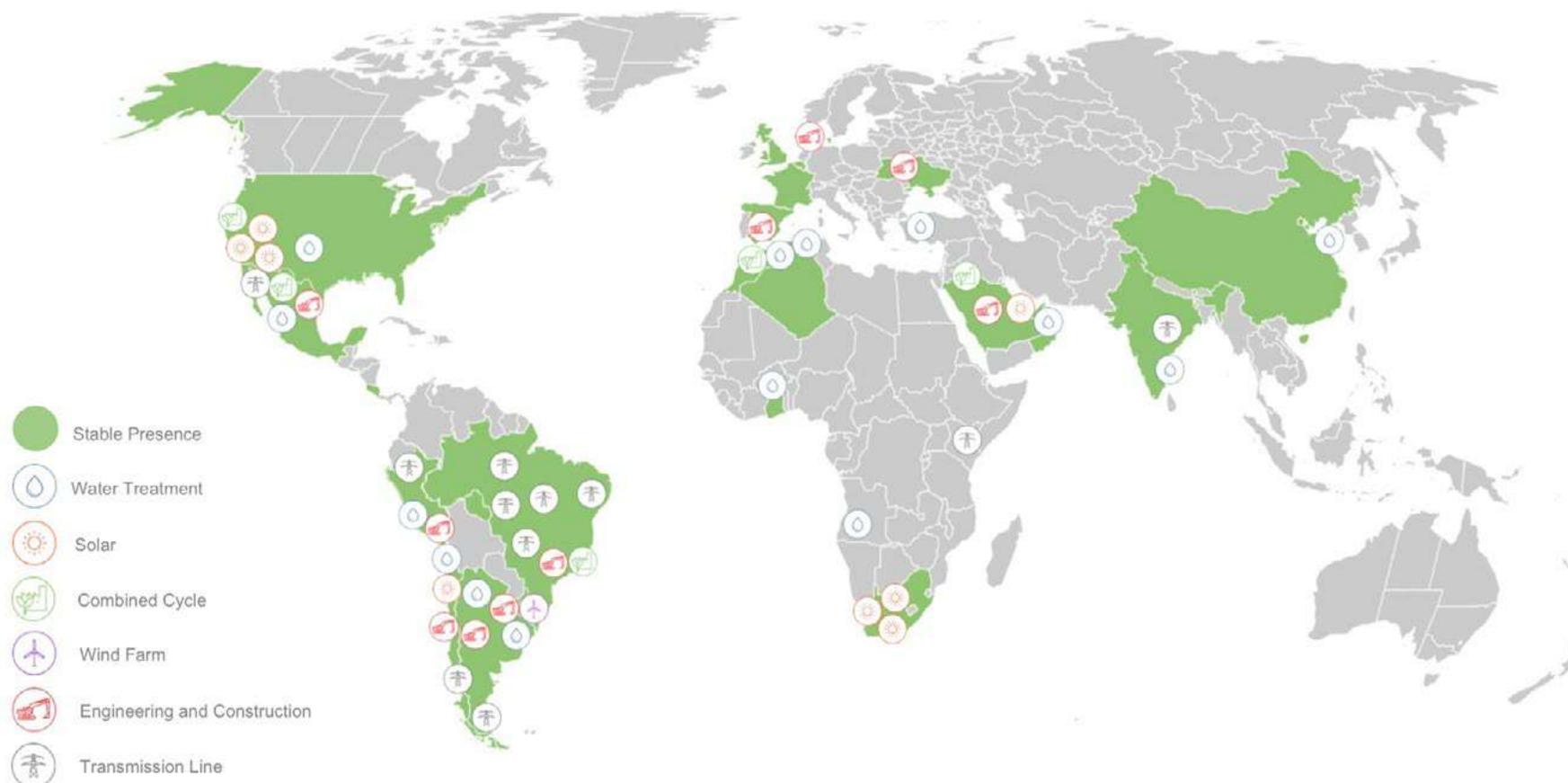
03.2 Industrial capital

Projects in which the company works

Abengoa performs its activities based on a vertical functional composition as well as a geographical criterion.

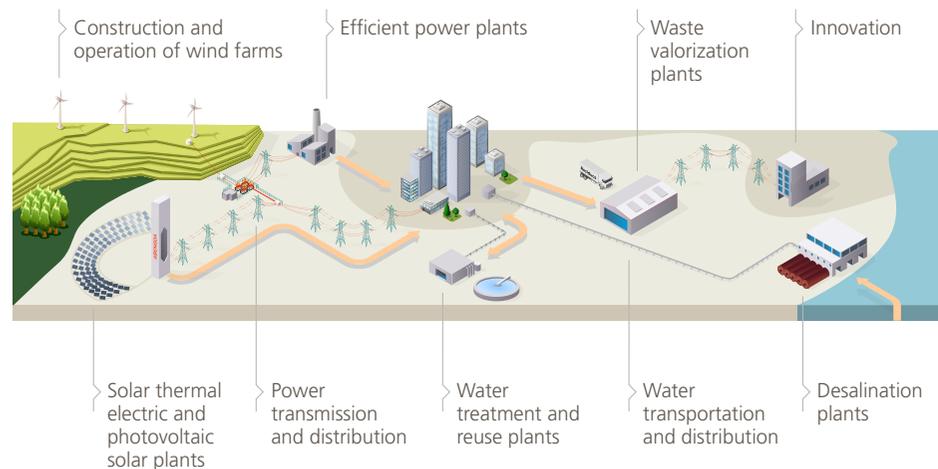
From the point of view of the products and services, these appear grouped in vertical sectorial areas, pooling, respectively, the activities of Energy, Water, Transmission and Infrastructure, and those of Services.

Geographically, there are countries and geographical regions that have a marked strategic nature for Abengoa -defined in its feasibility plan- and where the company is focusing its activity at this time. In these areas we must include South America (Argentina, Brazil, Chile, Peru and Uruguay), North America (United States and Mexico), Europe (Belgium, Denmark, France and United Kingdom), Africa (Algeria, Ghana, Kenya, Morocco and South Africa) and the Middle East (Saudi Arabia, United Arab Emirates, Oman and Qatar). In these countries, the company focuses its activity on both new EPC operations and management of remaining assets.



Projects by activity

Abengoa, having completed its financial restructuring process and faithful to what is established in its feasibility plan, performs its activity as a specialist in engineering and construction projects, in the energy, water, transmission and infrastructure sectors, and services.



 Energy	 Water	 Transmission and infrastructures	 Services
<ul style="list-style-type: none"> > Conventional generation > Solar power > Waste to energy > Eolic > Biomass 	<ul style="list-style-type: none"> > Desalination > Water treatment > Hydraulic infrastructures > Industrial water 	<ul style="list-style-type: none"> > Transmission and distribution > Railway > Installations and infrastructures > Auxiliary manufacturing > Engineering 	<ul style="list-style-type: none"> > Operation and maintenance > Manufacture of metal structures > Engineering and plant optimisation services

Despite what has happened in recent years, **the company continues to be a benchmark in the global EPC** (Engineering, Procurement and Construction) market. Proof of this can be seen in the new contracts obtained and the successful completion of reference projects as a result of the know-how acquired through more than seventy years' experience.

By areas of activity, these are the main milestones achieved by the company in 2017.

Energy



Image of the works that Abengoa is developing in Saudi Arabia in Waad Al Shamal plant.

Through its Energy business, Abengoa integrates the activities of business development, promotion, bids, engineering, technology and project performance, referring to the generation business, more specifically through combined-cycle plants, cogeneration, solar thermal plants, photovoltaic plants, windfarms, biomass and Waste To Energy (W2E). It covers the entire value chain of turnkey projects or EPC, from the commercial phase, design and basic and detail engineering through to construction and start-up.

Conventional generation



Combined-cycle power plant in Centro Morelos, Mexico.

Abengoa has 9 GW of installed power in conventional generation plants, split between single and combined cycles, conversion of single to combined cycles, motor and cogeneration power plants.

During 2017, Abengoa continued with the construction of the third 220 MW cogeneration plant, together with the Nuevo Pemex Gas Processing Complex in Mexico.

It also received provisional acceptance of the Centro Morelos combined-cycle plant in Mexico, which will produce 640 MW.

At plants that produce electricity using motors, it obtained final acceptance of the Baja California Sur IV power plant, Mexico, in operation since 2014, and which has installed capacity of 42 MW.

As a step forward in its feasibility plan, Abengoa secured the sale in Mexico of the Norte III combined-cycle plant.

Solar power



Photovoltaic plant developed by Abengoa in California.

Abengoa develops solar power generation plants using solar thermal technology and photovoltaic technology.

Power-tower solar thermal technology allows the production of electricity by concentrating the solar energy captured, through a field of heliostats, into a receiver located at the top of a 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 thermal parabolic trough technology (STEP) bases its performance on the collection of solar energy through a parabolic trough that allows the heating of a heat transfer fluid for the use of heat in a conventional thermal cycle. Abengoa is a pioneer in the construction of these types of plants, with more than 1,600 MW in operation.

Thanks to its extensive experience in the solar energy sector, Abengoa was selected in 2017 in two solar thermal projects in China to provide technology and engineering development. Specifically, it is the 50 MW LuNeng Haixi power-tower solar thermal plant in Qinghai province, and the 50 MW Royal Tech Yumen parabolic trough plant located in Gansu.

In Saudi Arabia, Abengoa continued in 2017 with construction of the plant that will be the largest hybrid solar-gas plant in the world, Waad Al Shamal, comprising a 1,390 MW combined-cycle power plant and a 50 MW parabolic trough solar field, set to produce a total of 1,440 MW of energy, coming from the combined cycle and the solar field.



Image of the Waad Al Shamal works.

Moreover, work finalised on the 14 MW Agua Prieta II solar thermal power plant in Mexico. This will be the first solar-gas hybrid plant in this country to be integrated with a combined cycle.

In addition, Abengoa obtained provisional acceptance of its third solar thermal plant in South Africa, Xina Solar One, with 100 MW of power, which uses parabolic trough collector technology to generate renewable, sustainable and manageable energy from the sun. This plant incorporates a thermal energy storage system with molten salts, capable of accumulating the energy necessary to supply it for an additional 5.5 hours, which allows it to contribute to satisfy the peaks of electricity demand that are recorded in the afternoon.

Abengoa designs and builds photovoltaic generation plants, optimising the design according to the characteristics of the land, using high, low or non-concentrated panels, as well as thin-film panels. Currently, Abengoa has 400 MW built and 100 MW under construction.



Image of the works developed at the photovoltaic plant of the Cerro Dominador solar complex. Copyright Cerro Dominador.

In 2017, the first 100 MW of the photovoltaic plant of the Cerro Dominador solar complex, developed by Abengoa, were connected to the network. The Cerro Dominador platform will also comprise a 110 MW solar power tower, which will be the largest in Latin America. Both plants are complementary, with the possibility of generating energy 24 hours a day.

Waste to energy

Waste To Energy has gained vital importance in recent years given the large amount of waste generated each year. In this regard, Abengoa also develops innovative solutions that contribute to sustainable development.

In 2017, Abengoa started the EPC works of the first plant that will produce biofuels from municipal solid waste in the USA. This plant will have the capacity to produce 10 million gallons of biofuels per year, which will be used in the aviation sector.

Water



Desalination plant in Almería (Spain).

Abengoa, through its Water business, acts as a global technological operator in this sector and integrates development, promotion, engineering, technology and project execution activities for industrial clients and public institutions. Moreover, it provides sustainable solutions to the full water cycle, both with regard to the scarcity of water resources, through large desalination and purification plants and hydraulic infrastructures, as well as protecting the environment, with the construction of plants to treat urban and industrial discharges. It covers the entire value chain of turnkey projects or EPC, from the commercial phase, design and basic and detail engineering through to construction and start-up.

Desalination



Image of the desalination plant developed by Abengoa in Almería.

Abengoa is one of the world leaders in the design and construction of this type of plant, with more than 20 large desalination plants in Spain, Africa, Latin America, the Middle East and Asia, for the production of drinking water or industrial water from seawater or brackish water, using conventional and advanced membrane processes. This allows the company to exceed 1.5 M m³/day of installed desalination capacity and close to 690,000 m³/day under construction. In addition, it is developing some of these plants under a concession model, offering customised solutions and guaranteeing the client an optimal result.

Thanks to its extensive experience in the desalination sector, in 2017 Abengoa obtained major achievements such as the award of the contract for the development of a desalination plant in the region of Agadir, Morocco, which will be the first one awarded in that country. In this contract, Abengoa will be responsible for the financing, development, engineering and construction, operation and maintenance of the same for 27 years.



Recreation of the desalination plant that Abengoa is developing in Morocco.

The plant will be able to produce 275,000 m³ of desalinated water per day and is considered the largest one designed for the combined use of drinking water and irrigation water. The contract contemplates the possibility of extending the capacity to 450,000 m³/day. It is a unique project that came about from the pooling of two projects. Firstly, the 50 % increase in the production capacity of the drinking water plant that Abengoa had been developing at 150,000 m³/day. And, secondly, the additional production of 125,000 m³/day of water for irrigation, as well as construction of the corresponding irrigation network for an area of 13,600 ha.



Image of the works that Abengoa is developing in Saudi Arabia.

In Saudi Arabia, the reverse osmosis desalination plant of the Shuaiba III complex, with daily capacity of 250,000 m³ was awarded. This project will guarantee the stable and quality supply for the cities of Mecca, Jeddah, Taif and Al-Baha.

In 2017, it also won the contract for the Susa desalination plant, capable of producing 50,000 m³ per day, which is our company's first project in Tunisia. Thus, Abengoa and the Tunisian Engineering Procurement & Project Management (EPPM) company will be responsible for the design, construction, commissioning and operation for a period of three months of this desalination plant, which has been designed for possible expansion up to 100,000 m³/day. This plant will produce drinking water from seawater that will be taken from the cooling water channel of the Sidi Abdelhamid power plant in Susa, belonging to the Tunisian Electricity and Gas Company.

In addition, in Oman, Abengoa was selected, as part of a consortium with Fisia Italimpianti, for construction of the Salalah desalination plant in the Dhofar region, with a capacity of 113,650 m³/day.

During this past year, Abengoa obtained final acceptance of a Ténès desalination plant in Algeria, the third one developed by the company in this country and which has the capacity to produce 200,000 m³ of desalinated water per day. Abengoa will continue to carry out the operation and maintenance of this plant, under a concession regime, initially planned for the next 25 years.

Water treatment



Detail of water treatment plant carried out by Abengoa.

Abengoa has an extensive track record with more than 90 plants built in Spain, Africa and Latin America, for the potabilization of water and also for treatment and reuse of wastewater of urban or industrial origin, through physical-chemical and biological processes, including treatments for digestion and recovery of sludge.

In 2017, the final acceptance of two water treatment projects was obtained, the improvement and expansion of the drinking water and sewerage systems of Boaco, in Nicaragua, and the supply to Ames and Brión, in Spain.

Hydraulic infrastructures



Power plant developed by Abengoa at the foot of the Itoiz dam.

Throughout its 70+ years of history, Abengoa has always been at the forefront of hydraulic initiatives, collaborating with public and private institutions in the implementation, improvement and operation of infrastructures for regulation, transportation (more than 40 pumping stations), distribution (more than 4 million people served), irrigation (more than 500,000 ha) and hydroelectric plants (350 MW installed in more than 30 activities —plant construction, improvement, upgrading, etc.).

During 2017, Abengoa obtained provisional acceptance of the smart network of water pipes of more than 400 km, located in the town of Denizli, in southwestern Turkey. This facility aims to provide supply and sanitation to the area, with a population of 600,000 inhabitants.

In India, the company continued with construction of the residual water pipe project in Roorkee (state of Uttarakhand), which connects the discharges from a population of more than 300,000 inhabitants. The provisional acceptance of this project is expected during 2018.

Industrial water



Industrial water treatment plant in Ence Pontevedra developed by Abengoa.

Abengoa has more than 25 years' experience in industrial water treatment, with more than 500,000 m³/day of treated water for different industrial sectors, such as power generation, steel production, paper industry, leachate, oil and gas, petrochemical, pharmaceutical, mining and food, among others. Abengoa brings a high level of specialisation, with the latest technological solutions to solve the current challenges in process water, reused water, wastewater, zero liquid discharge (ZLD), for industrial, private and municipal clients.

Thanks to the consolidation of its industrial water division, in process water treatment plants Abengoa was awarded the expansion of a plant for the production of demineralized water in the Norte Durango combined-cycle plant, and the water treatment and reuse plant in the Norte III combined-cycle plant, both in Mexico. The Norte Durango plant will have a daily treatment capacity of 1,000 m³ and will have the latest technology in desalination using CCRO (Closed Circuit Reverse Osmosis) and CDI (Capacitive De-ionization) modules. The Norte III plant will treat 1,700 m³/day.

Transmission and infrastructures



In Ukraine, Abengoa continues with construction of a 765 kV line along 187 km.

The Transmission and Infrastructure (T&I) business has been a leader in engineering and construction of infrastructure in the energy and industry sectors for more than 70 years. It currently integrates the areas of transmission and electrical distribution, railways, facilities and infrastructures and auxiliary manufacturing of electrical and electronic equipment.

Furthermore, the T&I business has an area specialised in engineering to support these activities, which also has the capacity to cover any technical need of the projects, regardless of the geographical region where they are located.

Transmission and distribution



In France, for the last 15 years, Abengoa has been working for the public French operator responsible for the transmission systems in France.

Abengoa is an international benchmark in the construction of transmission and distribution infrastructures, with more than 27,000 km of high and medium voltage power transmission lines in more than 20 different countries and with more than 330 high and medium voltage substations, both AIS (Air Insulated Switchgear) as well as GIS (Gas Insulated Switchgear), in 15 countries.

Regarding transmission lines, both aerial and underground, Abengoa carries out medium, high and ultra-high voltage projects, up to 800 kV worldwide. It has the capabilities to carry out works of all kinds, whether it be study, engineering, supply, assembly, live works, as well as the "turnkey" works which are analysed from their technical and economic viability, through to full completion of the same, and including the design and complete development of the project.

In substations, Abengoa covers the full range of high and medium voltage substations for different uses in electrical companies, evacuations of renewable plants, railways, etc. It has capacity and experience in all types of technologies: conventional AIS substations, GIS substations, hybrid systems (combination of AIS and GIS substations), as well as in all auxiliary services: fire protection, detection systems, air conditioning, telecommunications, control and protection, auxiliary electrical services, lighting, grounding, etc.

Projects and milestones achieved in 2017:

Spain

In Spain, Abengoa continues to develop several different and important projects in the transmission and distribution sector, and is one of the leading sector companies in Spain. Of particular note is the remodelling of a section of the Belesar-Mesón 200 kV line or the expansion of the Aldea Blanca substation in the Canary Islands.



Stretches of the Belesar – Mesón line.

France

In France, for the last 15 years, Abengoa has been working for the public French operator responsible for the transmission systems in France, carrying out construction, modification and dismantling of high-voltage lines, as well as works at substations. In 2017, the framework contract for high voltage lines was renewed for a further three years, for the 2018-2020 period.

Ukraine

In Ukraine, the construction of a 765 kV line along 187 km continues, and is expected to be completed for the second half of 2018.

Morocco

In Morocco, Abengoa continues to build 400 kV transmission lines in Oujda and a 225 kV transmission line in the Ouarzazate area for the country's electrical operator.

United Arab Emirates

During 2017, construction has been completed and the Faya-Shamkha electric transmission line has been commissioned.



Abengoa has carried out the construction of the Faya-Shamkha power line.

Oman

The 132/33 kV Al Dreez substation has been completed and put into service.

Construction work continues for the 132/33 kV substations in Samad and Sinaw, as well as associated high-voltage power lines, for the Omani power company.



Abengoa has put the 132/33 kV Al Dreez substation into service.

Railways



Abengoa carries out catenary works on different lines in the United Kingdom.

With more than 2,300 km of electrification of railway lines and 80 traction substations, Abengoa is an international reference in the development of railway projects for both conventional railways and high-speed rail, metro, tram and monorail.

It has capabilities to carry out turnkey projects for catenary, traction substations, communications, signalling, electrical installations in high voltage and low voltage, lighting, maintenance and ancillary services.

Abengoa has its own catenary technology: CAVE, designed for speeds of up to 350 km/h, and TkMk, design for speeds of up to 160 km/h, and it has one of the most advanced railway machinery ranges in the sector, highly sophisticated and with maximum functionality.

Projects and milestones achieved in 2017:

Spain

In the railway sector, it continues with the project of installation and maintenance of systems of protection, security and landlines along a stretch of 51 kilometres of railway between the provinces of León and Asturias, as well as the catenary and substations installation works for the administrator of railway infrastructures (ADIF) in Spain.

Work continues on the electrification of the Monforte-Murcia section corresponding to the Madrid-Levante High-Speed Line.

United Kingdom

As part of the 2014-2019 framework contracts for the English railway operator, engineering and installation work continues on both catenary and traction substations on different railway lines in and around London.



Works developed by Abengoa in the United Kingdom.

France

As in previous years, the company has also performed catenary and traction substation projects for the French railway company, in various parts of the country.

Saudi Arabia

Final phase of the construction of the Mecca-Medina high-speed line, in which the first test trip of the complete line has already been successfully completed.



Abengoa takes part in the construction of the high-speed line between the cities of Mecca and Medina.

Installations and infrastructures

Abengoa builds facilities and infrastructures for the development and construction of all kinds of plants (conventional and renewable generation, oil&gas, food and paper, etc.) and singular buildings (hospitals, prisons, cultural, educational and administrative centres) and equips them to make them habitable and efficient, incorporating the design, supply, manufacture, assembly and testing of systems as well as operation and maintenance.

The main activities are: electrical and mechanical installations, instrumentation and control, air conditioning, water and fire prevention, fixed and mobile communications, control systems for plants and buildings, installations for renewable plants, power systems for data processing centres, as well as the maintenance associated with this type of activities.



400/22kV substation that Abengoa is developing at ITER.

The main projects and milestones achieved in 2017 were:

Spain

- › Abengoa has been awarded the installation project of medium voltage distribution centres of the Torrecárdenas Shopping Centre in Almería.
- › The project for the installation of power and lighting of the New School of Nursing of San Juan de Dios in Bormujos (Seville) is still in progress.
- › Abengoa has been awarded a project to adapt the low voltage installations of the Puerto Real Factory (Cádiz) to the regulations.
- › Work continues on voice and data installations corresponding to the maintenance and opening of stores and logistics centres in Spain.
- › Work continues on electrical maintenance and instrumentation in various industrial plants.
- › Deployments have been made of networks of mobile, radio and fibre-optic operators, as well as the installation of telecommunications structures or GSM-R installation.
- › Works continue in the project to repair feeder 1 of the US military base in Morón de la Frontera (Seville) for the US Air Force Department.

Belgium

Abengoa continues with the execution of the project for development of the mechanical facilities of the new building of the University Hospital Centre of Liege.

Denmark

In Denmark, Abengoa is continuing work on the electromechanical facilities of a new 56,000 m² hospital complex in the town of Herlev.



Abengoa develops the electromechanical facilities of a hospital in Herlev (Denmark).

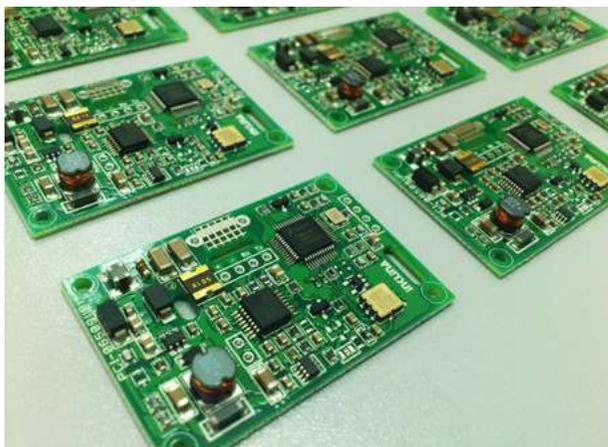
France

The company continues with construction of the TB06 package of the International Thermonuclear Experimental Reactor (ITER) project with the installation of the seven bays of two 400/22 kV substations.

Morocco

With the main telecommunication operators, it continues with the low and medium voltage electrification of the GSM stations, as well as with the deployment of the GSM network throughout Moroccan territory.

Auxiliary manufacturing



Detail of electronic cards for measuring the slope of solar collectors (inclinometers).

Abengoa has a production centre for electrical and electronic panels with more than 3,400 m², focused on the energy, oil&gas, aeronautics, renewable energy, defence, aerospace, traffic and rail transport sectors.

This centre specialises in the manufacture of low voltage switchboards, cabinets for telecommunications, video surveillance and access control, electronic cards, control equipment and integrated electronics, racks, ticketing equipment, power supplies, control and command consoles, test benches and test equipment, etc., as well as in the design of prototypes and first series, given its own design capacity, software and hardware.

Projects and milestones achieved in 2017:

Spain

- › The manufacture of electronics for the traffic, transport and defence sectors continues to make progress. Among them worth highlighting:
 - Manufacture of power distribution boxes (PDB) for armoured vehicles, AJAX programme.
 - Manufacture of ground test equipment and interconnection wiring for the aeronautical sector.
 - Manufacture of urban traffic control equipment and access control.
 - Manufacture of on-board command and control consoles for navy frigates.
 - Manufacturing of power converters.

Engineering



Detail of transmission line in France.

This area has a multidisciplinary engineering team, highly qualified and able to adapt to any environment. It specialises in the development of engineering applied to transmission works and infrastructures described in the previous sections.

The main engineering activities are: design of transmission lines, substations of any type (GIS or AIS), railway electrification systems (catenary and traction substations), civil works, as well as industrial, photovoltaic or wind installations. In addition to any type of design associated with the systems described above, such as electrical, mechanical, electrical simulation, electromagnetic compatibility studies, short circuit studies, RAMS studies (Reliability, Availability, Maintainability & Safety), protection and control systems, communication systems, protection and control, energy storage systems, maintenance plans, etc.

Projects and milestones achieved in 2017:

UK

- › In 2017, Abengoa completed the design work on GRIP3 phases of 44 km of double track type I catenary, between the sections of Southcote and Basingstoke.
- › Having completed the design and construction work and adaptation of the existing facilities for the construction of three new auto-transformation centres between the Gospel Oak to Barking Electrification zones, within the Southern Region. GOBE TP.
- › In 2017, Abengoa has completed the design in phases of GRIP2 and GRIP3 of the construction unit no. 17 of the Gospel Oak to Barking Electrification project. GOBE OLE-CU17.
- › During 2017, Abengoa completed the GRIP5 phase design of the GEML project, consisting of the design of a 400/55 kV auto-transformer centre for railway traction. It is currently in the phase of GRIP6-7.

Chile

- › In 2017 the design works and RAMS studies for line 6 of the Chile Metro were completed. Currently, work on line 3 of Metro is also underway.



Line 6 of the Chile Metro.

France

- › During 2017, the design of the Plaisir substation was finalized, consisting of the design of a 63/1500 Vdc traction substation for SNCF.
- › In 2017, Abengoa completed the design for the remodelling of the 1,500 Vcc catenary between the Paris-Bercy sections. These works have involved the calculation and design of support brackets, suspension hangers, structures, foundations, justificatory calculations of assembly, development of assembly cards, layout plans, cards for supplies and delivery of work materials list. In 2018, the As built works will be delivered.

Saudi Arabia

In 2017, the design work of the Mecca-Medina project has been completed. These works have involved the design and calculations of support brackets and suspension hangers of more than 235 km of high speed catenary, in addition to the development of construction designs for the construction of the two traction substations, 10 auto-transformation centres and more than 30 technical buildings of Abengoa distributed along the entire line.



Image of the Mecca - Medina project works in Saudi Arabia.

Services



Major inspection in the gas turbines of the ISCC Plant Ain Beni Mathar (Morocco).

One of Abengoa's highest priorities is to guarantee quality and compliance with environmental standards in the infrastructures it manages and in the services it offers, ensuring the performance of its activities with the strictest standards with regard to the prevention of occupational hazards. All this in harmony with our vision of safe, reliable, efficient and profitable work that is focused on sustainable development.

The Abengoa Services vertical focuses on the following business areas:

- › Operation and maintenance
- › Factories for metal structures
- › Engineering and plant optimisation services.

Operation and maintenance



Vehicle for cleaning the parabolic troughs.

Abengoa provides operation and maintenance (O&M) services in the energy, water and environment sectors. With more than 18 years' experience in O&M, it performs predictive, preventive and corrective maintenance, as well as computer-assisted maintenance at electricity, thermal, renewable and conventional plants, water treatment plants, waste treatment plants, hydraulic and environmental infrastructures.

Abengoa thus ensures the correct functioning of the asset during its useful life. In the design phase of the facility, the constructor and/or the owner of the future asset take into account the operator's point of view to optimise the life and performance of each facility.

Abengoa is a benchmark in the O&M of solar plants of which it has a commercial experience of 1,648 MW, of all commercial technologies (photovoltaic, solar thermal, hybrid with conventional cycles). Specifically, Abengoa is the company with the highest solar thermal capacity operated worldwide.

In 2017, Abengoa carried out the mobilisation phase and has started to operate and maintain the Cerro Dominador PV photovoltaic plant, located in the Atacama desert (Chile), with a total installed capacity of 100 MW. This is the photovoltaic plant with the highest power operated and maintained by Abengoa.

In August 2017, Abengoa started the O&M phase for the 100 MW Xina Solar One solar thermal plant, with parabolic trough technology. In addition, Xina incorporates a thermal energy storage system with molten salts, capable of accumulating the energy necessary to supply it for an additional 5.5 hours.

In the water sector, Abengoa supplies O&M services in desalination plants with a production capacity of more than 283 million m³/year.



Operation and maintenance work at the desalination plant in Accra, Ghana.

The company operates seawater desalination plants throughout the world, using different technologies. Abengoa has built desalination plants for production of more than 1.5 M m³/day and has its own technology for continuous monitoring of the plants it operates. This monitoring system allows it to operate and maintain the desalination plants in

an optimal and efficient way, which enables the company to take the most appropriate operation decisions at all times. It currently supplies O&M in seven plants located in Spain, Algeria, India and Ghana.

Abengoa currently operates more than 650 MW in cogeneration, hydroelectric power stations and conventional plants, and the company is a pioneer in the O&M of hybrid solar-gas plants.

At the end of 2017, Abengoa launched the mobilisation phase for the O&M of the high efficiency cogeneration A3T, a 220 MW combined-cycle plant in the state of Tabasco (Mexico).

Manufacture of metal structures

In 2017, Abengoa O&M, through the Eucomsa and Comemsa factories, produced a total of 22,420 t of metallic structures for a total of 16 and 17 projects in the world, respectively.

Engineering and plant optimisation services

Abengoa provides consulting and advisory services for the implementation of O&M in conventional and renewable electric power production plants and desalination plants. It also develops quality, environmental and health and safety programmes for O&M and conducts O&M consultancy at power generation and desalination plants for the purpose of optimising and improving its O&M processes and programmes.

See main references services in [Appendix](#).

Projects by geography

102-03, 102-04, 102-06

Abengoa's activity during 2017 was carried out mainly in the following geographical regions.

Latin America

Argentina



In 2017 Abengoa was awarded the construction of the '25 de Mayo' transformer station.

The company has been in the country for over 50 years, during which it has become a benchmark in works associated with the transport and transmission of electric power in high and ultra-high voltage.

In 2017, contracts were signed, among others, for carrying out works of special importance, which will be executed during 2018:

- › The new 500 kV '25 de mayo' transformer station
- › The new 345 kV Altiplano switching station
- › The adaptation in the electricity system of the Buenos Aires metro



Abengoa's works in the electricity system of the Buenos Aires metro.

Likewise, the company continues with the execution of the 500 kV transformer station of Vivotará, and with completion of the expansion of the Chaco 500/132 kV transformer station.

The main challenge for 2018 is to ensure that the Argentine market identifies the company as a benchmark in electric power generation works, both conventional and renewable, as well as in the construction of aqueducts, water treatment plants and sanitation. Another objective is to secure new projects, through the system of Public Private Participation (PPP).



In 2017 Abengoa was awarded the new Altiplano switching station.

Brazil



The company performs operation and maintenance tasks on more than 3,000 km of transmission lines.

Abengoa has been present in Brazil for more than 20 years, during which it has developed innovative technological solutions in the energy and environment sectors.

In 2017, the company reached a restructuring agreement, lawfully approved, with its creditors, from which a process of implementing a new business plan began. This plan, in line with the organisation's strategy, is based on the sale

of concession-type assets and focuses the business on the construction and operation and maintenance of infrastructure activities.

The main activities developed in 2017 were the following:

- › O&M of transmission assets: more than 3,200 km of transmission lines and substations.
- › O&M and management of the PPP of the North Zone Hospital of Manaus, with capacity for 350 beds.
- › Construction of reinforcements in 230/138 kV substations in Videira (SC) and Foz de Iguaçu (PA).
- › Rental of machinery for construction of transmission lines.



Abengoa is currently responsible for the operation and maintenance of the North Zone Hospital Manaus.

Brazil, despite its economic situation, continues to offer great business opportunities since it is one of the most attractive markets to invest in, being the prime economy in Latin America and the ninth in the world.

For 2018, the main objective, besides continuity of operation and maintenance and rental of machinery, is to increase the volume of construction contracts to re-position the organisation as one of the main benchmarks in the energy transmission sector.

Chile



Reforestation associated to the environs of the 220 kV Puente Negro electrical substation.

The company has been operating in the country for more than 30 years, focusing its activities on electricity transmission and infrastructures. In addition, it has extensive experience in engineering and construction activities in electromechanical and renewable energy works, satisfying the needs of the mining and energy sectors. In the same way, the company performs O&M tasks at renewable energy plants and in the electricity transmission sector.

During 2017, the following projects were carried out:

- › Supply of the electricity system for the project of lines 6 and 3 of the Santiago Metro.
- › Construction, assembly and electricity supply of the 23 kV line - Oxido - Encuentro (OXE) project, Minera Centinela.
- › Engineering, supply, construction, assembly, testing and commissioning of the 220 kV Puente Negro substation, in Colbún (SA).
- › Construction of the 2x220 kV line Los Cóndores - Ancoa, and the electrical substation.
- › Relocation of the transmission line under the OHL project, and of the ZEAL project for Chilquinta Energía.

- › Replacement of 110/12 kV transformer no. 1 at the San Felipe substation.
- › Increased capacity of the 110/23 - 12 kV Las Vegas substation.
- › Increased capacity of the San Antonio substation.
- › Increased capacity of the 1x220 kV line Cardones - Carrera Pinto - Diego de Almagro.
- › Construction of the 100 MW Atacama I photovoltaic plant, of the Cerro Dominador solar complex.
- › Installation of the V55 fan for the El Teniente mine, the largest underground copper mine in the world.



Switching station of the Atacama I project, of the Cerro Dominador solar complex.

For 2018, Abengoa aims to consolidate management of excellence with the new structure and business strategy, as well as adapt management systems to the single certificate model.

Peru



In 2017, Abengoa was awarded the electromechanical assembly of the Rubí - Montalvo transmission line.

The activity of Abengoa Peru has a trajectory of more than two decades through engineering and construction for the development of projects in the mining, energy, water, industry, oil & gas and infrastructure sectors.

The company offers integral solutions to customers, with special attention to civil, hydraulic and electromechanical projects, as well as the operation and maintenance of transmission systems.

Throughout the last decade, the Peruvian economy has presented the fastest exponential growth in Latin America, in a country that will continue to allow our participation in all sectors of interest to us.

In 2017 the company has been awarded several projects.

- › **Transmission & distribution:** Abengoa was awarded the relocation of the 138 kV and 69 kV transmission line at the Botiflaca and Pushback substations, owned by Southern Copper Peru Corporation, in the Moquegua

region. Likewise, the electromechanical assembly of a section of the 220 kV Rubí - Montalvo transmission line was awarded, through which the Rubí solar power plant, owned by Enel Green Power, would discharge power. Moreover, we were awarded completion of the works in the Shahuindo electric substation owned by Tahoe Resources.



In 2017, Abengoa was awarded the relocation of the 138 kV transmission line.

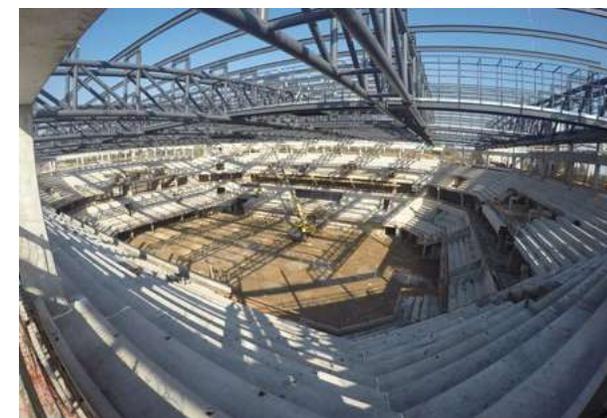
- › **Engineering:** in this sector, the design of the electric transmission system for the Minas Justa de Marcobre project was awarded, at 220 kV, and engineering work was also carried out for the company Engie Perú, at 500/220 kV.
- › **Hydraulic projects:** during the past year, the company was awarded the civil works of the Santa Lorenza I hydroelectric plant, owned by Generación Eléctrica Santa Lorenza. The generation project obtained a 20 MW concession through a renewable energy auction with the Peruvian government, through its policy of being committed to the generation of energy from renewable resources. The company was also awarded the energy rating works at 13.8/4.16 kV at a new desalination plant

with capacity of 30,000 m³/day, as well as civil works in complementary areas of the expansion of the mining project owned by Shougang Iron Peru.



Conveyor belt.

Uruguay



Abengoa is working on the new entertainment complex in Montevideo, the Uruguay Antel Arena.

The company was established in the country almost 40 years ago. Since then it has taken part in the main infrastructure projects in Uruguay and has become a benchmark in construction and a key element in the performance of large investment projects, both public and private, with solid experience in the execution of EPC contracts.

Specifically, Abengoa has performed more than 400 projects, including approximately 450,000 m² built, more than 100 hydraulic works, numerous industrial projects and 70 electrical projects, and is the country's main private developer of wind farms.

Its business is divided into four main areas: construction, environment, forestry and O&M.

Among other smaller projects, in 2017 work continued on the rehabilitation of two railway stretches. A section of 133 km in length between the towns of Piedra Sola and Algorta, and another one of 194 km in length between Algorta and Salto Grande.



Abengoa's railway rehabilitation works in Uruguay.

In addition, progress was made in construction of the first multifunctional complex in Uruguay, the Antel Arena complex, in Montevideo, a building designed to house sports, cultural and social events.

The contract, signed with the National Telecommunications Administration (Antel), involves the construction of a five-story building with a total area of approximately 40,000 m², its front

and rear esplanade (logistics area), as well as the construction of an independent open amphitheatre.

A milestone during the year of the project was the assembly of the eight main beams weighing 70 tonnes and almost 80 metres each in length, a complex manoeuvre that is rare in Uruguay.

Likewise, the completion of the work and commissioning of a wind farm in Campo Palomas (Salto) took place. The park has 35 wind turbines of 2 MW each and provides 70 MW to the national energy matrix.



In 2017 Abengoa finalised construction of the Campo Palomas wind farm.

2017 also saw completion of the work and the beginning of the start-up of the prison in Punta de Rieles (Montevideo). This is the first project in Uruguay contracted within the framework of the Public Private Participation (PPP) law, which also represents a new prison management model in the country. The project involved the design, financing—with an initial investment of approximately 120 million US dollars—, construction and fitting out of a state-of-the-art prison with a capacity of 1,960 places.

In the operation phase, which will begin in 2018, the feeding, cleaning and pest control service, laundry, infrastructure maintenance and equipment maintenance will be provided for a 25-year period.



Image of the Punta Rieles prison, built by Abengoa in Uruguay.

North America

United States



View of Solana, a solar thermal plant developed by Abengoa in Arizona, owned by Atlantica Yield.

Investments in energy and water infrastructure continue to grow in North America, where the company is focused on the key markets for power generation, such as photovoltaic energy, energy storage, bioenergy and waste management, transmission lines and substations, power plants, treatment and desalination, and in the area of services, management, operation and maintenance of facilities.

In 2017, the company began construction of a bio-refinery to obtain biofuel from municipal solid waste (MSW) in Nevada. This plant will have the capacity to produce 10 million gallons of biofuels per year, which will be used in the aviation sector.



Recreation of the W2E plant developed by Abengoa in the United States.

In the United States, Abengoa continues to provide O&M services at two of the largest solar power plants in the country: Solana, in Arizona, and Mojave, in California. Both have been developed by Abengoa and are owned by Atlantica Yield.

In addition, we continue to provide programmes and project management services for the [Keck Centre for Science and Engineering](#), measuring 13,000 m², a high-technology research and teaching laboratory at Chapman University.

Mexico

Abengoa has been present in Mexico for more than 35 years, during which time it has carried out various projects of conventional and renewable energy generation, transmission and distribution of energy, electromechanical installations and hydraulic infrastructures, among others.

Mexico represents a priority market for the company as a consequence of, inter alia, the liberation of the energy sector, the size of the market and the company's experience and knowledge of it. Accordingly, Abengoa has its own structure in Mexico aimed at achieving the targets set out in the strategic plan. However, in 2017 the activity was affected by the continuance, throughout the year, of the competitive situation in which had been immersed since December 2016, but which it managed to extricate itself from at the beginning of 2018.



Aerial view of the A3T efficient cogeneration plant, which is being developed by Abengoa in Mexico.

In 2017, some projects could be carried out:

- › **Centro Morelos combined cycle (640 MW):** received provisional acceptance (PA) of the first combined-cycle carried out entirely by the company.
- › **Agua Prieta parabolic solar thermal plant (14 MW):** received provisional acceptance of the country's only solar thermal complex, which will be integrated into a combined-cycle plant, thus representing the first solar-gas hybrid plant in Mexico and Latin America.
- › **Efficient A3T cogeneration (220 MW):** continuation of the project works, with a global advance of more than 95 %.
- › **Divestiture of the Norte III combined cycle (906 MW).**



Parabolic trough collectors of the Agua Prieta II solar-gas hybrid plant, of which Abengoa has been responsible for the 14 MW of solar power.

Thus, for 2018, and extricated itself from the insolvency situation, Abengoa considers the main targets to be recommencement of the activity, finalisation of negotiations arising from the waiver without liability presented in 2017 of the Zapotillo aqueduct project, and to sign the power purchase agreements (PPA) for 100% of the capacity of the A3T plant, achieving the start-up and divestiture of the asset.

Africa

Morocco

In Morocco, through its subsidiaries, Abengoa offers public and private clients all products and services in the areas of water, energy, transmission and services, with the transmission and distribution branch having the greatest presence historically in procurement, following more than three decades in the country.

The company is also present in the telecommunications sector with framework contracts with the main operators, both in fibre optics and GSM, with Orange and INWI, the Moroccan operator. These framework contracts consist of maintenance works or expansion of existing telecommunications infrastructures.

Morocco has been a market with sustained growth for a decade, which has developed energy and water policies equipped with the appropriate regulatory frameworks to encourage investment and competition from international operators.

In 2017, the activity focused mainly on the development of transmission line works, particularly the evacuation line for renewable plants in the Ouarzazate area, more specifically the Noor plant, promoted by Acwa. Another significant work due to its strategic nature is the Meloussa line associated with the construction of the high-speed line that will connect Tangier with Kenitra.

Furthermore, Abengoa signed agreements in mid-2017 for the development of the Chtouka-Agadir desalination plant with capacity of 175,000 m³/day. This strategic project for Morocco is also a milestone for the company because of its characteristics, given that it will provide desalinated water for urban use and for irrigation of 16,000 ha.



Image of the works developed by Abengoa in Morocco for Orange.

Abengoa's main challenge in 2018 is the launch of the works of the Chtouka-Agadir desalination plant, although the company is faced with other challenges, both in water - Dakhla project - and in energy, the Mildet CSP project, which will be the largest project that Abengoa will undertake in this region in the medium term in the country.

South Africa



Khi Solar One has a capacity of 50 MW and two hours of storage.

The company started its activity in South Africa in 2009. It was in November 2011 when Abengoa was awarded the first two solar thermal projects in the country's first round of the "Renewable Energy Independent Power Producer Procurement Programme (REIPPP)". These projects were developed and jointly financed by the company and its local partner Industrial Development Corporation (IDC).

Specifically, they consisted of the promotion, engineering, construction and subsequent operation of two solar thermal power plants:

- › **Kaxu Solar One:** a solar thermal plant with parabolic trough technology, with a generating capacity of 100 MW and 4.5 hours of storage.
- › **Khi Solar One:** a cutting edge plant that uses power tower solar thermal technology with a capacity of 50 MW of electricity production and two hours of storage.

Both plants produce clean electricity for the distribution grid of South Africa and contribute to the local economic development established in the REIPPP programme.

In 2017, the commercial operation of the third solar thermal power plant in the country took place: XiNa Solar One, with a generating capacity of 100 MW and six hours of storage using molten salts.



XiNa is the third solar thermal plant in South Africa and has been developed by Abengoa and its local partner Industrial Development Corporation.

Together, the three plants in operation contribute to the local economic development and with 250 MW of energy to the national grid. They cover almost all the electricity consumption of the Northern Cape province, of almost one million inhabitants.

2018 will be a key year for the company in this country, since the main objective has been to reactivate the investment in renewable energies, resuming the energy projects that were suspended.

In addition, due to the major droughts that have plagued the country in recent years, South Africa has launched an ambitious infrastructure and water project plan, so the construction of four large desalination plants supported by the

World Bank is expected in the short/medium term, as well as construction of new wastewater treatment plants at municipal level.

Middle East

Abengoa is present in the Middle East in countries such as Saudi Arabia, Kuwait, United Arab Emirates (UAE), Oman, Qatar, Bahrain and Egypt. These are high growth markets in which the company has a large portfolio of projects and opportunities.

Over the last year, Abengoa has been awarded new and interesting projects such as a desalination plant in Oman, 40 km from the town of Salalah, with reverse osmosis technology that it will develop together with Fisia Italmipianti; as well as another desalination plant with a supply capacity of 250,000 m³/day through reverse osmosis to be located in the Shuaibah III complex in Saudi Arabia, also in partnership with Fisia Italmipianti.

The company also continued with the development of Waad Al-Shamal, the largest hybrid solar-gas plant in the world, comprising a combined cycle of 1,390 MW of power and a solar field of 50 MW parabolic trough collectors, also in Saudi Arabia. This project is being developed together with General Electric.

Innovation

ID1, ID2, ID3_4

The Innovation area allows Abengoa to improve the performance of its current products and develop both new products and businesses.



100 MW electric motor converter.

Main figures	2017	2016	2015
Investment in R&D and innovation (€ thousands)	621	4,762	345,200
Personnel	25	232	797
Cumulative patents granted since 2008	395	294	394

This area encompasses three major sectors: aerospace, electric power systems and hydrogen, executing both commercial and technological development projects, focusing its activity on European countries.

- › **Aerospace:** this line has the design, manufacturing and testing capabilities of power distribution, monitoring and control systems for the aerospace, defence and scientific sectors. One of the main milestones in 2017 was the obtaining of new contracts such as those signed with ELV and Airbus DS.



Abengoa is in charge of designing, manufacturing and validating the automatic testing equipment of the European VEGA launcher. Image © ESA-David Ducros.

ELV is the first main contractor of the European VEGA launcher, designed to launch small satellites in low orbits and which has been operating successfully since 2012. Currently, ELV is developing a new version of the launcher, in which Abengoa is in charge of designing, manufacturing and validating the automatic test equipment (ATE) that will be used in the launcher's qualification campaign during the Electro-Magnetic Compatibility (EMC) tests, which will be carried out on the Upper Composite (UC).

In addition, in 2017 Abengoa conducted the manufacturing and validation of the automatic test equipment for two of the critical units of the new European launcher Ariane 6: the CMFU (Centralised Multi-Functional Unit), a unit that performs the functions of a mainframe computer, management of telemetry and remote controls, and power control and distribution; and the PFU (Pyro Functional Unit), which manages all the pyrotechnics of the future launcher.

- › **Power electrical systems:** focused on the design and development of electrochemical storage and control solutions (lithium-ion batteries, flow batteries, supercapacitors, etc.) with the aim of improving the quality of the electrical network and favouring the integration and manageability of renewable energies. The main milestones in 2017 were participation in projects such as Pegasus and Flexitransstore.
 - i. **Pegasus** is an EU-funded project within the first call of the Interreg MED Programme, the aim of which is to boost the introduction of microgrids (micro-networks). It is a project carried out in partnership with energy agencies, local public authorities,

SMEs, large companies, research centres and universities in nine countries in the Mediterranean area.

- ii. **Flexitranstore**, a project whose main objective is to increase the flexibility of the European electricity system and increase the penetration of renewable energies, focusing not only on infrastructures, but also on the demand, generation and integration capacities of energy storage. As a result, eight demonstrators will be set up in different areas of the electrical system. Abengoa is responsible for one of these demonstrators, designing, installing and remotely operating a storage system in an electrical substation, acting as an active distribution node.
- › **Hydrogen**: development of technology for the production of hydrogen, as well as its use in industrial, energy, transport, aerospace or naval sectors.



Hydrogen service station.

The company has extensive experience in the design, construction, integration and testing of different technologies in the area of hydrogen and fuel cells, developing power generation plants with fuel cells, hydrogen production systems, service stations and offering assistance and advisory services for customised systems that meet the client's needs.

One of the main challenges that remains to be tackled in this sector is the optimisation of costs so that the technology can be more competitive. This is why Abengoa participates in the Grasshopper project, funded by the JTI (European Commission) with the aim of creating the next generation of fuel cell power systems, at the MW level and with investment costs estimated at around € 1,500/kWe. The project, presented in consortium with such major players as NedStack, Johnson Matthey, Zentrum and the Politecnico di Milano, was approved at the end of 2017 with a launch scheduled for 2018, and in which Abengoa is chiefly responsible for carrying out all the plant's BoP (Balance of Plant).

Main lines of technological development

R&D and innovation in the solar thermal area



XiNa Solar One, parabolic trough collector plant with storage developed by Abengoa in South Africa.

In the sector of solar thermal energy, Abengoa continues to be a technological reference thanks to its ongoing effort to promote the innovation of its products. To this end, it continues to develop R&D and innovation projects in this area. This will help it identify new lines of business and acquire new skills that will keep it positioned in the market as a consolidated brand.

Among its major achievements is the portfolio of technological solutions adapted to the manageability of energy demand that Abengoa maintains. Thanks to its know-how, it has been able to design a new generation of renewable energy plants that satisfy at a single facility the low cost of photovoltaic energy (PV) and the management capacity of thermal solar energy with thermal storage. In this latest period, Abengoa has developed and optimised the so-called "Smart Solar Plant", where a major saving of the prices of solar energy is expected thanks to the plan for development and optimisation of components implemented at Abengoa.

So, thanks to the work performed in the area of solar thermal technology, 2017 has been a year in which Abengoa achieved the following technological milestones:

- › **Parabolic trough collector technology** has reached a new milestone with the commissioning of the Xina Solar One plant, with 100 MW of power and 5.5 hours of energy storage. This plant has incorporated new advances in the development of solar components such as the commercial implementation of the large aperture collector structure designed

entirely by Abengoa, the implementation of a new receiver tube with a larger diameter and, finally, an optimised design of the tanks of molten salts where a significant reduction in the salt inventory has been achieved.



Large-aperture collector installed in Xina.

› **The central receiver technology** remains the most promising in solar power generation. Among the different CSP technologies available, solar towers will dominate the market for solar thermal power plant projects thanks to the lower energy cost generated by higher efficiency and direct thermal energy storage capacity than the parabolic trough plants. In solar thermal tower plants, the ongoing improvement in the efficiency of thermal energy capture is critical, as is optimisation of the solar field cost. Therefore, in 2017 we worked on several lines simultaneously:

- I. Azimuthal and elevation positioning system with new high-precision sensors applied to both axes with an optimisation of their arrangement on the structure of the heliostat.
- II. The development of a closed-loop control of heliostats system, which will allow the calibration of a solar field focus of up to thousands of concentrators automatically, quickly and easily.
- III. Development of tools for receiver temperature control that improves control and allows work with greater incident flow.
- IV. Study of dynamic behaviour mechanisms of molten salts in the receiver.



Image of the tower and receiver of Khi Solar One, in South Africa.

- › Likewise, Abengoa continues to participate in European projects where it encourages the **creation of international partnerships** and focuses on new developments of high temperature technology. Firstly, Abengoa is a partner in the H2020-Solpart project, the aim of which is to demonstrate on a pilot scale the viability of the use of solar energy in cement production, one of the most energy-intensive industries today. Furthermore, Abengoa also participates in the H2020-Sun-to-liquid project, the aim of which is the complete validation of the production process of hydrocarbon fuels from water, CO₂ and solar energy.

Following this strategic line, Abengoa has proposed a **roadmap for 2018**, establishing continuance of the **works to optimise tower technology** with molten salts based on nitrates at a higher temperature. This entails optimisation of the components based on the new temperature and considering the transience of the energy received. In addition, it presents the challenge of optimising the working temperature, which requires the development of techniques to inhibit the degradation of salt at a temperature higher than 565 °C in the current state of the art. To this end, Abengoa has sought technological support from the main EU technologists within the proposal presented to the H2020-2018 programme.

In 2018, we will continue to **provide technological support to the development of commercial plants**, in the design phase as well as construction and operation. There are different working groups specialised in the most critical systems of each technology, providing technical support in the design, purchase and manufacture of the main equipment.

The optimisation of cost and precision of the solar field will remain a priority development. We will work on the optimisation of the wind loads with which the components of the solar field are designed. The control and monitoring works will be maintained, along with the study of other critical systems such as corrosion of materials and the degradation of storage and heat transfer fluids at advanced solar thermal plants.

Lastly, Abengoa continues to promote the **creation of a network of strategic collaborators, from national and European universities and research centres**, developing specific projects and medium- and long-term partnership agreements that facilitate the exchange of researchers and the transfer of knowledge. One example of this would be its participation in the European project (FP7) "STAGE-STE: Scientific and Technological Alliance for Guaranteeing the European Excellence in Concentrating Solar Thermal Energy", which will conclude in the first quarter of 2018.



Visit by members of the Sollpart project.

R&D and innovation in the water area

In 2017 Abengoa finalised its participation in the Life+ ZELDA (Zero Liquid Discharge Desalination) project. The aim of this project is the development and demonstration of a new process for the treatment of brines based on the use of electro-dialysis metathesis and on the recovery of valuable compounds, with the ultimate goal of achieving a zero liquid discharge (ZLD).

The project has been carried out within a consortium formed by the Fundació Centro Tecnològic de Manresa (CTM), the European Water Platform (WssTP), FujiFilm and Abengoa. During 2017, in compliance with the stipulated schedule, the experimentation campaign with seawater brine from the Almería desalination plant was successfully completed, and the project was completed in June 2017.

As the main results of the project, the consortium has been able to test the versatility of the process, since it has been possible to apply it to brines from the desalination of both brackish water and seawater, in both cases achieving a water recovery higher than 80 %. This implies a significant decrease in the volume of brines, extracting, in addition, valuable compounds such as magnesium hydroxide $Mg(OH)_2$ and sodium chloride (NaCl) from both types of brines, as well as sodium sulphate (Na_2SO_4) from the interior brines, compounds that are not normally recovered in conventional ZLD systems. In addition, the project showed that the process would reduce or eliminate the costs of brine management of interior brackish water.

As a consequence of the knowledge acquired during development of the Life+ ZELDA project, in the future Abengoa would be able to participate in the marketing of solutions for management of saline effluents that are more sustainable, efficient and aligned with the new paradigm of the circular economy.

R&D and innovation in the railway area



Image of the Mecca - Medina project in Saudi Arabia.

From the Technical Office Innovation area, Abengoa specialises in the development of projects related to the study of the behaviour of facilities under extreme conditions, as well as new materials; development of sensor systems for the monitoring and protection of infrastructures; energy storage systems; new catenary power systems; the development of railway simulation software, and studies for the implementation of Building Information Modelling (BIM) methodologies in the railway sector.

- › **The Railway Innovation Hub:** since 2016, Abengoa has been participating in the development of a railway cluster in Malaga to support the sector and stimulate aid in innovation at national and international level, thus becoming an international benchmark in innovation in the sector and a meeting or consultation point at international level.

Specifically, Abengoa plays the role of vice chairman of 'The Railway Innovation Hub Spain', officially constituted on 12 December 2017 by the following founding companies: Abengoa, Azvi, Comsa Corporación de Infraestructuras, Deimos Space, Ferrovial Agromán, MRI Internacional, Siemens, Telice, Thales and Vías, although it is open to all private enterprises that wish to join the initiative.

- › **Broken Track project.** Abengoa has developed a track break detection system capable of real-time monitoring of the breakage of any of the dual tracks and their location. Abengoa, together with Adif, is currently in the process of locating new stretches for testing and trials.



The broken track project allows rapid detection of track breaks.

- › **MICRail project:** at the end of 2017, Abengoa, together with the SME Apogea Consulting, S.L. and the Polytechnic University of Madrid, studied and presented the MICRail project to a call for launch aid. This would be undertaken between 2018 and 2020. The aim of this project is the development of an innovative tool for automatic catenary stakeout and system modelling, fully integrable in a workflow under BIM methodology, allowing not only the 3D vision of the complete project, but also the subsequent obtaining of cross sections per post or the extraction of material measurements from the overall project, as well as the automatic generation of stakeout logs.



The project will allow smart modelling in BIM for optimisation, decision-making and life-cycle analysis in catenary designs.

- › **HVDC (High Voltage Direct Current) project:** during 2017, Abengoa, in partnership with the University of Malaga, worked on a market analysis and study in reference to the implementation of HVDC (High Voltage Direct Current) technologies in railway systems, detecting that nothing relevant has yet been developed in this regard. The project will focus on the development of a direct current catenary (HVDC) power system for 25 kV high speed power systems.



The HVDC project will allow the development of HVDC rail electrification systems for high speed lines.

- › **SATRAIL project (“SmartStorage for Railway Infrastructure”)**: during 2017, Abengoa, in partnership with the University of Malaga, worked on a market analysis and study in reference to the implementation of storage systems within railway systems. With the SATRAIL project, Abengoa aims to develop a system to optimise the energy infrastructure in railway systems through the use of smart storage systems. The aim of this storage of energy is to cover demands of railway traction, as well as to standardise the existing problems related to under voltage allowed in catenary.
- › **Alis project**: the integral simulation tool that Abengoa began to develop in 2016 is in its final phase. Thanks to the development of this software, Abengoa will have a major competitive advantage in the international railway market, allowing smart designs of railway electrification systems, both in their electrical and mechanical aspects. This tool also allows studies of electromagnetic compatibility, induced voltages, short circuit studies, accessible voltages, stray currents or network imbalances. Finally, this software also has the capacity to conduct studies of energy efficiency in railway environments, optimisation of efficient running, optimal sizing of energy storage systems or studies of integration of renewable energies.



The Alis project allows smart designs of railway electrification systems.

- › **RAIN project - Railway Inspector**: in 2017, Abengoa started work on the launch of the RAIN project -Railway Inspector: an autonomous vehicle that will allow the auscultation of multiple elements along the railway line, thus guaranteeing the safety of the operation, and which will collect images, data or information from the existing infrastructures.



03. Management of capitals

03.3 Human capital

Targets for 2018	<ul style="list-style-type: none"> > Keep accidents with special severity at 0. > Reduce the frequency rate with sick leave by 5 %. > Conduct feedback surveys for employees. > Promote the Abengoa Interns Programme aligned with the business. > Manage the 2017 evaluation process.
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Abengoa continues to evolve, not without effort, in the recovery process through its activity, based on the feasibility plan on which the restructuring process established in 2016 is based. The main purpose of this plan is to make Abengoa a more efficient, **flexible organisation capable of competing successfully** in the market and thus **regaining the company's value**. This has required the taking of complicated and demanding decisions that have entailed a huge effort on the part of all employees of the organisation.

This process has led to **significant disinvestments that** have been carried out during 2017 and that **have inevitably involved personnel changes** to allow the company to **adapt to the new reality** and to approach a new future from a solid and consolidated base.

It is worth highlighting the **effort made to try to reach agreements** and make the restructuring processes as least traumatic as possible. Thus, the number of dismissals has been lower than initially proposed and attempts have been made to foster alternative measures.

Moreover, there were a series of **milestones in 2017 that marked the future of Abengoa**, including the most important one, the **agreement** reached with the Canadian company **Algonquin Power & Utilities Corporation** for the sale of 25% of Atlantica Yield and the

creation of the new company **Abengoa-Algonquin Global Energy Solutions (AAGES)** as a vehicle for new development opportunities.

Therefore, in this context of recovery, it is essential to preserve the skills and human talent necessary to relaunch the activity and return to its leadership position in this new stage.

During 2017 the company **improved its turnover rates thanks to, among others, the retention plans and the increase in the portfolio of projects** and therefore the professional opportunities that these have generated in different areas of specialisation and technical disciplines.

For Abengoa the most important capital of its organization is the people. Accordingly, following this period of restructuring, the organisation must **focus its efforts on retaining and motivating the company's talent**. For this reason, Abengoa launched an action plan that would allow it to recover the confidence and motivation of its employees, to be able to put the organisation back at its previous level of competitiveness.

Our team in figures

At the end of the year, Abengoa had **12,468 people**, almost 22 % less than the previous year, although the percentage of decrease in 2015 compared to 2016 was 5 % lower. *102-7*

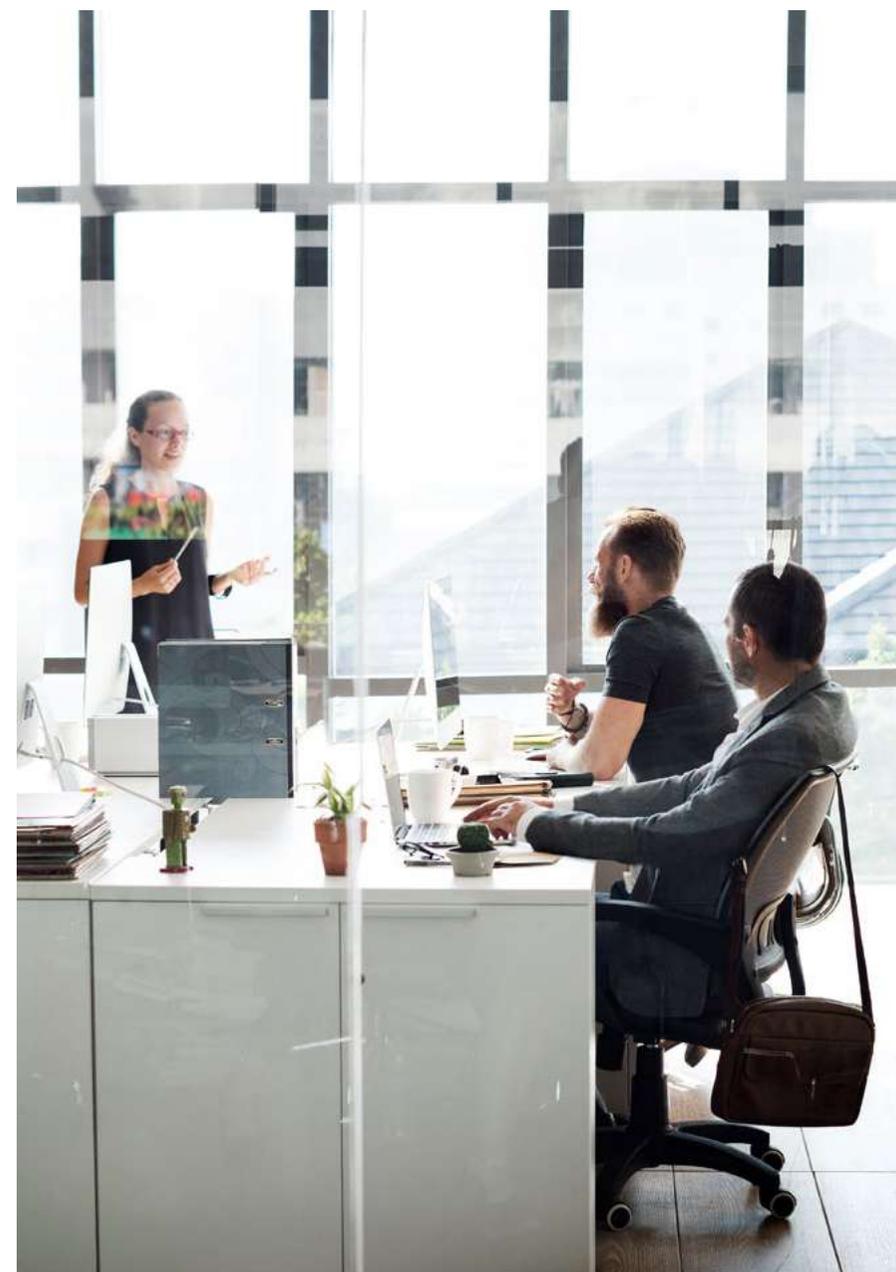
The distribution of workforce by gender and professional category is as follows: *102-8, 405-1*

Professional category	Males			Females		
	2017	2016	2015	2017	2016	2015
Executives	242	328	464	27	38	56
Managers	753	945	1,379	168	266	393
Engineers and graduates	1,349	1,740	2,649	508	753	1,188
Assistants and professionals	1,335	1,413	1,742	479	630	960
Operators	7,182	9,175	12,032	396	605	748
Interns	17	44	185	12	42	124
Total	10,878	13,645	18,451	1,590	2,334	3,469

22.5 % of the workforce is in Spain, while 77.5 % is abroad.

Below, the number of people at the end of the 2017 financial year is indicated by geographical area and the distribution over the total number of employees:

Geographical area	2017		2016	
	Workers	% over the total	Workers	% over the total
United States	328	3	357	2
Latin America	8,075	65	10,002	63
Europe	260	2	307	2
Spain	2,811	22	3,903	24
Africa	655	5	846	5
Asia	339	3	564	4
Total	12,468		15,979	



Based on the type of contract, the workforce distribution was as follows: *102-8, 405-1*

Contract type	Males			Females			Total		
	2017	2016	2015	2017	2016	2015	2017	2016	2015
Indefinite	6,218	7,328	8,561	1,097	1,373	1,570	7,315	8,701	10,131
Temporary	4,643	6,273	9,705	481	919	1,775	5,124	7,192	11,480
Interns	17	44	185	12	42	124	29	86	309
Total	10,878	13,645	18,451	1,590	2,334	3,469	12,468	15,979	21,920

The number of employees at the end of the year with a disability greater than or equal to 33 % in Spain was 48 people. In order to comply with the Law on Social Integration of the Disabled (LISMI) required under legislation, the company has introduced alternative procedures such as the request for exceptionality to cover legal requirements by resorting to recognised centres of special employment, such as for the cleaning service, or reception staff.

The distribution of the workforce by age groups and gender over the past three years is shown below: *102-8, 405-1*

Age ranges	Males			Females			Total		
	2017	2016	2015	2017	2016	2015	2017	2016	2015
20 – 30	2,212	3,176	5,358	315	547	1,107	2,527	3,726	6,465
31 – 40	3,994	5,027	6,547	732	1,129	1,597	4,276	6,156	8,144
41 – 50	2,768	3,262	4,007	385	478	543	3,153	3,740	4,550
51 – 60	1,384	1,640	1,975	122	149	191	1,506	1,789	2,166
> 60	520	540	564	36	31	31	556	571	595
Total	10,878	13,645	18,451	1,590	2,334	3,469	12,468	15,982	21,920

Age ranges	Males			Females		
	2017 (%)	2016 (%)	2015 (%)	2017 (%)	2016 (%)	2015 (%)
20 – 30	20.33	23.28	29.04	19.81	23.44	31.91
31 – 40	36.72	36.84	35.48	46.05	48.37	46.04
41 – 50	25.45	23.90	21.72	24.21	20.48	15.65
51 – 60	12.72	12.02	10.70	7.67	6.38	5.51
> 60	4.78	3.96	3.06	2.26	1.33	0.89
Total						

Abengoa and Algonquin Power & Utilities Corporation signed a **strategic agreement** in November 2017 in which they committed to the sale of 25 % of the capital of Atlantica Yield and to the incorporation of a new company whose objective would be international development and the construction of energy and water infrastructures: Abengoa-Algonquin Global Energy Solutions (AAGES).

The creation of AAGES will therefore mean **new business opportunities**, given that Abengoa will **have exclusive rights** to develop the Engineering, Construction and O&M of all the projects carried out by AAGES, as well as a preferential right for the EPC of the other projects developed by Algonquin Power & Utilities (APUC).

Moreover, this partnership makes it possible to speed up the construction and sale of concessional assets from Abengoa to Atlantica Yield, currently under the ROFO (Right Of First Offer) agreements, which will be another step in the divestment plan.

In 2017 the chairman of Abengoa Peru, Ignacio Baena, signed a commitment for equality promoted by the Peruvian Chamber of Commerce.

The Commitments for Equality represent the first initiative of this kind at a national level that starts from the private sector. As such, it positions companies that adopt these commitments as agents for change. At the same time, it recognises those who through the implementation and promotion of their gender equality practices contribute to the elimination of discrimination and violence against women.

By subscribing to these principles, Abengoa in Peru reaffirms its commitment to equal opportunities through good practices such as promoting gender equality by banning any discriminatory practice; increasing the presence of women in leadership positions; eliminating gender biases within of the company; promoting labour conciliation policies; zero tolerance policy against any form of violence at work; ensuring equal pay; encouraging partners to develop practices aimed at achieving gender equality in their institutions; sharing best practices; promoting a non-sexist advertising communication that reduces gender stereotypes and fosters the change of sociocultural patterns, etc.

Equal opportunities

Abengoa's commitment to **effective equal opportunities** is reflected in the Company's Internal Rules and in its management systems.

The company **promotes and fosters equality** between women and men by applying this principle **in all its human resources management policies**, such as: recruitment, selection, training, performance measurement, promotion, remuneration, working conditions, reconciliation of family and working life, reporting and prevention of harassment, as well as the rejection of all forms of direct or indirect discrimination on the grounds of gender.

Based on the United Nations Global Compact and included in the Occupational Social Responsibility (OSR) policy, the commitment to equality and non-discrimination on grounds of gender is implemented in the **Equality Framework Plan**, which is structured according to a series of measures that aim, on the one hand, to guarantee equal treatment and opportunities between women and men in Abengoa, and on the other hand, to avoid any possible situation that implies or could represent direct or indirect discrimination on the basis of gender.

The presence of women in managerial and executive positions during 2017 was as follows:

% of women in executive posts and middle management	2017	2016	2015
Female executives and managers	195	304	449
(%)	16.38	19.27	19.58
Total of executives and middle management	1,190	1,577	2,292

Attracting and retaining talent

Abengoa considers the evaluation and measurement of the performance of its employees as key, as well as the results and potential of its teams so that employees receive the necessary feedback for their development and career plan.

To do this, the company **has introduced a skills management model** that guarantees that our professionals are aligned with each position, mission and responsibility.

The process has covered the evaluation of **3,000 employees** in Africa, Asia/Oceania, Spain, Europe, Latin America and North America.

Abengoa is aware that the **competitive advantage lies in the team** and much of the success of this new stage will be due to the quality and good work of the managers, middle management and executives. That is why the company identifies potential executives through the executive development programme, ensuring we have a team ready to comply with our strategic plan.

The company carries out **comprehensive technical and management** training for the engineering and staff profiles and also has professional itineraries in accordance with each of these profiles, as well as their participation in international projects committed to mobility and cross-cutting development within the organisation.

Management Incentive Plan (MIP)

Through the MIP or long-term incentive plan, the company defined a four-year incentive plan (2017-2020) that serves as a retention and motivation element for people considered critical within the organisation, and who are essential for the future of the organisation, as well as in achieving strategic objectives.

404-2, 404-3

The importance that Abengoa attaches to talent means it pays particular attention to the rotation indicators. In 2017, voluntary rotation was 8.69 %, versus 18.22 % in 2016. 401-1

Voluntary rotation		2017	2016	2015
Gender (%)	Male	8.37	18.84	9.8
	Female	9.60	16.65	9.75
Age (%)	20 – 30	2.37	25.07	12.52
	31 – 40	4.97	20.55	10.09
	41 – 50	8.14	13.47	7.65
	51 – 60	9.49	6.97	6.11
	> 60	2.86	6.14	4.09

The index of voluntary rotation by geography was as follows:

Geography	Rotation (%)
Africa	4.01
Asia/Oceania	25.78
Spain	7.93
Europe (excluding Spain)	12.50
Latin America	8.48
North America	4.02

Training

Abengoa is aware of the role of training as a tool for **improving the skills** of its employees, which in turn **constitutes a lever to strengthen the company's competitiveness**. Despite the limitation of resources in 2017, Abengoa has continued to manage its training by giving priority to Health and Safety and the indispensable training.

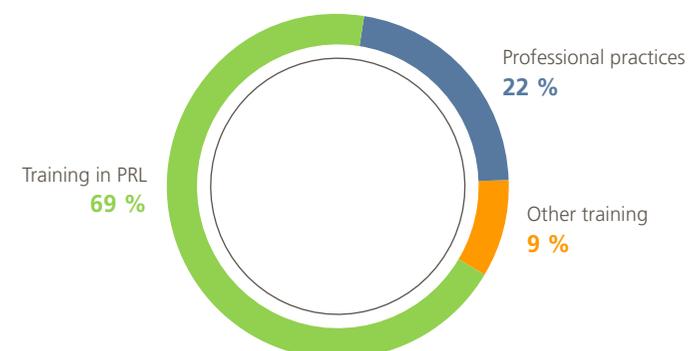
In 2017, 256,584 training hours were given to a total of 12,439 employees, 62 % less than in 2016, and a training ratio by hours with regard to the average number of employees of 20.6.

Likewise, the professional internship hours amounted to 73,557, for a total of 62 interns. 404-1

Training	2017	2016	2015
Training hours	256,584	98,733	1,454,798
Professional practices	73,557	155,925	773,772
Change in the training hours ⁽¹⁾ (%)	62	(53)	

⁽¹⁾ Excluding professional practices

Distribution of training hours by category in 2017 is as follows: 404-1



Abengoa began with the **recovery of the internship programme**, which aims to help complete the training of future professionals through the implementation of training practices in different societies and geographies.

To this end, the programme proposes a **model of training** that allows the intern, duly supervised and monitored, to develop and expand knowledge and skills during their internship period, forming part of professional teams.

The year closed with several participants in Mexico, Peru, Chile, Argentina, Brazil, Algeria and South Africa.

Protection of Human Rights

To ensure protection of the rights of its employees, said employees fall within the scope of supra-business employment regulations, regardless of the nature of their activities or the countries where they are performed. In addition to the legal protection of each country, the regulatory coverage takes on special importance thanks to the collective bargaining agreements in the sector, the territorial ones or the company's own agreements signed with its workers, the unitary representatives or unions, as appropriate, as well as internal regulations that protect and guarantee employees' rights. *102-41, 403-4*

The undertakings arising from adherence to the **United Nations Global Compact** acquired more than 10 years ago, as well as Abengoa's **code of conduct**, inspire the company's own **Occupational Social Responsibility policy**, which establishes a **management system** of social responsibility **in accordance with the SA8000 model**.

Diversity and equal treatment and equal opportunities

Abengoa considers diversity and equal opportunities as value-generating elements that allow it to approach a multicultural society in continuous change. In this regard, its **commitment to non-discrimination** is a **crosscutting policy** throughout the entire organisational structure and represents a key principle, expressly set out in the organisation's different policies (recruitment, selection, training, performance evaluation, promotion, remuneration, working conditions, reconciliation, prevention of harassment, etc.).

For the purpose of ensuring these values, in 2008 Abengoa created its **Framework Equality Plan** and the **Equal Opportunity and Treatment Office**, the purpose of which is to seek gender equality throughout the organisation, driving, developing and managing both this plan as well as associated ones.

Within the framework of this plan, an Equality Commission was created, tasked with the global follow-up of issues related to equal opportunities among men and women throughout the company.

Due to the company's complex situation of restructuring, during 2017 there were no meetings of the Commission. However, the activity is expected to recommence during 2018.

Furthermore, the company has a **protocol for reporting harassment at work**, created to address any situation that may be considered discriminatory or abuse of any kind.

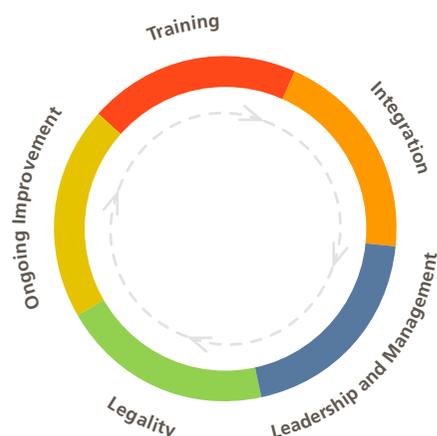
Flexibility of remuneration *201-3, 401-2*

For Abengoa, it is essential to achieve a **climate of pleasant work and reconciliation** based on a solid, transparent, sincere and two-way relationship with its employees. Thus, it furnishes staff members with different social benefits that promote work and personal reconciliation, such as the following:

- > Life and accident **insurance**.
- > **Food and beverage services** at the work centres with the highest number of employees.
- > **Flexible compensation** for employees of Abengoa companies in Spain (medical insurance, transport card, restaurant ticket, nursery cheques... and training).
- > **Gym** equipped with the necessary equipment for physical exercise and spaces for group activities, at the company's headquarters, Campus Palmas Altas, in Seville.
- > **Nursery service and breastfeeding room** at Campus Palmas Altas.
- > **Medical service** to improve health coverage of employees at Campus Palmas Altas.
- > **La Antilla summer residence** in Huelva (Spain), for all current and former employees, in the summer months.
- > **Flexitime at work centres**.
- > **Free transportation service** at Campus Palmas Altas.

Occupational health and safety

At Abengoa, first and foremost are the people and, therefore, our **commitment to the health and safety of every person that forms part of the company is the highest**. The company's main objective is to reduce its accident rate to zero and, for this, it is governed by the principles that make up the Health and Safety Policy:



Abengoa has the motto "You First", which translates into:

- › Improving health and safety conditions in the workplaces, including subcontracted activity.
- › Reduction and elimination of levels of occupational accidents.
- › The integration of Health and Safety in the daily performance of the company.

In 2017 there were no fatal accidents at the sites, projects and facilities: **403-2**

Fatal accidents	2017	2016	2015
Own	0	1	2
Subcontractor	0	0	3

Abengoa also pays special attention to the improvement of the accident rate, which at the end of 2017 showed a significant improvement with regard to the previous year.

Own personnel	OFR ⁽¹⁾	FRSL ⁽²⁾	SR ⁽³⁾	LTI ⁽⁴⁾
2017	13.3	6.6	0.12	173
2016	14.2	8.8	0.23	286
2015	11.8	6.6	0.13	336

Subcontracted personnel	OFR ⁽¹⁾	FRSL ⁽²⁾	SR ⁽³⁾	LTI ⁽⁴⁾
2017	3.1	1.6	0.02	27
2016	7.768	5.4	0.08	86
2015	6.5	3.5	0.07	70

Global	OFR ⁽¹⁾	FRSL ⁽²⁾	SR ⁽³⁾	LTI ⁽⁴⁾
2017	9.3	4.6	0.08	200
2016	12	7.6	0.18	372
2015	10.2	5.7	0.11	406

⁽¹⁾ Overall Frequency Rate (OFR)

⁽²⁾ Lost time injury frequency rate (LTIFR)

⁽³⁾ Severity Rate (SR)

⁽⁴⁾ Lost Time Injury (LTI)

As a result of the great work and commitment shown by all the parties involved at the company, from senior management to site personnel, the following important milestones in this matter can be highlighted:

- › **7 M hours worked without accidents** with sick leave in the WAS project (Saudi Arabia) and the Morelos Centre (Mexico).
- › **One year without accidents with sick leave** in Mojave (USA), A3T (Mexico) and Dead Sea Works (Israel).
- › **1,000 days without accidents with sick leave** at the plants of Écija (Spain), Extremadura (Spain) and Ain Beni Mathar (Morocco).

On 25 October, Abengoa celebrated its **first Health and Safety day in all geographies** where the company is present, to mark the celebration of the European Occupational Health and Safety Week. The aim of this event, spearheaded by the chairman, was to foster preventive awareness in this issue, recognising employees and suppliers for the good practices demonstrated in occupational safety during their professional endeavours.

In addition, every month the company continues to hold its **Health and Safety committees** directly with **the chairman** and the main OHS executives, the purpose of which is to monitor and warn about all aspects related to the area, such as the implementation of the necessary Health and Safety measures in each work position and the analysis of accident rates, as well as the follow-up of the goals set for each of the subjects dealt with. **403-1**



Hosting of the first Health and Safety day at Campus Palmas Altas, Seville.

In 2017, **Abengoa adhered to the Luxembourg Declaration as a healthy workplace** within the European Network Workplace Health Promotion (ENWHP). This fact once again reveals the organisation's commitment to integrating the basic principles of the workplace health promotion and good management of the health of its workers.





03. Management of capitals

03.4 Social and relationship capital



Clients

Targets for 2018

- > **Improve knowledge management**, through the implementation of the tools required to make the best use of experience and good practices in all projects and plants.
- > Improve the **quality of projects by measuring costs** that arise from the impact of errors and the rectification of these on the profit margin.

2017 has been a year of change, marked by the final stages of the restructuring process and the **relaunch and normalisation of the company's activity**.

Undoubtedly, the normalisation of the activity could not have been possible without the collaboration, understanding and loyalty of clients. In response to their support, Abengoa has continued working to maintain its **commitment to quality** and to **ensure compliance with their demands and expectations**, despite the recent difficulties.

As far as Abengoa is concerned, fulfilling these objectives goes beyond a mere obligation, even more so during a restructuring process such as the one we have experienced, which only increases the demand for quality in compliance with obligations and commitments.

In this regard, in 2017 the organisation has completed the in-depth review of its quality management system. In addition to other progress made, in this updating process the **quality-at-work controls have been strengthened** by increasing the ratio of on-site resources and we have **improved the process of measuring client satisfaction**.

Furthermore, the organisation has also **reinforced its communication channels** to increase **transparency and the two-way communication** with stakeholders, to minimise the negative impact that may be linked to the company's current situation.

The support and trust demonstrated by key clients has allowed the company to make progress in the normalisation of the business, as well as achieve the 2017 milestones, set out in Abengoa's feasibility plan.

Commitment to quality

Since its inception, the company has maintained a **quality management system** that responds to the requirements of its projects and which satisfies the demands of its clients.

To respond to the reorganisation of the business carried out over the last year and which has involved a rethink of the central services, the organisation of the Quality function has undergone sweeping changes resulting in a centralisation of resources and a unification of the Management System.

Centralisation of resources

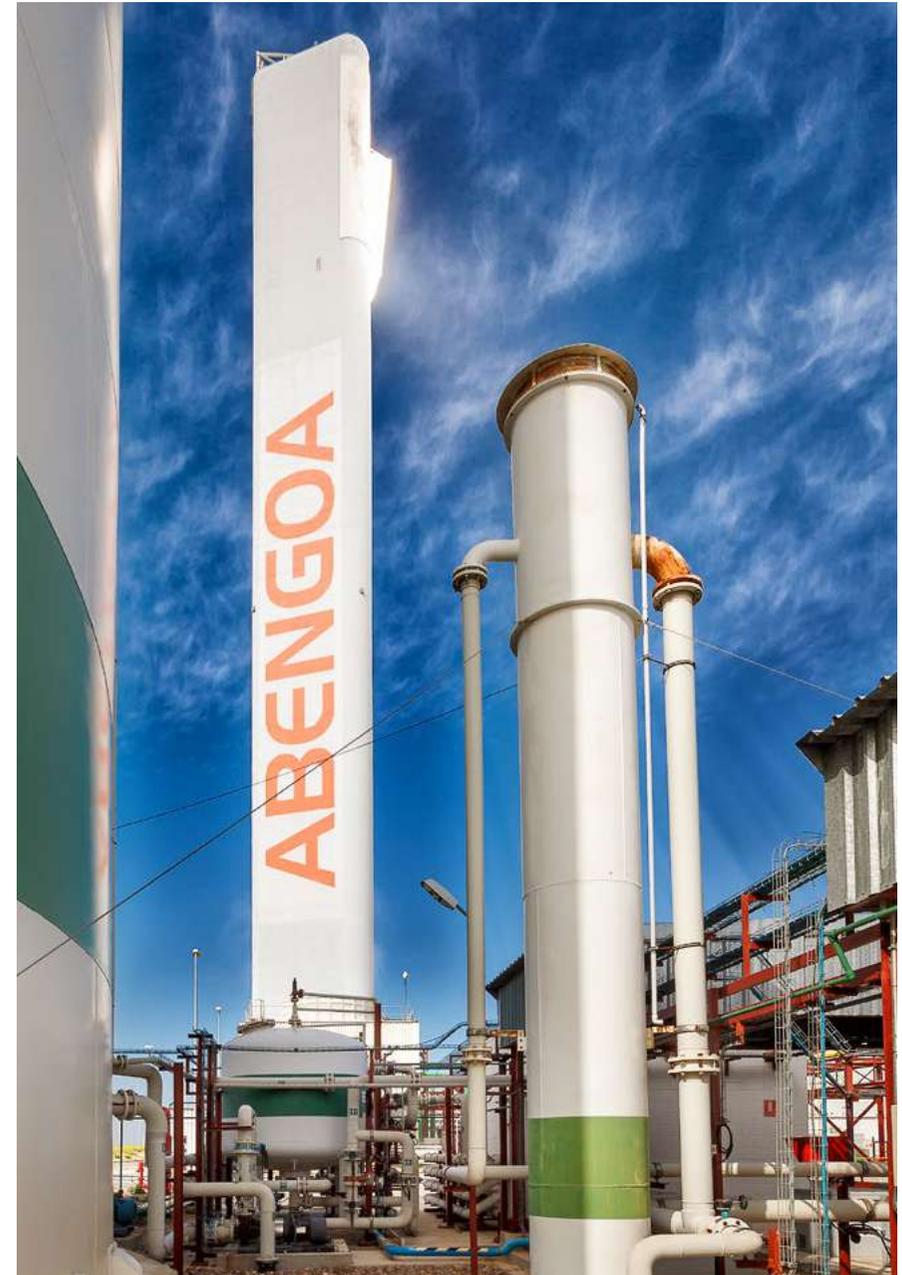
Centralisation in a single Quality department to provide an **optimised service to all business units** and ensure proper application of the Quality and Environment policy throughout the organization, regardless of the area or country where it is located.

Remodelling of the management system

Based on a new unified quality and environmental policy, a management manual has been prepared and all the general procedures have been updated. Likewise, the processes map and risk analysis have also been updated, placing the **emphasis on quality management** in projects and on client focus.

Currently, all of the organisation's products and services are covered in terms of quality by the current certificates of the different group companies. However, taking into account the changes that have occurred and which have been explained previously, the centralised management system is in the process of a **new external certification** in accordance with **ISO 9001**, so in the coming months Abengoa will have a single external certificate covering all the organization's activities.

The unification of common criteria, coupled with **compliance with international standards** in quality management and **models of excellence** recognised as benchmarks in the market, help Abengoa to maintain a qualified focus on client satisfaction, raising operability margins and consequently excellence in the company's management.



Focus on the client

In 2017, the main clients with whom the company worked were as follows:

		Sectors					Others
		Energy			Environment		
		Renewable Energies	Conventional Generation	Transmission & Distribution	Water	Environment	
Activity Areas	Engineering and Construction	Solar power plants (thermal, photovoltaic and solar-gas hybrid)	Combined-cycle plants	Transmission lines AC ⁽³⁾ and DC ⁽³⁾	Desalination plants	Waste recovery plants (WZE ⁽⁴⁾ , others)	Railway electrification
		Wind farms	Cogeneration plants	Electrical substations	Water treatment and reuse plants		Telecommunications, electrical and mechanical installations, Marketing and ancillary manufacturing, Industrial plants, Unique buildings
		Hydro-electric power plants			Transport and distribution of water (pipes and aqueducts, among others)		
	Operation and maintenance	O&M ⁽²⁾ of solar plants (solar energy, photovoltaic and solar-gas hybrid)	O&M ⁽²⁾ of combined-cycle plants	O&M ⁽²⁾ of major transmission systems (transmission lines and substations) AC ⁽³⁾ and DC ⁽³⁾	O&M of desalination plants		Marketing of components for solar power plants, O&M equipment ⁽²⁾ and industrial applications
		O&M ⁽²⁾ of wind farms	O&M ⁽²⁾ of cogeneration plants	O&M ⁽²⁾ of electricity substations	O&M of water treatment and reuse plants		
		O&M ⁽²⁾ of hydroelectric power plants			O&M of water transportation and distribution (pipelines, aqueducts, among others)		
	Concession-type infrastructures	Energy production through solar energy plants (solar power, photovoltaic and solar-gas hybrid)	Generation of electricity from combined-cycle plants	Major transmission systems (transmission lines and substations) AC ⁽³⁾ and DC ⁽³⁾	Production of drinking water and water for industrial through the desalination of seawater or brackish water	Waste recovery plants (WZE ⁽⁴⁾ , others)	Unique buildings (hospitals, prisons, cultural centres, courthouses)
		Energy production through wind farms	Generation of electricity/heat from cogeneration plants		Management of water resources in a river basin	Urban Solid Waste (USW) and forestry waste	
		Generation of electricity through hydroelectric plants			Treatment, purification and regeneration of wastewater from industrial or urban origin		
					Purification of water for human consumption		
		Technology	Licensing ⁽¹⁾ own technology to third parties				

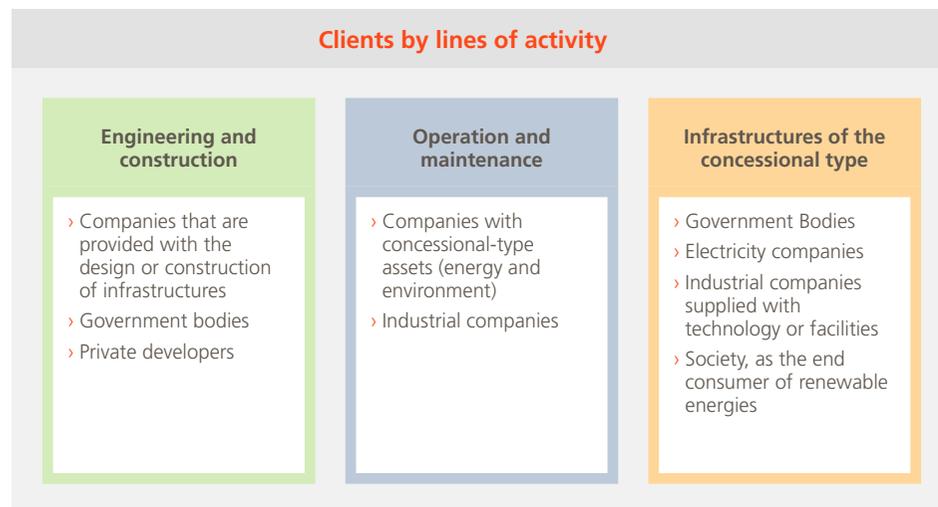
⁽¹⁾ "Licence" is understood as the technology that the company continues to own although it allows third parties to use it under specific conditions.

⁽²⁾ Operation and Maintenance.

⁽³⁾ Alternating Current and Direct Current.

⁽⁴⁾ WZE: Waste to Energy, energy generation from waste.

The company's current business is immersed in a highly competitive environment and it is vital to have a solid client strategy aligned with the values of integrity, commitment and transparency that define the company.



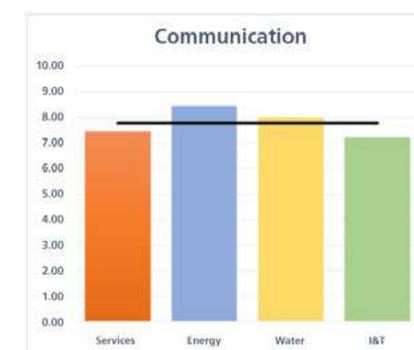
To facilitate the decision taking and to ensure proper monitoring of commercial matters in real time, Abengoa uses **Chatter Salesforce**, an app that enables the commercial network to optimise their processes, registering the opportunities detected around the world so that all users can stay updated and follow their progression.

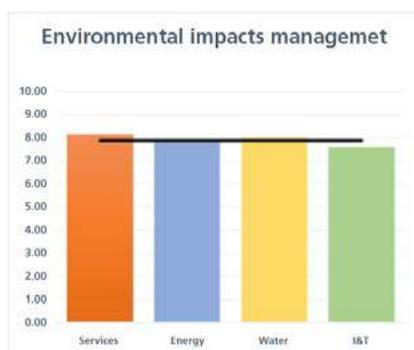
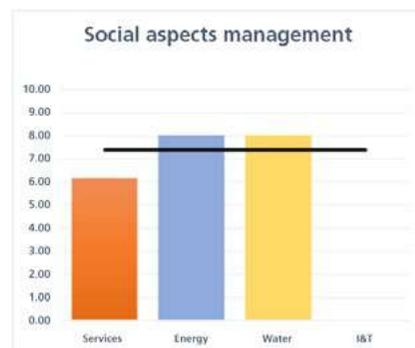
Evaluation of client satisfaction

Given how important clients are to the company, during 2017 Abengoa has carried out a **redefinition of the process of measuring their satisfaction**, to ensure that several aspects are always evaluated, irrespective of the country, nature or type of client being provided with the service. These are:

- › **Quality** of the product or service
- › **Communication** with the client
- › **Management of non-conformities**, complaints and claims
- › Management of **environmental aspects and impacts** related to the product or service
- › Management of **social aspects** related to the product or service
- › Management of **occupational risks** related to the product or service

Furthermore, the analysis is contextualised based on the sector in which the company operates in comparison to the competition. For those clients or processes that the company considers significant, the measurement is made throughout each of the different phases of the project's life-cycle, to ensure that the activity developed by Abengoa meets all of the client's expectations at any given time.





*The results correspond to the main projects in progress and the plants that Abengoa manages.

Management of complaints and claims

Abengoa has a tool that centralises the reception and management of any suggestion or claim: **Abengoa Easy Management**. Claims are rigorously logged and analysed through this application, allocating a person in charge of each case along with a work team where necessary, and also management analysts and observers. In all cases, there is shared evaluation and management for the purpose of closing the incident in a clear and satisfactory manner for both parties, as well as a final assessment of the solution applied and the consequential corrective actions.

In 2017, a total of 239 complaints or claims were registered, of which 158 had been resolved as at 31 December, accounting for a **satisfactory resolution of almost 66 %**.

The main complaints or claims have been for the following reasons:

- › Unsuitable economic resources (28.21 %)
- › Failure in the organisation, supervision and control measures (22.22 %)
- › Failure in performance (17.95 %)
- › External causes (7.69 %)
- › Failure in planning and communications (5.98 %)



Suppliers

Targets for 2018

- › **Make progress in the process of restructuring the debt** according to the feasibility plan, to recover as soon as possible the solid relationship of trust that has been built with our suppliers and partners throughout all the years of the company's activity.
- › **Homogenize the supplier portfolio** in order to have complete information that enables us to have global knowledge rather than by subsidiaries.
- › **Simplify the bureaucratic procedures** in the procurement of suppliers and **increase synergies** between the portfolio of partners, suppliers and contractors.

SDGs that apply



Abengoa considers **management of its suppliers** as a **key and priority aspect** and strives daily to recover the relationship based on trust and mutual benefit that had been built up over all the years of activity, in addition to ensuring quality, promoting a culture of responsible management and encouraging ethical behaviour with them.

The organisation is aware of how, in the latest period, suppliers and contractors have maintained their allegiance and have performed major efforts to allow Abengoa to continue with its activity. This is why the organisation focuses all its endeavours on meeting the debt-restructuring **milestones in accordance with the feasibility plan**, to return to normal as expeditiously as possible.

2017 has been a year of change for the organisation, marked by the reshaping of all business areas aligned with the new strategic plan. In this regard, there has been **centralisation of the purchasing area to maximize efficiency of processes**. This new structure allows us to optimize operations, making it possible to reach a balance between local and global.

To centralise purchases, work is being conducted to introduce a standardised **approval process for all Abengoa suppliers**; the process includes sustainability criteria and covers the geographical diversity and operations activities. The unification of procedures has been carried out by a specialised team comprising the areas of Purchasing, Internal Audit, CSR, Quality, and Prevention of Occupational Risks.

The main **goals** of this unification of procedures are the following:

- › The **reduction of risk in the procurement of goods and services**, maintaining or improving the flexibility of this through the generation of efficient administrative processes.
- › Carry out a more **exhaustive evaluation of the supply chain**, enabling us to identify and assess the risks of the suppliers, rewarding the excellence of the same.
- › Facilitate more **efficient communication**, since there will be a single repository of information about the supplier that can be queried by anyone that wishes to contract them; in turn, said provider will have a single contact person to provide the information to.

The launch and implementation of the project is being carried out gradually, with a pilot phase in Spain and a progressive launch by regions.

Our suppliers

Throughout 2017, Abengoa has worked with 11,554 suppliers in 64 countries, of which 5,773 suppliers are new. As a result of last year's changes, Abengoa has reduced the number of its suppliers by 27 %.

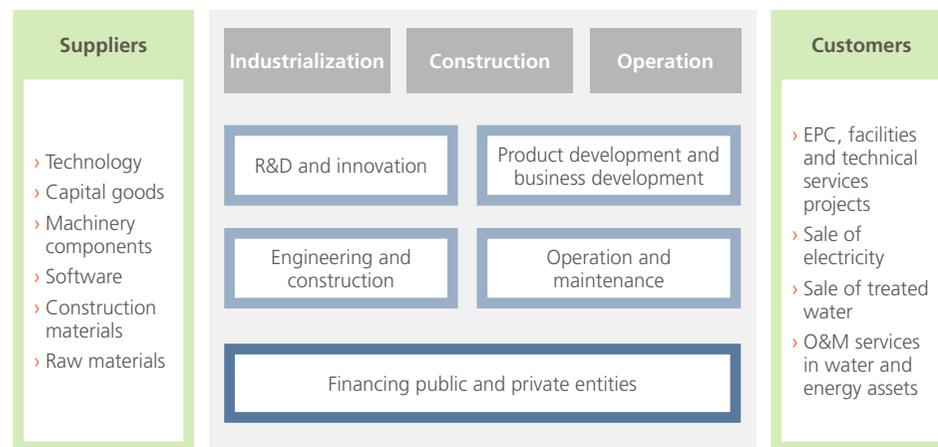


The countries with the largest concentration of suppliers are: Brazil, Spain, USA, Chile, Mexico, Uruguay, Peru, and India, which account for 70 % of total suppliers. [102-9](#)

Brazil is the country that has a greater number of suppliers through its bioenergy activity. However, this is not significant, given that the divestments of this business group began in 2017. [102-9](#)

Types of suppliers with which Abengoa works

Abengoa supply chain



Suppliers provide service to the industrial construction, EPC products, O&M, as well as to the internal infrastructure necessary to operate. They manufacture products such as capital goods, raw materials, construction material and services such as engineering/consulting, construction, installation, logistics and maintenance.

During 2017 there was a **structural change due to the sale of bioethanol production plants** in Europe and the United States, leading to appreciable changes in Abengoa's supply chain, especially in these countries, where this was the main activity. Remaining changes are those as a result of the activity itself. *102-10*

Management of the supply chain

Abengoa is aware of the responsibility it has throughout its supply chain, and not only in its end product. Accordingly, the organisation considers it necessary and key to implement and promote the highest possible standards in the area of social responsibility, in each and every one of its business lines. The company transmits its **commitment to sustainability** to all its suppliers as a core element of its commitment to sustainable development. Promoting a culture of responsibility throughout the value chain multiplies the positive impact of the organisation's values and principles.

With the aim of running the businesses with the greatest integrity and respect towards all its stakeholders, since 2008 Abengoa has required all the organisations with which it collaborates to **adhere to the Social Responsibility Code (SRC) for suppliers and subcontractors**, which was updated in 2016, reinforcing the areas of corporate integrity, transparency and good governance. *102-12*

Therefore, the signing of this code aims to **promote compliance with social, environmental and good governance regulations**, as well as the best international practices of business ethics, which covers the company's entire production process and ensures greater transparency in its own operations and in those of its stakeholders.

Adhering to this code is not only a way to do good business, but also to **improve** the living and working conditions of people throughout the supply chain, contributing to a **more sustainable world**, and helping to **achieve the Sustainable Development Goals (SDGs)** set by the United Nations in 2015.

The Social Responsibility Code for suppliers and subcontractors contains different clauses based on the ten principles of the United Nations Global Compact, the Universal Declaration of Human Rights, the guidelines of the International Labour Organization, the Rio Declaration on the Environment, and the United Nations Convention against Corruption, and assumes a **commitment to establish mutually beneficial relationships** with the company's suppliers. *102-13*

By signing this agreement, the supplier is not only committed to ensuring that its activities are based on the code, but also **willing to undergo an audit or other inspection by Abengoa to verify compliance**. The signing of the CSR Code will be kept in the centralised supplier master, according to the new organisational structure, allowing greater efficiency of the works and avoiding duplication of work by our partners and collaborators.

Management of risks in the supply chain

Abengoa complies with the commitments established in its supply chain through development of a system that enables the identification of risks in the management of its purchases.

This system includes sustainability criteria in each of the evaluations performed with suppliers, and includes specific tools and procedures that allow us to analyse their level of risk. In this way the organisation targets all its resources at avoiding any conduct that could contravene the principles of action established by the company.

In addition, there is a regular **analysis of suppliers** that have the greatest risk, to **evaluate the supply chain** in Abengoa's activity: monitoring all suppliers' involvement and compliance with corporate policies, thus determining the level of risks and establishing specific mitigation measures.

This analysis weighs up different variables, such as the country from which the supplier operates, the nature of the supply or type of activity carried out, or other more subjective aspects arising from the company's knowledge of the suppliers. To determine the risk level of the supplier's country, Abengoa uses recognized international indexes related to human rights (child labour, discrimination, freedom of association, etc.), corruption and the observance of political and civil rights, among others.

Depending on the results obtained, supplier audits may be carried out to determine the degree to which the supplier is guaranteeing compliance with the principles included in the SRC. To do so, an **audit procedure** has been created that defines the aspects to be reviewed and establishes the scope of the work according to the supplier's degree of importance. The analyses can be carried out through self-assessment questionnaires or through audits (remote or face-to-face) that include visits to the supplier's facilities.

Prevention of risks in the supply chain

Abengoa's commitment to health and safety covers not only the production process, but the entire value chain. That is why suppliers and subcontractors received 7,816 hours of health and safety training during 2017.

Local suppliers

Since its inception, the company has had a firm commitment to the **socio-economic development of the communities where it carries out its activities**. It is for this reason that Abengoa tries to consolidate this commitment by contracting the highest possible number of local suppliers. This enables the organisation to strengthen the local economy, as well as improve the living conditions of the communities through the promotion of direct and indirect employment.

During 2017, the percentage of local suppliers was 87.3 %. However, and despite the significant decrease of activity, the company has continued to set its targets around a mostly local supply chain, encouraging the priority contracting of suppliers in the environment where the company operates. *204-1*

The breakdown of purchases made from local suppliers by country during 2017 was as follows:

Country	% Local suppliers	Country	% Local suppliers
Algeria	92.98	Oman	61.58
Argentina	82.60	Peru	91.28
Brazil	99.48	Poland	36.66
Chile	95.51	Saudi Arabia	89.75
Denmark	83.46	South Africa	81.81
France	94.10	Spain	82.88
Germany	81.49	Sri Lanka	100.00
India	99.94	The Netherlands	75.81
Israel	99.36	Turkey	58.10
Kuwait	35.08	United Kingdom	86.61
Mexico*	114.67	Uruguay	82.15
Morocco	75.39	USA	95.04

* The percentage of local suppliers in Mexico is higher than 100% due to the effect of returns and credits that have been taken into account in the calculation.

In order to fulfil the commitment with the communities where Abengoa operates, among the many actions that the company carries out in South Africa is that of fostering the contracting of local SMEs through training and development of these enterprises. This promotion is carried out through the Go-Hi consultancy that carries out business and financial training in those companies that have the potential to become local suppliers of the different organizations that are steadily arriving in the country.



Community

Targets for 2018

- › **Resume the social development programme by aligning all social action and corporate volunteering programmes** with the organisation's strategy.
- › **Maintain the conservation and dissemination of the Focus Foundation's own heritage** through its collections.
- › **Seek funding from outside** the Foundation to develop potential projects and activities that adapt to the current reality, reducing the dependence on internal donations.
- › **Increase the number of visitors** and work on the identification of specific contacts (agencies, tour operators, etc.) that attract **new audiences** and funding sources.

SDGs that apply



Abengoa performs its activity in 48 countries with a team of 12,468 persons, generating a significant impact on their economic, social and environmental setting. [102-4](#), [102-8](#)

Its contribution to society and the communities where its operate generates **positive impacts through its activities**:

- › Engineering and construction of infrastructures for the transmission and distribution of energy
- › Generation of electricity power from renewable sources
- › Hydrological management in water treatment to ensure access to drinking water

The actions and projects promoted by Abengoa must be consistent with the company's mission and vision ([redesigned in 2017](#)) and, therefore, with its business model based on sustainable development. It is therefore essential to have a methodology in place that enables the company to manage, as well as prevent and mitigate, any potential negative impacts deriving from its projects, drawing up prevention and remediation measures appropriate to each specific situation.

The severe limitation of financial resources in recent times has led to a slowdown in the company's activity, which has forced Abengoa to reduce its structure in different projects and geographical areas.

As part of the restructuring plan agreed with creditors and for the purpose of reducing any type of expense, as set out in the feasibility plan, each Abengoa company evaluated its capacity to finance the social projects that were carried out in each of its regions. Accordingly, during 2017 projects have only been carried out in **Peru, India and South Africa**, where employees have also collaborated through donations.

Although the company faces this new stage with the sobriety that circumstances dictate, Abengoa is firmly **committed to continue contributing positively in society and in the communities where it operates**.

Mechanisms for protecting Human Rights

Abengoa is committed to sustainable growth based on respect for human rights both within and outside the organisation, as well as throughout its value chain and in its sphere of influence.

To achieve this, the company accepts and integrates the principles governing the Universal Declaration of Human Rights of the United Nations, the SA8000¹ standard, the principles of the Global Compact and the OECD guidelines. **102-12**

In addition, Abengoa categorically condemns all forms of child labour in accordance with the provisions of Convention 138 of the International Labour Organisation (ILO)² on the minimum working age.

In addition, the marked multinational nature of the company requires the implementation of control systems and prevention of possible violations of human rights. In this regard, and to ensure that the company fulfils its commitments, the so-called Common Management Systems were developed, applicable to 100 % of the company. These establish binding rules for all employees, ultimately approved by the chairman, regardless of the place where they carry out their activities.

Furthermore, the organisation has a risk management system³ that ensures the proper prevention and management of risks associated to the violation of human rights throughout the value chain. In addition, there are other **mechanisms designed to protect Human Rights**, such as: **102-17**

- › **Code of conduct:** a document that includes the requirement to comply with the very highest standards of honesty and ethical conduct, and sets out guidelines and measures to prevent incidents related to the violation of human rights or any other of the organisation's values. During 2017 it was redesigned by the CSR department and the Compliance department, to reinforce the commitment to compliance and ethics. **102-16**
- › Internal and external **whistleblowing channel**.⁴
- › **Accession** by suppliers to the **Code of Corporate Social Responsibility**, an essential condition for the company to be able to collaborate with suppliers.⁵
- › **Monitoring of the Abengoa companies considered material.**
- › Non-financial **internal audits**.
- › **Report on the organisation's performance** through weekly reports in each area, as well as monthly committees held directly with the Chairman's Office.

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](#).

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

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

The company's relationship with communities

Abengoa considers it essential to **grow in tandem with the communities where it has a presence**, investing in their development, contributing to economic development and social progress, supporting their culture and ensuring respect for human rights and the environment.

Part of the company's social action is carried out through the Focus Foundation, which has been working for more than 25 years in furtherance of the social and cultural development of the communities where Abengoa operates, in particular in Seville, where the organisation has its head office. Currently some social projects are managed directly through the group companies operating in the field.

Abengoa articulates its social action through three lines of action:

1. Social development
2. Education and research.
3. Supporting art and culture

Social development

Abengoa is committed to the socioeconomic development of the communities and geographical areas where the company conducts its business.

Since 2005, Abengoa has had its own social development programme called PE&C (Persons, Education and Communities Committed to Development), the purpose of which is to promote integration through education of the most vulnerable social groups: children, women, senior citizens, disabled persons or families in a situation of poverty or social exclusion. This program was present up to 10 countries (Argentina, Brazil, Peru, Chile, Uruguay, Mexico, South Africa, Marruecos, Spain and India).

The complex situation that the company has undergone in recent times and the severe limitation of financial resources in recent months has led to the gradual and temporary reduction of the contributions made to social projects in the different regions. In an effort to avoid the negative impact on these communities and disadvantaged groups, the organisation has focused its efforts on **seeking partners and collaborators who could provide continuity to these projects** until Abengoa can recover a solid economic position that allows it to continue working and providing support to the most vulnerable.

During 2017, social projects were carried out in the following regions:

Social development Peru

Abengoa, through its subsidiaries in Peru, works with the social development programme PE&C. This programme is maintained through **monetary and in-kind contributions made by the company and donations from the employees**, who are extremely involved in the cause.

Among the campaigns carried out in 2017, we can highlight the following:

'Voluntades se buscan' programme

This is one of the social action programmes that the company has been developing in Peru since 2010, providing grants to finance the expenses of providing education to vulnerable children in the town of Chiclayo.

The grants can be carried out thanks to donations from employees in Peru who sponsor the programme.

Sponsoring requires an application form to be filled in that includes a monthly minimum contribution that is deducted directly from the payroll. Thus, all sponsors receive a monthly report with the expenditure and the progress of each child.

Throughout these nine years we have managed to educate students from their earliest stages through to adolescence, achieving excellent school performance.



Annbrighth Naomi Vasquez Portocarrero, aged 13, has received the grant for eight years.



Mayra, has received her grant through the payment of the enrollment in 3rd of secondary, uniform and School Supplies.

#Una solafuerza programme

Due to the rains that occurred in Peru, the **company launched the #Una solafuerza donation campaign**, to obtain water and food for the most affected population. In the same regard, the company promised to match whatever its own employees collected.

Social development in India

Since 2011, the Focus Foundation has collaborated in promoting the education of the Adivasi tribe through the construction of a school that also offers the possibility of lodging. Children of the "Adimjuth" Adivasi caste are the most vulnerable and needy groups in Gurarat, a state in eastern India, with the lowest literacy rate in the region.

Thanks to these donations the children of the community will be able to enjoy schooling, as well as lodging while they are studying, since most of these children come from families of migrant parents who travel to work on the sugar farms.



With the amount donated by Abengoa during 2017, it was possible to provide shelter for 33 children, pay the salary of a security guard, an assistant and three teachers.

Social development in South Africa

Abengoa adds value to the communities where it is present and carries out its activity, whilst complying with the legal requirements. Therefore, in South Africa it is required to **invest 1.1 % of its revenue in socioeconomic programmes** and to justify the investment to the Department of Energy through quarterly reports that summarise both the projects executed in the quarter and the expenditure associated with each of them.

The socioeconomic programme establishes **investment in education and entrepreneurship** as a cornerstone for the consolidation of changes in present generations that will undoubtedly imply a positive impact on economic regeneration of their environment.

During 2017, the total investment in social action was € 310,718 between the Xina solar plant and the Kaxu solar plant.

The investment in Xina during 2017 was € 121,289 and in Kaxu € 189,430, through the performance of different actions such as:

- › **Promotion of education:** the company believes that education is the cornerstone of the most profound advances in society, so providing grants for studies, represents one of the most important projects that Khi Solar One is implementing.
- › **Improve professional skills:** this initiative promotes the professional development of students, with the aim of acquiring the personal and professional skills to be part of the Operation and Maintenance team of an industrial facility.
- › **Promotion of education based on the education programme** in the Witbank, Pella and Pofadder centre:

this project focuses on improving the education and skills of local children and unemployed youth. Activities for children include reading, writing, maths, sports activities, cultural games and agricultural training.

- › **Promotion of electronic skills education.**
- › **Social welfare programme through the Housing project:** the aim of this project is to build housing in the municipality of Khai Ma to improve living conditions. During the project 13 houses will be built in each of the four communities (Pella, Pofadder, Onseepkans and Witbank). The construction of these houses will benefit 52 people.
- › **Social welfare programme in partnership with the RMAF:** a partnership has been established with the Ramón Medina Acre Foundation (RMAF) to develop education, social support and agriculture projects in Onseepkans. The educational programme consists of sewing workshops and after-school activities. Social support is provided by a social work office and a basic scheme to promote healthy eating in young people.
- › **Entrepreneurial development programme:** the actions carried out include the following:
 - Mentoring
 - Marketing plan
 - Business forecasts
 - Business advice

Contribution to the patrimonial and cultural wealth of society

The Focus Foundation preserves and promotes art and cultural heritage.

During 2017, the following initiatives were carried out:

- › **Cultural visits behind closed doors to the Hospital de los Venerables.** This enables the tour to be exclusively combined with the possibility of listening to a magnificent organ concert, contemplate the permanent collection of the Velázquez Centre, the Contemporary Art Collection, or enjoy the bibliographic and documentary collections of the E. Pérez Sánchez Legacy at the Library of the Baroque.
- › **An exhibition of “A panorama of contemporary art in the Focus collection”.** This project revolves around the collection of contemporary art that the Foundation has been gathering in recent years through acquisitions, donations, or the International Painting Prize. This exhibition brings together over a hundred pieces, mainly paintings and works on paper by authors such as Antonio López, Carmen Laffón, Fernando Botero, Eduardo Arroyo, Gustavo Torner, Benjamín Palencia and Juan Suárez, among others. The main purpose is to bring these collections to society in subsequent periodic exhibitions.
- › **Focus International Painting Prize 2017.** On 14 February 2018, the Focus Foundation publicised the decision of the thirty-fourth edition of the Focus International Painting Prize, an award given to the work entitled “Aphrodite in procession” by Ángeles Agrela. Of the 32 selected works, the jury has unanimously decided to award the prize, worth 12,000 euros.
- › **End of the Velázquez. Murillo. Seville exhibition** (November 2016 - February 2017), organised and directed by the Focus Foundation to commemorate the 25th Anniversary of the Foundation at the Hospital de los Venerables, and coinciding with the fourth centenary of the birth of Bartolomé E. Murillo. The exhibition, which was curated by Gabriele Finaldi, director of the National Gallery in London, had the special collaboration of the Museo Nacional del Prado; Kunsthistorisches Museum, Vienna; Louvre Museum, Paris; Private collection Apsley House, London; Villar Mir Cultural Fund Collection; the Nelson Atkins Museum, Kansas (USA); Meadows Museum, Dallas; Dulwich Picture Gallery, London; Frick Collection, New York; and National Gallery, London. It also had the sponsorship of ABC, Cajasol and Heineken, three institutions that strongly supported this first-class international cultural phenomenon, which was also established as the most visited exhibition in the history of the Foundation, exceeding 120,000 visits. The musical setting of this exhibition was provided by the ‘Tribute to Murillo’ organ concerts: a tribute to a universal painter, held in the church of Los Venerables.



“Aphrodite in procession” by Ángeles Agrela.

Education and research

One of Abengoa's aims is to promote education and scientific research on renewable energies and climate change.

In previous years, prizes have been awarded to doctoral theses, collaborations with universities, organisation of debates or the creation of the Energy Transition and Climate Change Forum, although due to the situation that the company has had during 2017, no further actions have been carried out in this regard.

Awards and grants

During 2017, the Focus Foundation continued fostering and promoting education through scholarship and award programmes for employees and family members:

End of Studies Awards: 10 awards

These awards are aimed at those who have completed, during the 2016-2017 academic year, the studies corresponding to the different levels of education for which they are announced.⁶

The awards handed out are the following:

- › Two Compulsory Secondary Education awards
- › Three Baccalaureate awards
- › A Higher Degree Training Cycle award
- › Four Awards for the completion of university studies

Research aid: 1 study aid

This aid is established for the preparation of a doctoral thesis or other scientific work, by graduates of any faculty, higher technical school or university.⁶

Assistance to increase studies abroad: 2 study grants

These grants are established to increase studies abroad (which excludes language study).⁶

Study aid for language study abroad on summer courses. 1 study aid

A study aid for language study abroad on summer courses.⁶

Aid to extend the studies of students from Vocational Training Cycles of Higher Vocational Training: 1 study aid

Aid to extend the studies of those that have completed a Higher Vocational Training Cycle and wish to continue university studies.⁶

Thesis Award: 1 award

An Award for the best doctoral thesis on an artistic, historic, literary, scientific or technical subject matter related to Seville, read out during the 2016-2017 academic course. It is a public contest. The award has been given to María Núñez González for her work 'Houses, farmyards, inns and shops (Casas, corrales, mesones y tiendas) in Seville of the 16th century'.

Focus Foundation

As of April, the Focus Foundation entered a new stage, as a result of the feasibility plan approved by the Board of Trustees on 22 December 2016, and due to the economic situation of Abengoa.

Thus, the opening to the public was limited to three days a week (Thursday, Friday and Saturday) for four hours in the morning. On the other days of the week, the activities, arranged visits and the ordinary work of the Foundation team are carried out behind closed doors.

In June, the Archdiocese of Seville, owner of the Hospital de los Venerables, signed the document that includes the **extension for a further five years** (until 8 July 2022) **of the lease agreement** signed on 9 July 1987. However, the Focus Foundation must continue carrying out maintenance and upkeep tasks of the property in accordance with its historical, artistic and material value (declared an Asset of Cultural Interest -ACI), and always respecting the morality and custom of the Catholic Church in the use of it, as set out in the Report that accompanies the aforementioned contract. The main objective of the Foundation is to preserve, maintain and disseminate this artistic legacy of the Baroque, to present it to today's society in optimal conditions and bequeath it to future generations.

Note 6 The members of Abengoa's workforce will be eligible for this aid, as long as they maintain this status both at the time of the application as well as at the time the aid is awarded and given, or the spouses, children or orphans of those who are part of the family unit.

Financing of activities

From the very beginning and to date, the financing of all activities of the Focus Foundation has been from the financial donation by Abengoa as its only patron.

However, since 2015 and due to its restructuring process, Abengoa has been decreasing its contributions. That is why the Focus Foundation is beginning to reflect on the past and present of the institution, taking into account future proposals that involve specific actions that primarily seek to generate income with the aim of contributing to the conservation of Hospital los Venerables movement and its collections.

Thus, the Foundation is undergoing a complete process of restructuring, without changing its objectives, through the creation of a map of ideas to develop potential projects in a new Foundation adapted to the economic and social conditions of the 21st century. With objectives such as: increasing visitors as well as identifying specific contacts (agencies, tour operators, etc.).



03. Management of capitals

03.5 Natural capital

Targets for 2018	<ul style="list-style-type: none"> › Manage to reduce environmental accidents to zero. › Maximise the efficiency associated with the consumption of water and energy at facility or project level. › Minimise the generation of waste and enhance reuse.
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The necessary evolution of society towards **a model of green growth of the economy** is, for Abengoa, not only an **intrinsic commitment to its strategy**, but an opportunity for the proper evolution and continuity of its business.

To date, socio-economic development has always been governed by the actions of ‘obtain, use, dispose’, which has contributed to the progressive deterioration of the natural environment, the pollution of seas and the air, the generation of waste and the increased scarcity of natural resources. However, this exacerbated pace of consumption has generated problems that go beyond the environment, affecting health and the economy worldwide.

Accordingly, **the need for a change in patterns of consumption and sustainable production** that serve to combat these effects and ensure long-term prosperity on a healthy planet is unquestionable. And it is in this aspect that the private sector plays a crucial role.

Abengoa is aware of this and therefore has an **environmental strategy and policy aimed at efficiency in the use of resources**, promoting a more sustainable economic system.

This commitment is implicit in the company’s strategy and forms an essential part of its sustainable management model, both at the level of products and services and at the processes level: offering customers innovative technological solutions for sustainable development in the sectors of Infrastructure, Energy and Water and promoting the efficient use of resources while minimising their impact on the environment.

Centralized environmental management

Senior management has undertaken a sweeping review of the environmental management systems, the procedures and the resources used in order to optimise processes and maximise their performance. This has involved defining a **centralised management system, adapted to the aspects required for environmental control** and the introduction of common targets, which in addition to complying with prevailing legislation takes into consideration the expectations of stakeholders.

This centralisation has led to operational changes in management systems, culminating in the unification of functions and the introduction of operational procedures that apply in all company activities. With this, the company has introduced the necessary mechanisms to establish an overarching and homogeneous diagnosis of its environmental conduct in any activity or country.

Currently, **the centralised management system is undergoing external certification pursuant to the ISO 14001 standard**. This standard, therefore, means the company can guarantee that all legal, contractual and good practices in environmental management requirements are identified and controlled properly.

Fundamental pillars of environmental management

Circular economy

Abengoa is committed to making the value of products, materials and resources have a longer useful life and remain in the circuit of the economy for as long as possible to minimise waste generation.

Climate change

The company works to align the goals of the Paris Agreement, focusing on the mitigation of emissions from the organisation’s activities in order not to exceed an temperature increase of two degrees centigrade compared to the pre-industrial era.

Management indicators

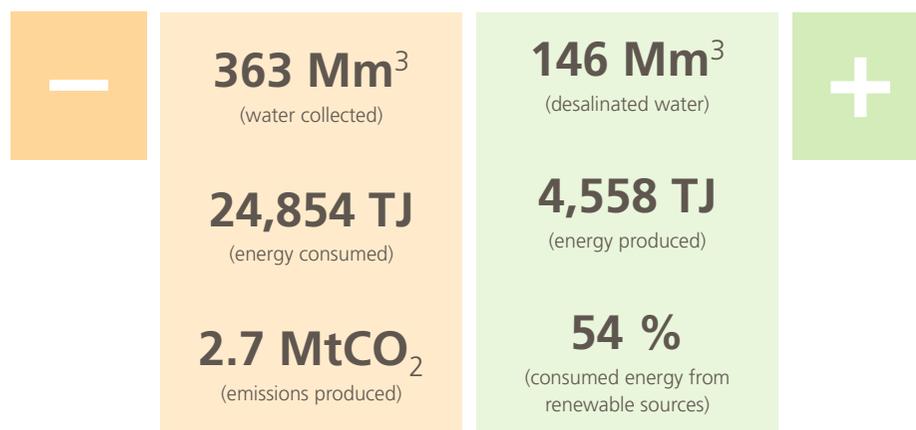
The crisis situation that the company has gone through has resulted in **the definition of an environmental management system focused on the aspects necessary for control and management** of Abengoa’s businesses, as well as the introduction of common goals, ensuring compliance with prevailing regulations.

Taking this into account, the company has defined several priority environmental aspects for control and management in all its activities:



However, the existence of this prioritisation does not exempt Abengoa's different businesses from managing any other environmental aspect which, without being critical for the company as a whole, is critical individually at project level.

Main figures



Energy and water

Energy efficiency, as well as the efficient use of natural resources, are nowadays the basic tenets for the functioning of an organization, serving as an engine of innovation and competitiveness to promote progress towards improving the quality of life for everybody.

However, there is still much to be done, and given that Abengoa is aware of this, it has focused its business on the development of energy infrastructures, generating renewable energy and transporting and distributing energy; contributing solutions to the integral water cycle through the desalination and treatment of water, as well as the construction of hydraulic infrastructures; and promoting new horizons of development and innovation in this field.

Energy consumption 302-1

Direct energy consumed (GJ)	2017	2016	2015
Biofuels	47,837	25,677	63,410
Biomass	12,317,116	15,372,412	15,907,281
Oil derivatives	1,919,379	2,023,164	2,682,318
Natural Gas	8,555,514	12,662,200	32,108,747
Others	–	2,138	1,187
Total	22,839,846	30,085,591	50,762,943

Intermediate energy consumed (MWh)	2017	2016	2015
Electrical power	559,421	704,696	3,483,537
Thermal power	*	297,326	1,356,158
Total	559,421	1,002,022	4,839,695

* The thermal energy supply was centralised in a single plant, Abengoa Bioenergy France, which has left the perimeter in 2017.

Energy consumption has been lower (-24 % in direct energy and -44 % in electricity).

In relation to direct energy, the main reason is the reduction in bioethanol production activity, caused by the divestment of plants in Europe and the United States, added to the decrease in the activity of the plants in Brazil.

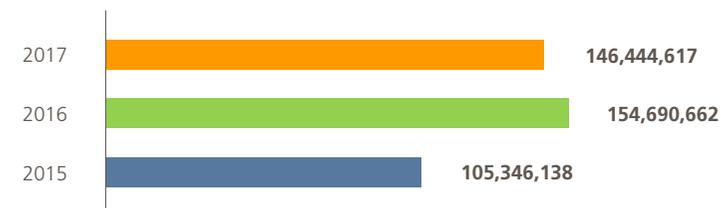
In terms of intermediate energy, the main reason is the production stoppage at one of the desalination plants, located in Accra (Ghana), caused by a natural disaster midway through the year that led to significant damage at the facility. [302-3](#)



Water withdrawal [303-1](#)

	2017	2016	2015
River water	5,557,546	6,976,001	9,455,579
Seawater	356,538,188	336,653,375	221,199,378
Grid supply	451,581	1,256,693	3,336,161
Well water	312,011	369,382	4,378,293
Rainwater	4,542	4,611	3,665
Used water	26,231	41,972	3,854,598
Total water collection (m³)	362,890,099	345,302,034	242,227,674

Desalinated water



The collection of seawater has increased compared to the previous year, due to the increased activity of the desalination plant in Almería (Spain). However, the decrease in activity of the desalination plant in Accra (Ghana) due to the damage caused by a natural disaster has caused the production of desalinated water in global terms to decrease by 5 %.

Climate change

The fight against **climate change is one of the pillars of Abengoa's sustainability policies**, not only because of its impact on the environment but also because of its impact on the economy and society.

It is an undeniable reality that changes in the environment are altering weather patterns, increasing the frequency of extreme events (torrential rains, droughts, sudden rise and fall in temperatures). However, and in spite of everything, this situation is not yet irreversible, but it requires the work, effort and commitment of everybody: companies, governments, external agents and society as a whole.

In this regard, Abengoa is fully aware of its role in society and the environment, so it **focuses its activity on offering solutions aimed at reducing emissions and energy efficiency** not only in its final product but also throughout the entire supply chain.

In addition, the company has developed strategies for analysing risks associated with climate change in projects and facilities, especially in high-risk areas.

GHG emissions (tCO _{2eq})	2017	2016	2015
Direct emissions	652,332	1,044,098	2,135,808
Indirect emissions (scope 2)	315,283	418,938	637,810
Other indirect emissions (scope 3)	589,825	2,306,639	4,075,808
Total	1,557,440	3,769,675	6,849,426

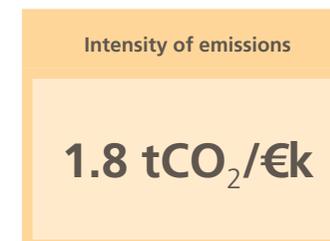
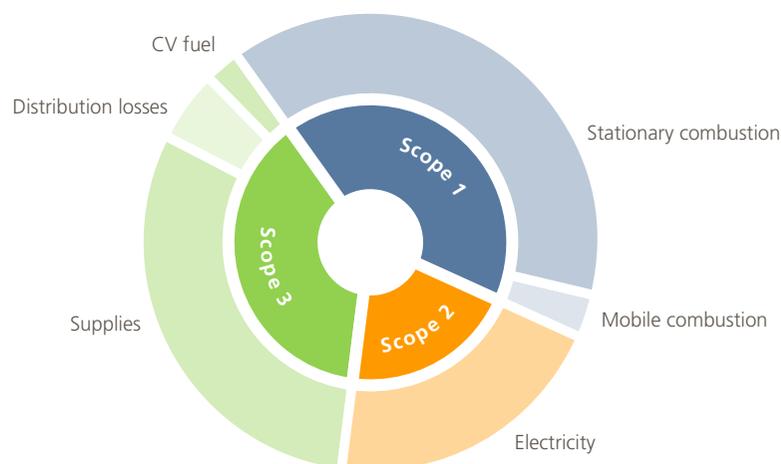
GHG emissions (tCO _{2eq})	2017	2016	2015
Direct emissions from biomass	1,103,015	2,025,292	3,289,005

305-1, 305-2, 305-3

GHG Emissions of 2017

Fixed combustion	Mobile combustion	Electrical power	Supplies	Losses	CV fuel ⁽¹⁾
604,738	47,594	315,283	474,026	81,112	34,687

⁽¹⁾ CV fuel: Value chain of the fuels used in the generation of energy employed.



The emissions derived from the products and services provided by suppliers have been calculated using a methodology that takes advantage of the knowledge and experience that the company has gathered in this field over the last 10 years. An analysis of the life-cycle analysis and emission factors provided by suppliers in recent years has been carried out, selecting those of the highest quality and lowest range of uncertainty to obtain average emission factors for each family of materials. These emission factors have been applied to the supplies invoiced in 2017. 305-4

Adaptation to climate change 201-02

Abengoa comprehensively analyses the vulnerability of the organisation's activities in the face of climate change. In this regard, and in order to protect the assets, the risks associated with climate change are incorporated into the general risk assessment, both globally and at project or facility level.

Abengoa is aligned with the **recommendations of the Task Force on Climate-related Financial Disclosure (TCFD)** of the Financial Stability Board (FSB). The organisation believes that alignment with international standards and awareness of financial risks and opportunities associated with climate change are an essential step towards improving transparency.

The most notable risks are associated with changes in the temperature and rainfall regimes. The possible consequences are detailed below, as well as the measures introduced to mitigate the risks: [201-2](#)

Risk	Consequences for the company	Management
Increase in temperatures	<ul style="list-style-type: none"> › Malfunction due to expansion of structures. › Increase of the cost of capital in the transmission lines, due to the need to apply higher voltage to the conductor. › Alteration in the production of effective power of the combined-cycle plants and gas plants, due to the decrease of the mass flow in the turbine by decreasing air density. › Alteration to the conditions of input water at desalination plants, causing increases in the consumption of chemical products and increasing the likelihood of contaminating the process due to the growth of algae and molluscs within the facilities. 	<ul style="list-style-type: none"> › Improvement of the environmental impact evaluation of projects, including potential alterations due to temperature changes, and introducing measures that mitigate the effects.
Variations in the rainfall regime	<ul style="list-style-type: none"> › Reduction of the availability of processing water through lower rainfall in certain geographies. › Alteration in the salinity and pH of the input water in desalination processes and at generation plants, having repercussions on the performance and involving a greater use of chemical products. › Also, corrosion problems could appear and the useful life of the main components would be reduced. › An extreme increase in rainfall could lead to noncompliance with the completion of construction projects, as well as damage to operating facilities, which could imply the interruption of the service. › The absence of rainfall could lead to the appearance of fires, having the same implications of noncompliance in the completion of construction projects and damage to the facilities in operation. 	<ul style="list-style-type: none"> › Improvement of the environmental impact evaluation of projects, including potential alterations due to temperature changes, and introducing measures that mitigate the effects. › Insurance policies to cover exposure to weather phenomena. Our insurance programme protects all our facilities against physical damage and loss of profits due to these extraordinary risks.
Rising sea level	<ul style="list-style-type: none"> › Changes in the desalination activity of seawater, causing an increase in operating costs due to the implementation of protection measures to prevent flooding. 	<ul style="list-style-type: none"> › Consideration of the potential rising sea level in the design of desalination plants. The Abengoa plants in operation were built at a safe height above the sea to prevent risks from rising sea level.
Emergence of political measures that restrict actions that contribute to accelerating climate change or political measures that promote adaptation to climate change	<ul style="list-style-type: none"> › Some examples include the introduction of carbon pricing mechanisms, the reduction of GHG emissions, the use of less emissive energy, the adoption of energy efficiency measures and the promotion of more sustainable practices in the use of land. 	<ul style="list-style-type: none"> › Establishment of an emissions management system with an accounting system in all scopes. This allows the company to establish targets and mitigation and efficiency initiatives. › Introduction of a mechanism for calculating internal carbon prices, to align these with the emerging climate regulation as a result of the Paris Agreement and with the evolution of the business itself.

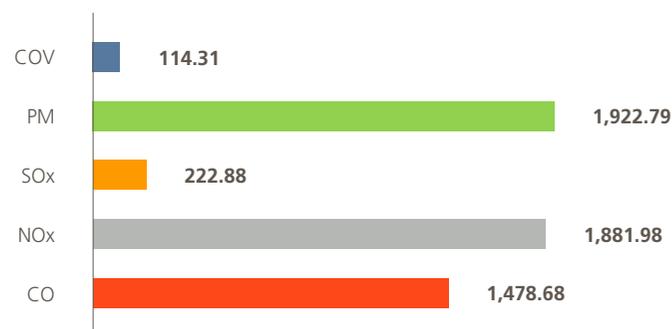
Risk	Consequences for the company	Management
Uncertainty about the future of the Paris Agreement	<ul style="list-style-type: none"> › The current framework of uncertainty surrounding the Paris Agreement following the withdrawal of the United States could have a significant impact on the investments of financial and technical resources in renewable energy projects, especially in developing countries, and may affect our renewable energy infrastructure construction activity. 	<ul style="list-style-type: none"> › Participation in conferences and webinars of Caring for Climate (C4C) and the Spanish office of climate change. › Monitoring and analysis of documents and news related to the evolution of the Paris Agreement, as well as tracking national and international policies in this regard.
Reputation	<ul style="list-style-type: none"> › The fight against climate change is currently one of the main concerns worldwide. The absence of a strategy to combat climate change could have a negative impact on a company's reputation with regard to its stakeholders and, especially, its clients. 	<ul style="list-style-type: none"> › Communication and dissemination of Abengoa's climate change strategy, as well as all the initiatives carried out, in the Integrated Report and on the website. › Collaboration in initiatives of the Nazca platform of the United Nations Framework Convention on Climate Change.

Likewise, the evaluation of risks enables the organisation to identify new business opportunities associated to climate change: for example, the increase of business in renewable energies, if there is a toughening up of regulations governing fossil fuels; increased demand for water caused by the potential rise in temperatures or greater number of sunlight hours through decreased rainfall.

Carbon Pricing 102-13

Abengoa is currently in the process of redefining its methodology for calculating the internal price of carbon, with the aim of incorporating it as an additional criterion in the evaluation of risks associated with new construction projects. This price is called the "shadow price", which the company will use to quantify the risk of generating emissions in new projects, promoting the decarbonisation of new investments.

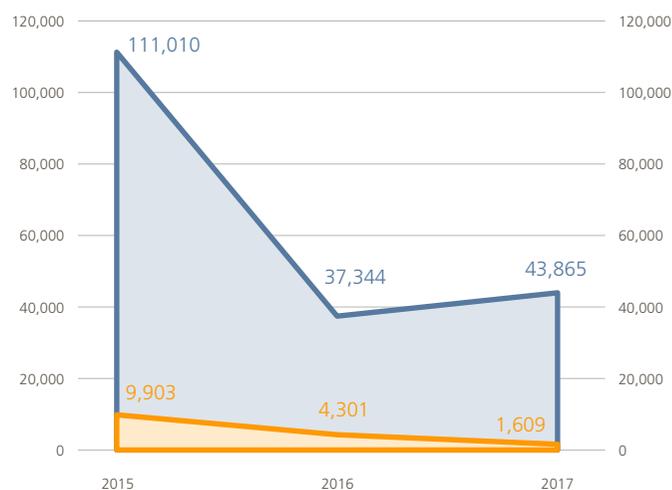
Other pollutant emissions (t)



Abengoa and the circular economy

Waste management has become **one of the main challenges** for humanity today, due to its environmental, economic and social repercussions. There can be no question, therefore, on the **need for a change in patterns of consumption and sustainable production** that serve to combat these effects and ensure prosperous and sustainable development of the planet.

In this regard, the company has relaunched its activity introducing action procedures and **protocols to help make more efficient use of natural resources and minimise waste**, as these are not only about a decisive costs and competitiveness factor, but also contributes to the long-term preservation of natural resources.



	2017	2016	2015
■ Non-hazardous (t)	43,865	37,344	111,010
■ Hazardous (t)	1,609	4,301	9,903

The increase in non-hazardous waste is mainly due to the start-up of the construction project of the Waad Al Shamal hybrid plant in Saudi Arabia, which has generated a large amount of sludge.

Type of waste management (t)	2017	2016	2015
Reutilisation	689	3,735	19,940
Recycling	3,891	6,855	26,679
Composting	3 ⁽¹⁾	2,033	2,035
Recovery	561	516	970
Incineration	46	150	410
Landfill	37,844	23,560	18,464
Permanent storage	548	619	34,600
Others	1,890	4,178	17,816
Total	45,474	41,646	120,914

⁽¹⁾ The decrease in waste targeted at composting is due to the withdrawal from Abengoa's perimeter of the bio-ethanol plants Biocarburantes Castilla y León and Bioetanol Galicia, the main contributors to this figure.

306-2

Campus Palmas Altas

Efficient office:

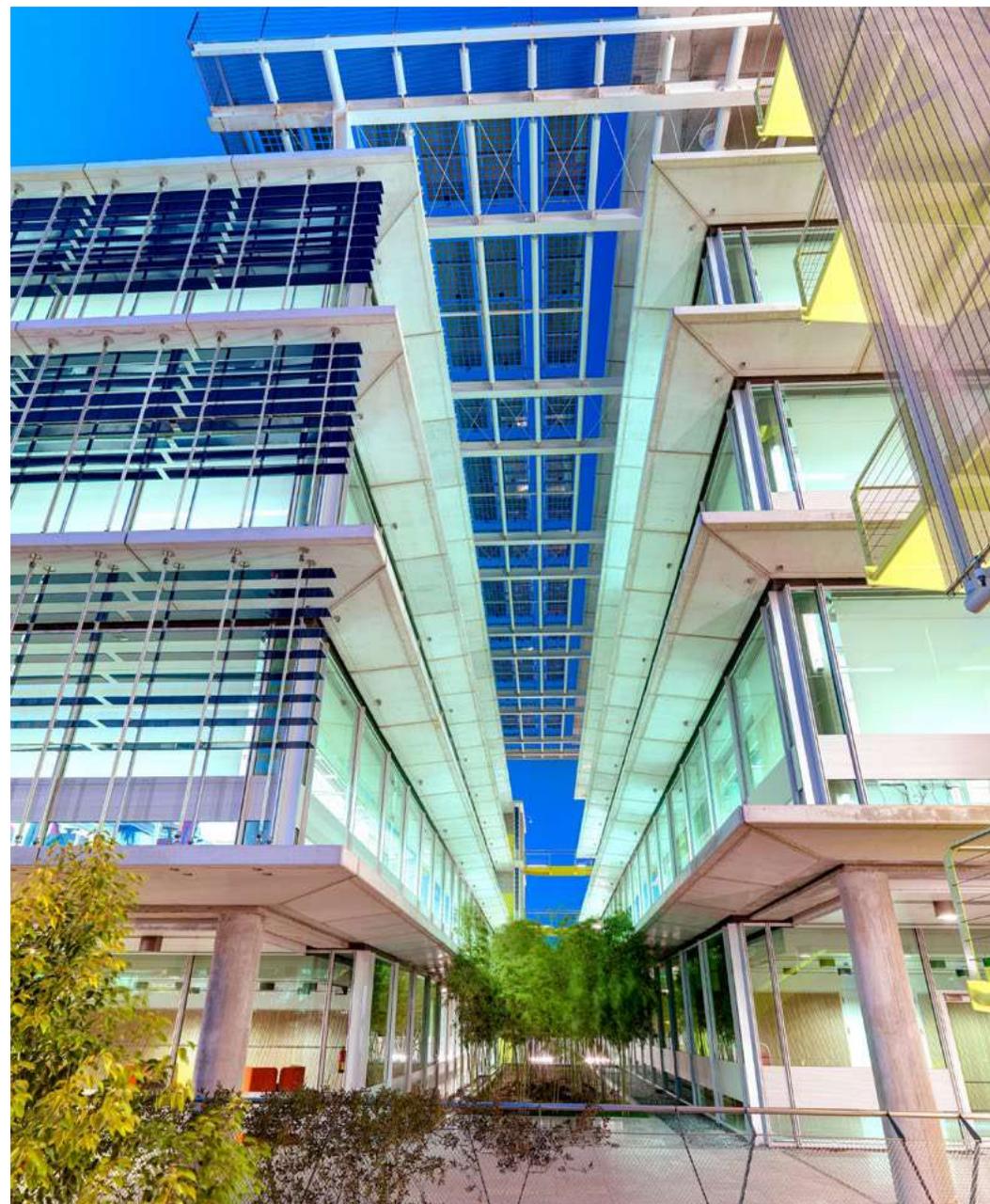
In 2015, the Building Council of the United States (USGBC) awarded Abengoa the **LEED** (Leadership in Energy & Environmental Design) Platinum certification, granted to its **Campus Palmas Altas headquarters** in Seville (Spain). This certification is further proof of Abengoa's commitment to developing measures and initiatives that contribute to improving efficiency in the performance of its activity.

LEED is a system of voluntary certification of sustainable buildings that is based on the incorporation of systems that contribute to energy efficiency, the use of alternative energies, the improvement of the internal environmental quality, the efficiency of water consumption, the sustainable development of the free spaces of the plot or the selection of materials.

Sustainable mobility:

Abengoa continues to promote the **Sustainable Mobility Office**, located at its headquarters at Campus Palmas Altas. This provides employees with **more comfortable, safer and sustainable travel options** from the city to the workplace, replacing the private vehicle option. With this office, Abengoa not only helps to improve the movement of workers to the workplace, but also to ensure that these trips are in harmony with the environment.

Among other initiatives, Abengoa offers its workers a shuttle service with which it is possible to travel from anywhere in Seville to Campus Palmas Altas. Also noteworthy is the location of a footbridge built by Abengoa that crosses the SE-30 and which connects Campus Palmas Altas with the metropolitan area, allowing the passage of pedestrians and cyclists, as well as the use of the public buses of Tussam and the Consortium of Metropolitan Transport of Seville.





04. Governance, transparency, risk management and compliance



Corporate governance

Having governance bodies that generate trust in stakeholders and ensure an adequate strategy and the **dissemination of a culture of integrity** is essential for companies to progress, especially in the particular case of Abengoa, after the financial restructuring process that it has gone through. This will allow the company to reposition itself as one of the main players in the markets in which it operates.

Therefore, **Abengoa's corporate governance is focused, mainly, on securing the corporate interest, a body that generates sustainable and responsible value for stakeholders in the long term.**

In line with the foregoing, the organisation seeks to ensure that its **corporate governance is dominated by the principles of efficiency and transparency** established in the main recommendations and existing standards, such as the International Corporate Governance Network (ICGN) or the Good Governance Code of Listed Companies published by the CNMV.

Following the **approval in 2016 of a corporate governance policy** that reflects these principles and objectives, and **within which the CSR policy**, as set out in recommendation 53, is framed, during 2017 Abengoa has continued working to continue to adapt these recommendations in its system of governance. Thus, in 2017 the Company has reported compliance with 50 of the 56 recommendations of the Code of Good Governance of Listed Companies that apply to it.

Accordingly, applying these guidelines in decision-making not only favours proper management of the company's operations, but also improves its bottom line and contributes to sustainable development wherever the company performs its activity.

Another requirement for good governance is to ensure regulatory compliance¹, which involves applying due diligence to ensure that the company complies with all regulatory and legal requirements that apply in the countries in which it operates.

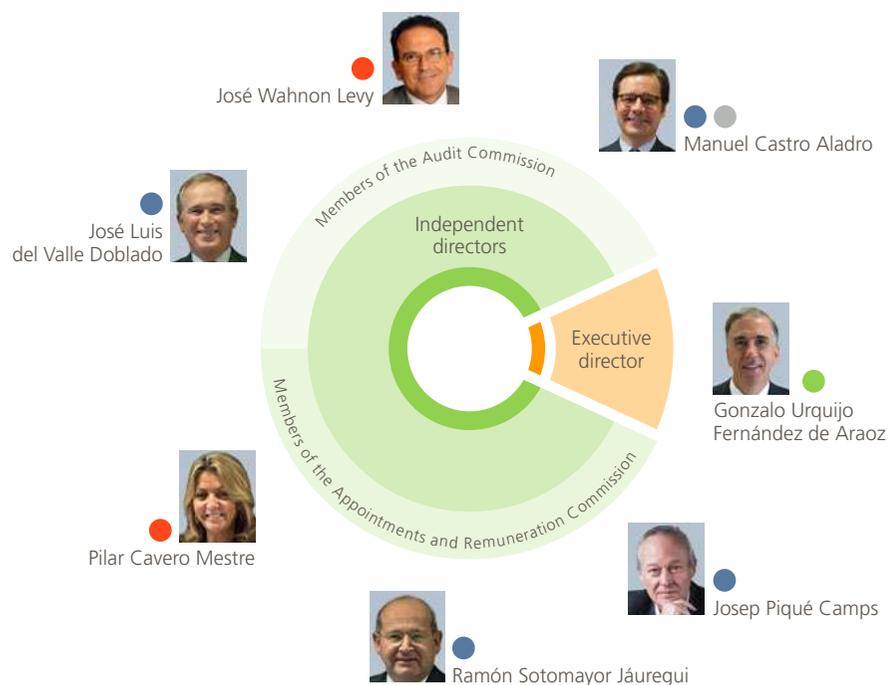
Note 1 For further information, please refer to the [Regulatory Compliance chapter](#)

Governing bodies

For the purpose of disclosing its corporate governance performance to its stakeholders, Abengoa has published the Corporate Governance Report every year since 2009.

At the date of this report, the [Board of Directors](#) comprises seven directors: six men and one woman. Of these, six are independent and one executive. The chairman, Gonzalo Urquijo Fernández de Aroz, sits on the Board of Directors of other listed companies, Vocento, S. A., Gestamp Automoción, S.A. and Atlantica Yield, plc. Likewise, José Luis del Valle Doblado sits on the Board of Directors of Lar España Real Estate SOCIMI, S.A. and Verditek plc; Josep Piqué Camps is a director of Aena, S.A. and Pilar Cavero Mestre is a director of Merlin Properties. In relation to the foregoing, in compliance with the recommendations of good corporate governance, the Regulations of the Board of Directors of Abengoa limit the positions that directors may hold in other listed companies, in such a way as to ensure the availability of directors and the proper functioning of the sessions of the Board and its committees.

102-18, 405-1



In accordance with good governance practices, the strengthening and efficiency in the development of the board's duties requires specialised commissions. Accordingly, the Abengoa Board of Directors is assisted by two commissions. Appointments and Remuneration Commission and the Audit Commission Taking into account the current structure of the Board of Directors and the needs that the company has following the restructuring process, two commissions are considered sufficient. However, in the future the company may assess the need to create additional commissions that facilitate the Board's work.

The current composition of the Board of Directors and its Committees is as follows:

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

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

- Executive chairman
- Chairman of commissions
- Member
- Independent lead director

Composition of corporate governance

The Appointments and Remuneration Commission and the Audit Commission are composed exclusively of independent directors and are assisted by a secretary who is not a board member.

In 2017, the Board met on 20 occasions, at which it addressed the most significant operational issues and those situations that required management responses. Key amongst these issues are:

- › The **follow-up of the financial restructuring** and recapitalization process that concluded successfully on 31 March 2017.
- › **Monitoring of compliance with the feasibility plan** that was approved within the framework of said restructuring and, very specifically, of the divestments undertaken as part of the plan and the review of the different business units.

The Board also reviews the tasks assigned to the different committees and commissions whose functions depend on the Board. In this regard, **the Board of Directors is responsible for approving**, among other issues, **the company's general strategies and policies** and, more specifically, **the strategic or business plan**, as well as **management targets, the investments and financing policy, the Corporate Social Responsibility policy** and the risk management and control policy, which nevertheless is supervised by the Audit Commission. [102-19, 102-26, 102-27, 102-31](#)

The CSR Management, together with other executives, is responsible for reporting the company's non-financial information to the Executive Committee (which in turn reports to the Board of Directors when appropriate). Senior management members with responsibilities concerning non-financial information hold regular meetings with the Chairman's Office and the Executive Committees to review and analyse all issues concerning corporate, economic and environmental matters, which are subsequently and regularly reported to the Board. [102-20](#)

The Board regulations set out that the principle of equal treatment must apply in relations with shareholders in the same position and be guided by the corporate interests. Accordingly, to create the appropriate mechanisms to be aware of proposals from shareholders related to corporate management, organising informative meetings on the company's progress and opening the channels required for the regular exchange of information with groups of shareholders. In line with the above, in February 2018 the company held an informal meeting with minority shareholders² in order to review the progress of the company after the closure of the financial restructuring and to find out their concerns. The company has a shareholder portal, accessible from the [website](#), through which shareholders can send their enquiries. [102-21, 102-33, 102-34](#)

Note 2 Further information in the [chapter on financial capital](#).

In addition, the Regulations determine that one of the independent directors must be appointed to, among other issues, gather together and coordinate the concerns of non-executive directors; request the calling of the Board of Directors or the inclusion of new items on the agenda; maintain contact with investors and shareholders to find out their points of view and their concerns, in particular in issues of corporate governance of the company, and oversee the chairman assessment process.

The company has an executive chairman who, although he does not have delegation of powers, holds general powers that can be exercised jointly with other attorneys-in-fact of the Company.

Appointments and Remuneration Commission

The Appointments and Remunerations Commission³ was set up in 2003 and is composed exclusively of independent non-executive directors, which confers greater objectiveness in the performance of its duties. **Its main purpose is to advise or inform the Board of Directors with regard to the appointments, re-elections, resignations and remuneration of the Board and of its positions, as well as with regard to the general policy on remunerations and incentives** of its members and of senior management, which is also approved at the General Meeting of Shareholders. [102-34, 102-35, 102-36](#)

By the same token, every year this commission verifies the continuity of the conditions required for designation of a director and the nature or type assigned. It is the body responsible for selecting profiles that best represent the needs of the different stakeholders among professionals from different fields and of renowned national and international prestige. The procedure for selecting them is based on merits and on the intention to cover any vacancy with professional profiles that are not linked to any specific interests. All this in accordance with the provisions of the director selection policy approved by the Board on 30 March 2016.

We should point out that members of the Board of Directors of Abengoa, with the exception of Josep Piqué Camps, who was appointed through co-optation on 13 July 2017, were appointed by the General Meeting of Shareholders 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 Commission on the basis of the selection and proposal made by the consultancy firm Spencer Stuart.

In this regard, Spencer Stuart and the Appointments and Remuneration Commission assessed the capabilities and merits of the various candidates and proposed those candidates considered most appropriate taking into account the characteristics of Abengoa and its current circumstances.

Note 3 Further information on pages 29-30 of the Corporate Governance Report.

This same procedure was followed during 2017 for the selection of the directors appointed to fill the vacancies produced during 2017 (Miguel Antoñanzas Alvear replacing Javier Targhetta Roza and Josep Piqué Camps in substitution of Miguel Antoñanzas Alvear).

In addition, the commission ensures that when new vacancies are filled the selection procedures are not biased by gender, religion, race, etc. This commission is also tasked with assessing the performance of the Board of Directors and of the executive directors, examining and organising the succession of the chairman and of the CEO, reporting the appointments and resignations of senior executives and reporting on gender diversity issues. [102-24](#), [102-28](#)

During 2017, the **main tasks of the Appointments and Remuneration Commission**, which met 12 times, have focused, among other issues:

- › Analysis and recommendation on the **board structure**
- › Metrics and objectives of the 2017 annual **variable remuneration**
- › Analysis and report on the **new remuneration policy** for 2018 to 2020
- › Approval of the long-term **Incentive Plan**
- › **Evaluation of the board** and its commissions
- › Proposal for the **appointment of independent directors**

Audit Commission

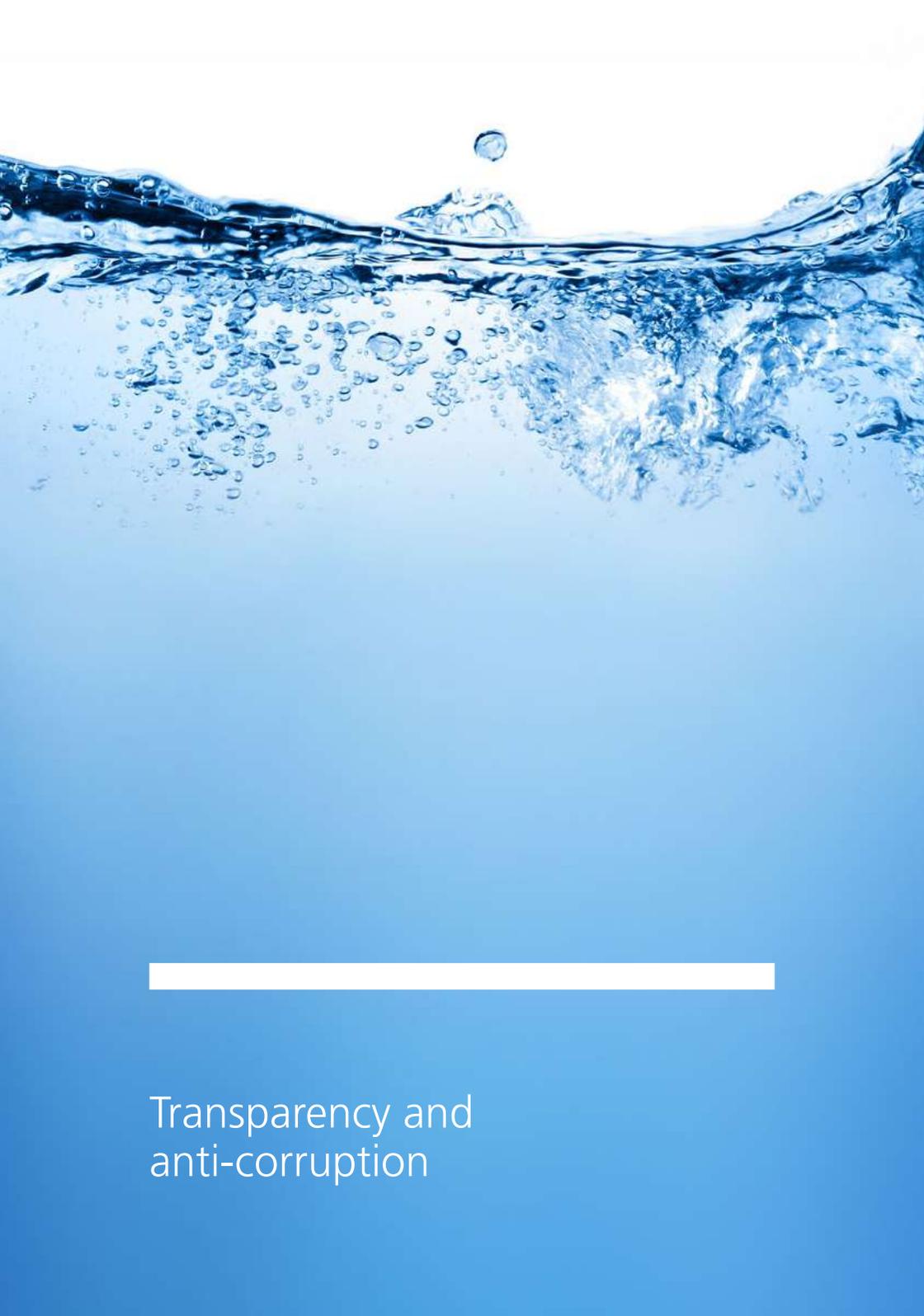
The Audit Commission⁴ was set up in 2002 and, in compliance with the requirements set out in the good governance regulations, it comprises non-executive and independent directors, assisted by the Board Secretary, lending it greater objectivity in the performance of its duties. In accordance with the standards of good corporate governance, the Audit Commission is chaired by an independent director who was appointed taking into account their knowledge and experience in accounting and auditing matters. From its independent standpoint, the commission ensures that companies are responsible in their actions, guaranteeing ethical behaviour.

The functions of the Commission and its statutory powers can be summarised as follows: monitoring and resolving conflicts of interest; reporting to the Board on the financial statements of the company; communicating changes in accounting criteria; overseeing the internal audit functions; being aware of the financial reporting process and supervising the internal control systems; and interacting with the auditors to identify issues that could jeopardize its independence. In addition, it is responsible for supervising the risk control system based on the functions of internal auditing and risk management, compliance with the corporate governance rules and the [Corporate Social Responsibility policy](#). [102-25](#), [102-26](#), [102-29](#), [102-30](#), [102-31](#)

In 2017, the Audit Committee met 14 times and has addressed, among other issues, the following:

- › The **process of selection** and subsequent **appointment** of the company's **new auditor** for the 2018-2020 financial years.
- › **The review and positive report** of the various **divestments** carried out including, in particular, the **sale of 25 % of Atlantica Yield**.
- › The **review of financial information**, both annual and intermediate, to be sent to the regulatory bodies.
- › The **supervision of the whistleblowing channels**, as well as **monitoring of the internal audit plan**.
- › Supervision of compliance of the strategic lines established in the CSR policy.

Note 4 Further information on pages 28-29 of the Corporate Governance Report.



Transparency and anti-corruption

Targets for 2018

- › Coordinate the effort to **adapt the organisation to the new structure** that is being built following the financial restructuring.
- › **Restructure all the company's internal management systems** to bring them into line with the new functional organisational structure.
- › Support the **launch of the centralised management** of suppliers, as a tool to include governance criteria and mitigate risks in the relationship that Abengoa maintains with its suppliers.

SDGs that apply



Abengoa, as defined in its **code of conduct**, establishes **transparency** and **good corporate governance** as one of its **core principles of action**. This is in addition to the rest of Abengoa's management and business model values: health and safety, integrity, professional rigour, reliability, customer focus, innovation, social contribution, respect for the environment, cultural diversity and equal opportunities. **102-16**

The company's unswerving commitment to these values has been key to overcoming the difficult process of financial restructuring in which the company has been involved and the recovery of the confidence of our stakeholders, especially our customers, suppliers and financial creditors.

The consideration of the expectations and particularities of stakeholders is a priority for Abengoa and, in this regard, it is essential to continue working to strengthen the mechanisms that ensure greater transparency.

Accordingly, the company continues to embark on an extensive process of transformation to further simplify its organisational structure, adapt its internal policies, its compliance and corporate culture programmes, to ensure a continuous and accurate flow of information to stakeholders, in turn guaranteeing compliance with the law and respect for business ethics.

Anti-corruption 205-2, 415-1

Although the mechanisms that guarantee adequate transparency and the fight against corruption always require continuous adaptation, in the case of Abengoa the effort must be even greater to adapt to the new functional and societal organisation that is being restructured. That is why the organisation has been working for more than a year on several programmes to adapt and streamline internal control systems and processes. This has involved introducing the requirements and approval circuits for the most relevant business decisions, or those with an impact on the balance sheet or the income statement, so that the entire internal control system adapts to the new functional organisational structure.

Anti-corruption law

In its **constant support to the fight against malpractices, such as extortion, fraud and bribery, Abengoa** is subject to the stipulations of anti-corruption legislation, both locally and internationally and, in particular, of the US Foreign Corrupt Practice Act or FCPA. The FCPA regulates the actions of all companies that perform activity in the United States, irrespective of their country of origin.

The Common Management Systems, applicable to the entire company, include specific standards to **ensure compliance with the anti-corruption mechanisms and the FCPA requirements** by all company staff members.

The annual internal audit and regulatory compliance plans, which include prevention, fraud detection and regulatory compliance work, implemented by the Internal Audit area, cover, among other aspects, the risk of compliance with Abengoa's internal regulations on corruption.

As a consequence of the works carried out in 2017, **10 forensic audit reports** were compiled based on complaints received by both the internal and external channels. None of these has led to the commencement of a judicial procedure related to an incident of corruption.¹ 205-3

Likewise, in 2017 there has been no identification of any contribution by Abengoa to political parties and/or representatives, whether financial or in-kind, either directly or indirectly. 415-1

Sustainable commitment

Abengoa has a long history in its **commitment to the fight against corruption**. In 2002, it joined the United Nations Global Compact, through which it undertakes to manage its operations in accordance with 10 principles based on the universal declaration of human rights, which includes, among other matters, the fight against corruption in all its forms, including extortion, fraud and bribery.

This effort has increased over the years. That is why in 2013 a regulatory compliance unit was created within the Secretariat General, which in 2014 acquired autonomy reporting directly to the Board of Directors. In February 2015, Abengoa became the **first Spanish company to satisfactorily pass an external audit of its ACCS** (Anti-corruption Compliance System), included in the 2015 Corporate Social Responsibility Report.

The **ACCS is driven by the company's management bodies and is applicable to 100 % of its structure**, reaching all employees, managers and directors of any of the companies under its control. A compliance system does not guarantee the non-perpetration of any irregular practice, but it helps to prevent it, and significantly increases the likelihood that it will be identified and mitigated.

During 2017 the compilation of best practices for the recruitment and supervision of intermediaries, already implemented at some subsidiaries, to extend this to the whole group, served to improve the ACCS.

Note 1 Although one action was taken to analyse possible corruption among individuals, the final conclusion was to archive the case.

The 10 key elements of the ACCS

Organizational culture and communication

1. Involvement of senior management
2. Regulatory Compliance Department with direct access to the Board of Directors
3. Code of Conduct, with zero tolerance
4. Training

Procedures and policies implemented at Abengoa

5. Aligned Common Management Systems
6. Analysis and evaluation of risks
7. Specific procedures for the areas of greatest potential risk:
 - Gifts and donations
 - Control, monitoring and due diligence of third parties
 - Due diligence prior to merger and acquisition of companies
 - Due diligence prior to the closing of UTEs and joint ventures agreements
 - Purchase, payments and contracts with third parties

Detection mechanisms

8. Update, review and continuous improvement of the ACCS
9. Internal and external whistleblowing channel
10. Conducting specific audits

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

Abengoa has a Code of Professional Conduct that defines working relations for employees, senior managers and directors within the company as well as relations with stakeholders. Likewise, it **establishes the guidelines of conduct that must govern the company's activity and the prohibitions based on the values that define the organisation's corporate philosophy.**

The company's geographic diversification means developing our activity in very diverse legal settings, whose cultural particularities must likewise be addressed. However, there are principles and methods of conduct that must be heeded by all members of the organisation, because they represent the cornerstone on which our business culture is based, and they are included in compliance programmes that are part of our management system.

The ultimate goal of the Code of Professional Conduct is to **promote open and transparent professional rigour, setting a standard of conduct applicable to the entire workforce, without exception.** It therefore represents an express statement of values, principles and guidelines of conduct that should guide the behaviour and consolidate the culture of everyone in the group in the performance of their professional activity.

Knowledge of the Code of Conduct by persons linked to the organisation is key to the practical application of its principles. The document is available on the Abengoa intranet where it can be consulted by employees, and also on the [company's website \(www.abengoa.es\)](http://www.abengoa.es), to facilitate its dissemination to the value chain and to its stakeholders.

Mechanisms to prevent corruption

Whistleblowing channel 103-2

Among the most relevant mechanisms available to the company to prevent and fight corruption is the whistleblowing channel, accessible both to employees of the company and to other stakeholders.

This channel **provides the opportunity to establish direct communication with senior management, as well as with other governance bodies**, in order to serve as an instrument to raise any possible irregularity, breach or conduct contrary to ethics, legality and standards that govern the company.

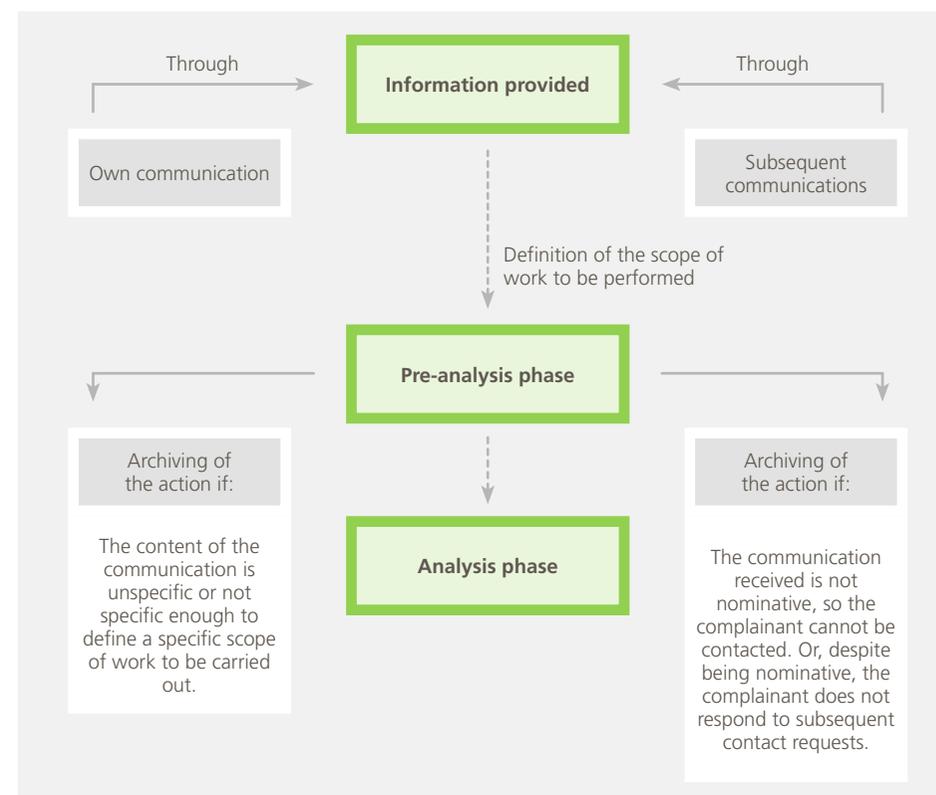
Abengoa's two whistleblowing channels -the internal one and the external one-, which have been operational since 2007, have been set up in accordance with the specific requirements of the Sarbanes-Oxley Act.

- › **Internal:** available to all employees so they can report any complaints or claims.
- › **External:** intended to enable anyone outside the company to report irregularities, fraudulent acts or conduct that contravenes Abengoa's Code of Conduct. The channel is available on the Abengoa website.

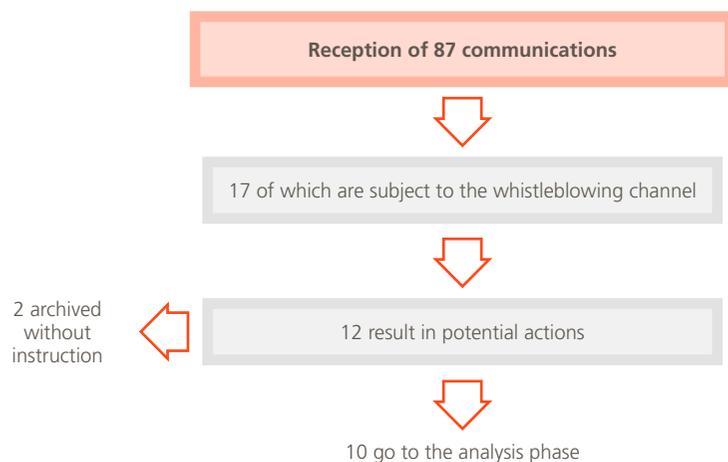
In addition to the whistleblowing channels, **any infraction may be reported directly to the Chief Compliance Officer, and to supervisors**, directors and duly authorised personnel.

The complaints are received directly by the Regulatory Compliance Officer and by the Director of Internal Audit. The Audit Committee and the Chairman of the Board of Directors of Abengoa, formally conclude on the investigations or measures that, where appropriate, should be adopted in relation to the complaints received.

Flow of action based on the complaint received



In 2017, **87 communications** were received, which led to 10 actions in the analysis phase.



First, upon receiving a communication, it is assessed to determine whether it falls within the scope of the Whistleblowing Channel, and, if so, the action begins².

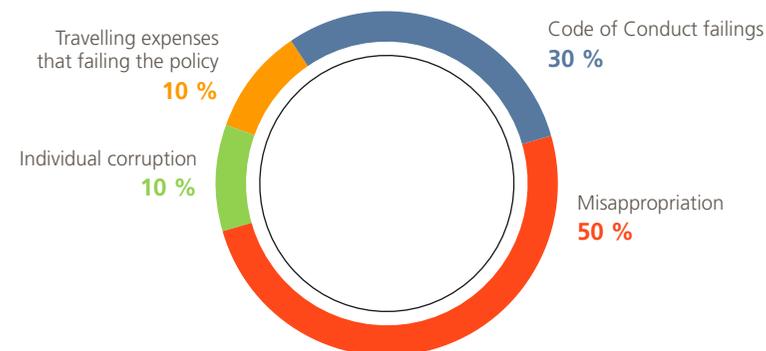
Of all the complaints received, only 20 % were sent via the channel, given that there was a large number of communications from shareholders actually sent to the investor relations mailbox, due to the capital increase.

Therefore, once it has been determined that a communication is the object of the Whistleblowing Channel, an action is opened and a preliminary analysis is simultaneously initiated. In the first place, if the communication is nominative (that is, the complainant furnishes contact details), the complainant is contacted to improve the understanding of the communication and thus be able to define the scope of the analysis procedures to be carried out in the most specific and efficient way possible. The company has a maximum response time of 48 hours

Based on the information provided both in the communication and in subsequent communications with the complainant, the scope of work to be carried out is defined. And later on, we move on to the pre-analysis and analysis phase.

Note 2 An action can have more than one associated communication, since it is common to maintain contact with the complainant.

Actions classified by type of irregularity

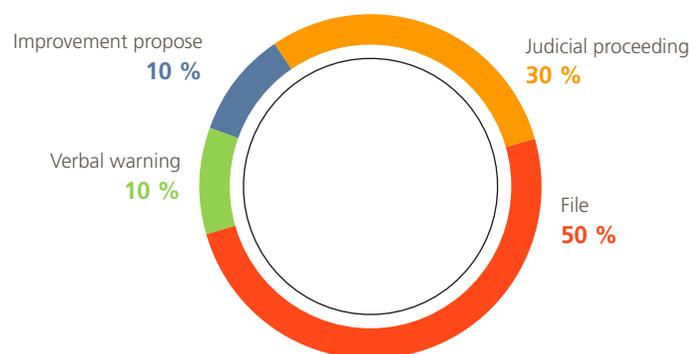


Misappropriation has been the most reported type of irregularity in 2017, accounting for 50 % of the actions carried out. It is followed by breach of the Code of Conduct, with 30 %.

The distribution of the complaints received by geographical zones is the following: **102-17**

Complaints by geographical distribution	2017 (%)	2016 (%)	2015 (%)
Latin America	50	22	52
Africa	–	17	19
Europe	30	44	14
North America	–	6	10
Asia and the Middle East	20	11	5

Finally, 50 % of the proceedings were archived. For 30 % of complaints, Abengoa initiated a legal procedure for recuperation/compensation after assessing the conclusions presented as a result of the actions carried out.



Good practices committee

One of the innovations of 2017 to improve transparency has been the **constitution** of the **Good Practices committee** of the Audit Committee of the Board of Directors.

The Good Practices Committee **assesses those breaches of the Abengoa Code of Conduct and/or potential cases of internal fraud** (understood as a breach by managers and/or directors of the mandatory policies and processes), in which such breaches have been an instrumental process for the perpetration or attempted perpetration of an administrative misdemeanour or crime, within the scope of its functions.

The committee is chaired by the Internal Audit Department and is made up of the corporate divisions of Human Resources, Legal Advice and Regulatory Compliance.

Implementation, management and control of the Internal Control System

The organisation's commitment to transparency requires a joint effort by everybody at Abengoa, essential for the generation of relevant and truthful information.

The company uses the "COSO" framework for internal control, as well as to manage and mitigate the associated risk.

- › The first line of control is the **operational management of the business**, 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 one is the **internal and independent audit**

The risk control system is completed by the corporate governance bodies and senior management.

During 2017 the tasks related to the updating and **improvement of the internal control design under the COSO framework continued**, introducing the general frameworks and guides on the company's risk management, internal control and fraud detection, designed to improve corporate governance. In addition, work has been carried out to prevent and detect fraud in operations, for the purpose of reducing its impact.

Among the projects carried out during 2017, it is worth highlighting the flexibilization of the matrix of incompatible functions in the company's ERP system (SAP) for those less relevant tasks, while the system and control of the approval chains (work-flows) has been strengthened to maintain the standard of requirement of the internal control system. This was carried out mainly in light of the circumstances of change that have occurred in recent years. Due to the multiple redundancies, a process has been carried out to reduce non-critical incompatibilities in order to facilitate the operations of the companies.

Audits for preventing and detecting fraudulent activity

Since 2012 Abengoa has had a **Fraud Prevention and Detection Work Plan**, the objectives of which are:

- › To identify and mitigate the main fraud risks to which the company is exposed.
- › To investigate complaints received through the available channels

In this regard, the tasks associated with fraud prevention audits are carried out on the basis of an action plan that includes those more sensitive geographic areas, activities or business segments, as well as the review of areas with greater risk in the financial statements.

This Plan includes a preliminary risks analysis, for the purpose of designing an audit and review plan that covers all geographic regions where Abengoa performs its activity.

In addition, the permanent updating system to which the audit plan is submitted turns it into a living tool, incorporating the results and conclusions of the work carried out in response to each of the completed works.

During 2017, apart from other cross-cutting operations, a total of three actions have been carried out to prevent or reduce the risk of corruption or fraud. **205-1**

Liabile taxation

The Group is committed to compliance with fiscal regulations and with its tax obligations. The company's fiscal strategy, approved by its Board of Directors, includes basic principles of action in tax matters, such as the following:

- › **Decision-making** presided over by the principles of **honesty, integrity and good judgement** that is required of all Abengoa employees, respecting compliance with the applicable legal and regulatory requirements and reasonably interpreting the applicable standards.
- › **Transparency and integrity** as the basis for the relationship that Abengoa promotes with the Tax Administrations of the different jurisdictions in which it operates. Abengoa adheres to the Code of Good Tax Practices with the Spanish Tax Administration.
- › **Regarding related-party transactions**, Abengoa ensures that its transfer **pricing policy complies with the arm's length principle legally established**.
- › Abengoa **avoids** the use of **structures of an opaque nature for tax purposes**, understood as those designed with the purpose of preventing the Tax Agency from knowing the party ultimately responsible for the activities or the ultimate owner of the goods or rights involved.
- › Abengoa's **internal control system**, based on the COSO methodology, **includes a specific section on taxation with associated controls, which is subject to review by the external auditor**, as are the remaining areas.

As regards the prevention of financial risks, fraudulent activities and money-laundering, Abengoa's makes explicit reference in its policy that investments made in tax havens are based strictly on justified business and economic criteria that are completely separate from other motivations, such as obtaining tax benefits or tax exemption.

The organisation also conducts activities in other geographic areas which, though not included on the list of tax havens by Spain's National Tax Agency (AEAT), are nevertheless considered by other international observatories and organisations to be territories whose tax system is more advantageous than the Spanish regime. In this regard, the company has subsidiaries in Delaware (USA), Holland, Luxembourg, Uruguay, Singapore and Switzerland. All of them are fully based on strictly economic or business rationale, or simplification of commercial and administrative processes, and under no circumstances are motivated by tax evasion, money-laundering or the financing of illicit activities.

Monitoring of the restructuring plan

Throughout 2017, **Abengoa continued to make progress in its restructuring plan** with the support of the Audit Committee, focusing its attention and efforts on the supervision of financial reporting and its preparation and control processes; the external auditor's management in the determination of its mandate and independence in conducting the audit; the effectiveness of the risk management and internal control system, as well as corporate governance matters. All with the ultimate goal of being able to inform and advise the Board of Directors in its decisions and to ensure the truthfulness and accuracy of the information generated by the company.

Other projects spearheaded during the year and which are particularly relevant to the restructuring process, have been:

- › **Monitoring of the main risks of the projects** in execution.
- › **Assessment of the recoverability of the assets** through the findings obtained from the impairment tests.
- › **Follow-up and approval of divestments** on assets and businesses with significant impact on the financial statements.
- › **Follow-up of legal procedures** with probable impact on the financial statements.

Abengoa is firmly committed to a **Risk Management System** that is fully integrated into the business, which is a fundamental part of decision-making as well as a source of competitive advantage in achieving objectives.

As a key element of the Risk Management policy, there is a need to make staff aware that **risks** must be **managed** at all levels of the organisation, **in a cross-cutting way** and for these to **form part of a common culture**.

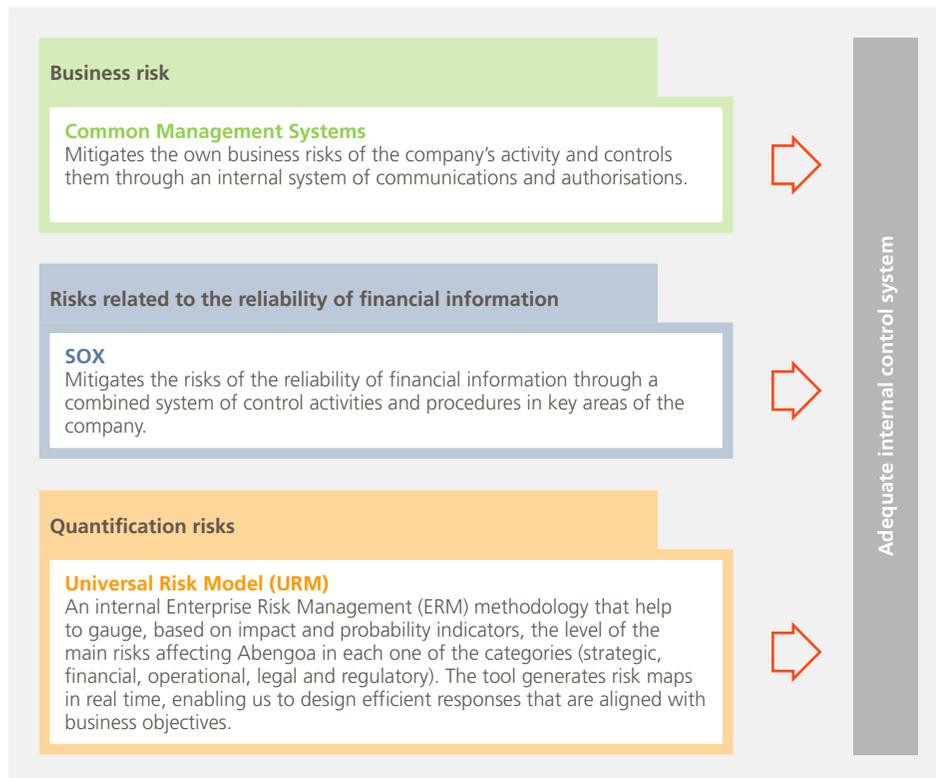
The main objective of Abengoa's Risk policy is for **risk management** to be fully **integrated into the company's strategic planning**, in the definition of business objectives and in day-to-day operations to achieve these objectives. Moreover, we need to have all the risk solutions adapted to business conditions and to the economic environment.

The Risk Management System features three fundamental pillars:

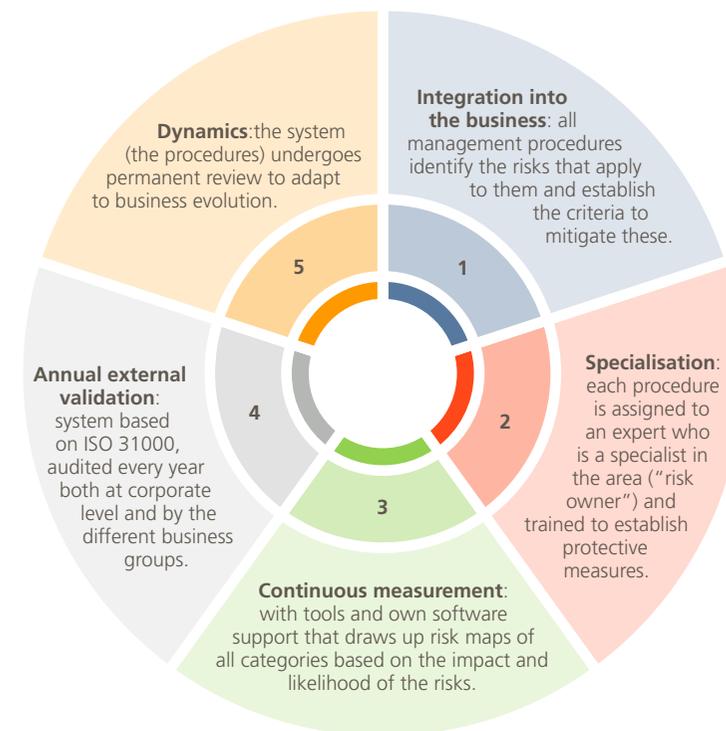


Risk management

Global system of risk management



Key elements of the Risk Management System



The global risk management system is characterised by having a **comprehensive and dynamic approach** that enables it to control and identify risks, the creation of a common culture that facilitates the achievement of objectives in this area, and has the capacity for both performance and adaptation. [102-11](#)

This process is carried out for all projects in their different stages, from identification of the business opportunity, through the procurement, performance and guarantee period, with a predictive approach that enables us to anticipate the most appropriate mitigation measures for each type of risk and in each phase. *102-11*

The monitoring and tracking of risk evolution and the mitigating measures in each stage means **lessons are learned** that make it possible to obtain risk management feedback, and the application of measures for new projects or businesses based on past experiences. In addition, this information serves as an input to the internal Enterprise Risk Management (ERM) system for updating the Abengoa Risk Map.

Risk monitoring

As a result of closing the restructuring agreement in March 2017, where a series of requirements were established and based on the new strategic plan approved by the Board of Directors, a process is being introduced **to update the common management systems and the risk management system** to adapt it to the company's new organisational structure.

The **main specific actions** in this matter were:

- › Definition of the **new approval scheme for the relevant decisions** of the company, through an Executive Committee and, from certain levels, by the Board of Directors. A **risk analysis** as support in the taking of decisions by these bodies **is mandatory**.
- › **Centralisation of the Risk Management department** to provide a global service to the different business areas, ensuring synergies between the different areas in terms of risks and being able to control the impact at Abengoa of potential risks that may materialise.
- › **Review of the procedure to evaluate the Country Risk** and the mitigation measures required according to said classification.
- › **Limitation of risks in the performance of the activity**, focusing the strategy on smaller projects and recurring markets, increasing the diversification of activity, and reducing the potential impacts of the risks to which Abengoa is exposed in its activity.

Evolution of risks

According to the focus of the strategic plan and the company's evolution in 2017, most sales were due to engineering and construction projects for third parties, which resulted in a **reduction in the exposure of risks inherent to the concession-type infrastructures**, such as high borrowing, volatility of interest rates, regulatory risks that affect revenues, capital contribution needs not included in the budget, etc.

In this way, the risks to which Abengoa has been exposed in its main activity in 2017 as a contractor, a sector in which the company continues to be a benchmark thanks to the know-how acquired over decades, were those of its construction activity:

- › **Contractual risks.**
- › **Risks derived from extra costs and delays** in the guaranteed deadlines in projects of high technical complexity.
- › **Risks of customer default or insolvency.**
- › **Risks of nature** in the area where the projects are located and those due to the high internationalisation of Abengoa.
- › **Risks arising from a situation of political and economic instability** and deterioration in the security conditions in those countries where the company carries out its activity.

Due to the high percentage of the company's activity in the Middle East, and given the linkage of these economies to variations in the price of crude oil, it is worth highlighting the indirect exposure to scenarios of low oil prices, which imply tax increases and risks of exchange, currency, default, and delay or cancellation of projects in the area.

On the other hand, based on the financial limitations signed in the restructuring agreement, **agreements have been made with international partners** under conditions that satisfy the risk profile of Abengoa, to approach the market with competitive bids and which is serving to win contracts in different countries. *102-15*

Integration of risk management into the organisation's strategy

Abengoa integrates risk management in the organisation with its strategy.

Through its **Universal Risk Model (URM)** methodology, Abengoa is able to identify and evaluate 20 risks classified as "strategic", including the risk of inadequate strategy planning and/or execution, errors in budget preparation and monitoring, deficiencies in the distribution of R&D and innovation expenditure, significant changes in demand or inadequate consideration of socio-political changes, and the risk of commercial concentration, among others.

In preparing the organisation's **strategic plan**, the criterion of adaptation of the same to the risk profile adapted and assumed by Abengoa prevailed. **Priority** was therefore established **in recurrent markets**, with a **reduced exposure to the country risk** according to the internal classification developed by the company, and for a typology of projects that minimizes exposure to the inherent risks, prioritizing EPC contracts with third parties, and the **definition of a balanced pipeline** according to the project size.

In light of agreements with potential customers, the risk criteria of high commercial concentration, the credit capacity of the counterparty, how it could impact Abengoa as a whole, and possible risks that materialize in a specific business opportunity are fundamental in taking decisions.

Risk Control of the supreme governing body

Senior management's commitment to an efficient risk management system, which connects with the company's overarching vision and is integrated into the business, is maximum.

This commitment and involvement with the function is clearly shown in the company's own organization, where the Risk Management department **reports directly to the executive chairman of Abengoa's Board of Directors**, allowing him to monitor the efficiency of risk management processes through of a series of regular bi-weekly committees between the chairman and the director of Risk Management of the company. **102-30**

In addition, once a month a **committee** of each of the **business units** is held **with the Executive Committee**, committees on which the Risk Management department takes part, and in which the evolution of the main risks that affect each of those units is identified and analysed. This includes an assessment of compliance with trading, environmental, social and health and safety figures, as well as the potential impacts on this unit and on Abengoa as a whole. **102-30, 102-31**



Regulatory compliance

Targets for 2018

- › **Adapt the organisation to the General Data Protection Regulation** (Regulation 2016/679) of 27 April 2016, together with the Draft Organic Law on the Protection of Personal Data (Spain), reviewing the internal procedures for the collection and processing of personal data, security in the processing and storage of information and communication (exercise of personal rights) with the data subjects.
- › Coordination with the Internal Audit Department in the **review of all in-house policies to adapt them to the new structure, activity level and geographical areas** of Abengoa and in the simplification of the internal approval and decision-making processes.
- › **Review of the risk map**, adapting it to the size and operational level of the company.

Since 2013, Abengoa has had its own **Corporate Compliance Programme (CCP)** for the purpose of promoting ethical culture, targeted at preventing, detecting and sanctioning any conduct that might result in company or employee liability.

The Abengoa Regulatory Compliance Programme and the subject-specific programmes are **directly integrated into the company's management model** through the Code of Conduct; rules of good corporate governance; a specific risk analysis; its implementation through training and supervision in a process of continuous improvement.

Abengoa has voluntarily adopted the following self-regulatory programmes to adapt to legal requirements, to underscore its commitment to ethical practices and to prevent and detect unlawful conduct.

- › Compliance Programme in **Matters of Competition**.
- › Compliance Programme in **Matters of Data Protection**.
- › Compliance Programme in **Matters of Corruption**.
- › Compliance Programme in **Criminal Matters**.
- › Compliance Program on **Conflict Minerals Reporting**.
- › Compliance Programme in matters of prevention of **Money Laundering and Terrorist Financing**.

Anti-corruption programme

Abengoa voluntarily complies with the principles established by the US Foreign Corrupt Practices Act - FCPA - and implements these principles through its own Code of Conduct, as well as through the internal manuals for employees when performing contracts for third parties.

The company also shares and subscribes to each point of the document of the United Nations Convention against Corruption, and which aims, inter alia, to:

- › Promote and strengthen measures to prevent and combat corruption efficiently;
- › Promote, facilitate and support international cooperation and technical assistance in the prevention of and fight against corruption, including in asset recovery; and
- › Promote integrity, accountability and proper management of public affairs and public property.

The company requires all employees to act in full compliance with the anticorruption laws or standards applicable to ensure that Abengoa maintains the trust of customers and authorities, and therefore to protect its businesses from any breach and the responsibility that entails and in turn safeguard its reputation.

Money-laundering

Abengoa voluntarily accepts the principles and obligations set out in the regulations applicable in issues of prevention of money laundering and terrorist financing*. This programme is mandatory for all employees, as well as supervision and control by directors, without exception.

*Directive 2005/60/EC from the European Parliament and Council; Commission Directive 2006/70/EC; EEC Regulation No. 1781/2006 from the European Parliament and the Council; Law 10/2010 of 28 April and Royal Decree 304/2014 of 5 May of the Implementing Provisions of the previous law, both from the Kingdom of Spain, and others such as Law 27693 of 2002 of Peru; the 1986 US Money Laundering Control Act; the United Nations Convention against Illicit Traffic in Narcotic Drugs and Controlled Substances, among others.

Money laundering and Terrorist Financing

Abengoa voluntarily accepts the principles and obligations set out in the regulations applicable in issues of prevention of money laundering and terrorist financing. This also includes the obligations in each geographical region that affect the economic transactions carried out with foreign countries and/or persons not resident in that country.

It is aimed at developing procedures and controls to verify, prevent and impede collaboration with persons engaged in laundering activities or being used by them for those purposes.

Antitrust

Abengoa operates in a free-competition market and with clear and transparent conditions in each of the jurisdictions in which it operates.

All staff, without exception, are responsible for compliance with the rules applicable to the same. Employees are not entitled to carry out, authorise or tolerate conduct that would violate the antitrust rules or Abengoa's policy on the matter.

Employees must take reasonable steps to ensure that other employees under their authority and/or responsibility are aware of and comply with this policy.

Criminal compliance

Both the company and the individual may be responsible for the offences perpetrated. This regulation is mandatory for the entire workforce, and the management and directors are responsible for supervision and control of its proper application, without exception.

All actions of employees must therefore be governed by rigour, order and responsibility.

This programme is targeted at identifying, preventing and sanctioning conduct that is prohibited through violating the law that could lead to any kind of liability for the company. Thus, it comprises self-regulatory programmes that the company voluntarily adopts to comply with legal requirements and to showcase the ethical aspects that characterise the company, as well as to prevent and detect any unlawful conduct that may occur.

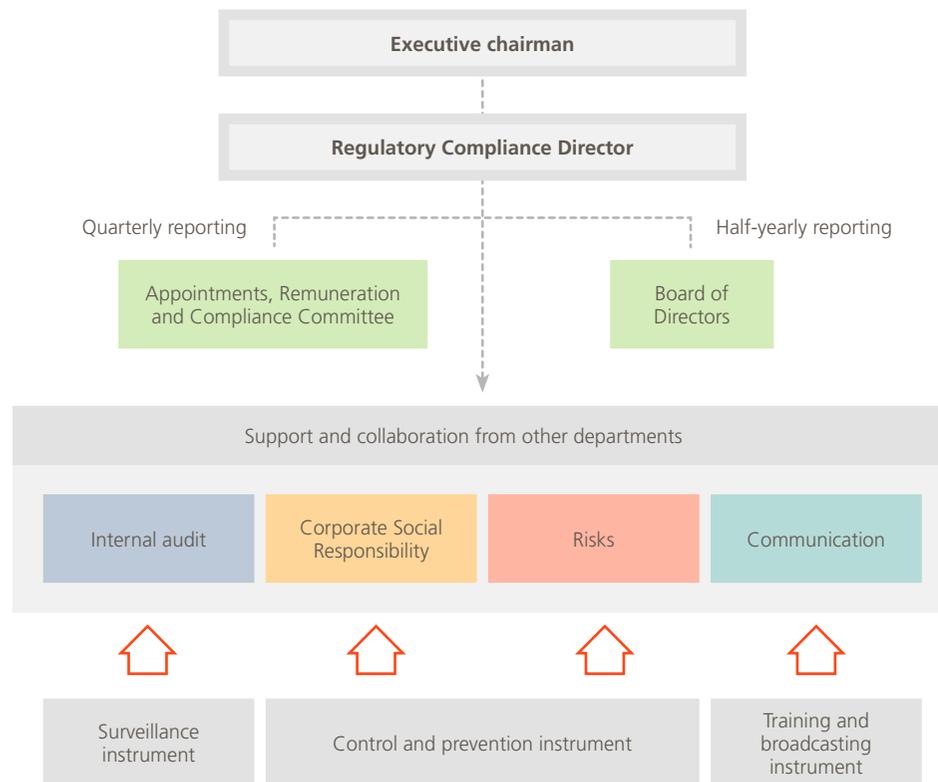
Prevention of Minerals in Conflict

The purpose of the Prevention of Minerals in Conflict Programme is to control their origin and application in Abengoa's facilities, as well as to explain the obligations to which all companies are subject through Section 1502 of the Dodd-Frank Wall Street Reform and Consumer Protection Act. This Act prohibits any commercialised product from containing a "war mineral", viz., minerals and metals originating in the Democratic Republic of the Congo or bordering countries. If they have this origin, or the source cannot be established, in order to market these products in compliance with prevailing legislation, the source and chain of custody must be subject to due diligence, to guarantee that the purchase or sale of said minerals did not benefit any armed group. It applies to all of the company's businesses with manufacturing capacity that incorporate these minerals into their chain, either directly or indirectly into products that are subsequently distributed to third parties.

Geographical and functional scope

The department is spearheaded by **the Regulatory Compliance director**, who **reports quarterly to the Appointments and Remuneration and Compliance Commission, and every six months to the Board of Directors** and answers directly to the CEO.

The regulatory compliance area is supported by and collaborates with other departments that serve as control, prevention, detection, monitoring and dissemination or training tools.



The CCP is instrumented through the company's Common Management Systems, and is therefore an integrated element that is compatible with the remaining internal policies and controls. It is coordinated with the Universal Risks Map (URM), the SAP controls and with the internal authorisation management system.

The CCP defines the main actions involving identification, detection, prevention, surveillance and risk control to avoid any unlawful conduct that could take place through the compliance mechanisms that the organisation has.

The Compliance Programme **applies to all companies controlled by Abengoa**, regardless of the countries or the activities performed, including all employees, whether own employees or those that act directly and expressly on behalf of the organisation or its directors. All of them must comply with the regulations and any breach could result in economic or administrative sanctions, leading to civil or criminal liability or otherwise tarnish the company's reputation.

The implementation and scope of the Compliance programme is gradually being extended to include suppliers, subcontractors and other stakeholders.

The Regulatory Compliance Programme operates around the model proposed by the "Open Compliance and Ethics Group" (OCEG), as a concept of excellence in managing key processes involved in corporate governance, risk management and compliance.

The six pillars of the programme are:

- › Leadership
- › Risks
- › Procedures
- › Training
- › Disciplinary procedure
- › Follow-up and improvement

As a consequence of publication of the **UNE-ISO 19600 on Compliance Management Systems** of April 2015 and the International Standard Anti-Bribery Management Systems ISO 37101 of October 2015, as well as the publication of UNE 19601 on Criminal Compliance Management Systems, the company is **undertaking a thorough review of its compliance systems to adapt its tools to the requirements of the standard and the recommendations of the International standards on compliance.**

Internal organisation and resources

The aim of the CCP is to spearhead the **consolidation of an ethical** culture in the organisation that marks the conduct of all employees, as well as those agents with whom Abengoa establishes contractual relations. Accordingly, the CCP has efficient **instruments of prevention and control that safeguard the conduct in the performance of the activity**, and **disciplinary measures**, pursuant to applicable local legislation, that punish any conduct contrary to the standard or the self-regulatory policies of the company.

The key instruments of prevention that the company employs are the **Universal Risks Map (URM), Code of Conduct, internal policies, Mandatory Rules and training**, all of which are integrated into the **Common Management Systems** and the whistleblower channels.

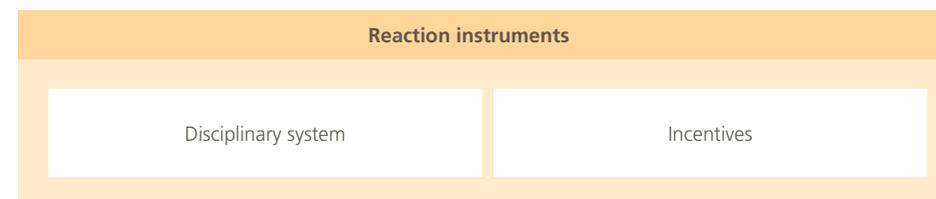
From the various branches of Abengoa, and cross-referencing these with the set of standards, both mandatory ones and those voluntarily assumed, we analyse the risks of breach that the organisation could incur, weighing up the importance with the probability of occurrence, thus obtaining a risk map.

This continuous improvement process (which regularly **receives feedback through monitoring, audit and review**) is shared with employees of the organisation through training, which is responsible for instilling and strengthening the corporate culture of legality.

The Unit and the Regulatory Compliance Programme focus their activity through the Regulatory Compliance director, who has access to all the information required for the performance of his duties.

The director also is responsible for having full knowledge of the legal rules of application at Abengoa, and to **encourage the upright conduct of all company employees**, disseminating the necessary legal knowledge among those to whom it applies. However, each area is directly responsible for compliance with the rules applicable to them in their activity (tax, labour, quality etc).

The Board of Directors is responsible for ensuring the actions of all employees through every management level. To control this, it expressly approves the Compliance Program, and intervenes in the definition of the scope and content of each area as well as control of the common management systems. Senior management is responsible for leading by example and for transmitting the same values to its subordinates, monitoring the implementation thereof in the performance of the activity.



Main activities carried out in 2017

During 2017, the Compliance Unit has **intensified supervision** of **those activities** that, within the restructuring stage, have had a **higher risk** rating with regard to **potential effects on the company**, while other controls have been reduced through ceasing the activity for which they were designed to protect.

Furthermore, in April there was a **review of the Abengoa Code of Conduct**, adapting it to the new organisation and structure of the company, and to the commitment shown by the new administration and supported by senior management in issues of compliance and transparency. This review led to the creation of a **Committee to Monitor the Code of Conduct** to report regularly to the board of directors or executive committee with regard to the issues concerning supervision of compliance with the code by employees and, in particular, by senior management.

This committee meets every two weeks and comprises the directors of Human Resources, Legal Advice, Internal Auditing and Compliance.



05. About this report

Principles governing this report *102-1, 102-50, 102-51, 102-52 y 102-54*

Abengoa has published its Corporate Social Responsibility Report for 15 consecutive years. For the last three years, it has done so in conjunction with the activity report, combining business and sustainability information and once again this year making an effort to move towards an integrated report.

This report seeks to respond to the expectations of its stakeholders and to the issues that most concern society through its analysis of materiality, from an internal and external perspective.

The Report shows the main activities and impacts of the company, describing its strategy, its business model, its targets, its challenges, as well as the changes in its perimeter and its organisational structure.

Abengoa publishes an Integrated Report, which gathers the information previously published in the Activity Report (AR) and the Corporate Social Responsibility Report (CSRR), thus advancing 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 Sustainability Reporting Standards of the Global Reporting Initiative (GRI Standards), in its comprehensive option. Furthermore, Abengoa remains committed to the principles of the AA1000 Accountability Principles Standard - APS (2008) and provides information on progress in fulfilling the 10 principles of the United Nations Global Compact, which govern the company's activity and strategy.

102-40, 102-41, 102-42, 102-43 and 102-44

Principle	Who defines it?	How is it defined?	How does Abengoa apply it?
Principles governing report contents			
Inclusion/ Engagement of stakeholders	AA1000 (APS) / GRI standard / IR	First, the company must identify its stakeholders and explain how it has responded to their expectations and interests.	Abengoa considers stakeholder engagement to be of key interest in defining its strategy, in the course of company activity and through the different communication channels available. To respond to the demands of its stakeholders, the company has analysed the internal and external information demands that are required of the organisation. These include communications through the mailboxes, interviews with relevant people in the organisation, information gathered through press analysis, as well as internal communications.
Context of sustainability / Strategic focus and future orientation	GRI standard / IR	This report should present the organisation's performance in the wider context of sustainability. As well as present the performance of the organisation with a strategic focus based on a future orientation, in the context of Sustainability.	Abengoa focuses its report so that it explains how the company has responded to the global challenges and the company's present situation in issues of sustainability. The report also describes how, through company activity and performance, the organisation seeks to minimise the negative impacts and maximise the positive impacts.
Materiality/ Relevance	AA1000 (APS) GRI standard / IR	The Report should address the issues that reflect the significant economic, environmental and social impacts of the reporting organisation; and which substantially influence the valuations and decisions of stakeholders and have an impact on its business.	Through its communication channels, as well as through external sources (press analysis, benchmarking, request for information), Abengoa analyses the most relevant issues that concern its stakeholders in order to respond through the communication channels available. In addition, the company has proceeded to carry out an exhaustive procedure of materiality through the analysis of both internal and external information, to give a clear and concise answer about what concerns its stakeholders.

Principle	Who defines it?	How is it defined?	How does Abengoa apply it?
Completeness	GRI standard	The report must include the achievement of material issues and the coverage of these, which must be sufficient to reflect the significant economic, environmental and social impacts and allow stakeholders to evaluate the performance of the reporting organisation in the reporting period.	Since 2012, Abengoa has conducted an exercise to identify relevant issues and their level of coverage, considering each one of these impacts throughout its entire value chain.
Responsiveness	AA1000 (APS)	This refers to the way an organisation addresses stakeholder issues that affect the organisation's sustainability performance.	In addition to the responses provided to stakeholders through the channels the company has in place for this purpose, Abengoa considers its Integrated Report as a channel of dialogue in addressing stakeholder concerns. The report covers the most relevant issues for stakeholders, and includes the Responsible Management Balance Sheet (RMBS), which contains the indicators of particular relevance.
Principles governing the quality of the report			
Accuracy	GRI standard	The reported information should be sufficiently accurate and detailed for the stakeholders to be able to assess the reporting organisation's performance.	The independent review this report has undergone ensures the accuracy of the quantitative and qualitative data.
Balance	GRI standard	The reported information should reflect positive and negative aspects of the organisation's performance to allow a reasoned assessment of the overall performance.	Abengoa strives to ensure that all the information provided in this report is transparent and truthful as a consequence of its management. This report has attempted to provide in-depth information on the company's present situation and the changes that are taking place to achieve the solidity indexes that the organisation has enjoyed in recent years. Furthermore, special attention has also been paid to the language used in each chapter, reducing technical descriptions to facilitate the reader's understanding.
Clarity	GRI standard	The reporting organisation must present the available information in a way that is understandable and accessible to the stakeholders that use this information.	Given the complexity of Abengoa's activity, particularly in the last two years, the company has directed efforts at showing its activity in an illustrative manner, using simple, clear and understandable language.
Comparability and consistency	GRI standard / IR	The reporting organisation must select, collect and communicate the information in a consistent way. The information reported must be presented in a way that allows stakeholders to analyse changes in the organisation's performance and the information must support the analysis relative to other organisations.	This report reveals the indicators deemed most relevant by the company for the purpose of enabling information to be comparable with other companies. In addition, the report presents data from the last two years (2016 and 2015) to make historical information on the company's performance available to the reader. The complicated situation that Abengoa has experienced in recent times has led us to restrict the scope of the report to the essential conformity option, which includes the relevant indicators, based on the analysis of materiality carried out.
Reliability and completeness	GRI standard / IR	The reporting organisation must gather, record, collect, analyse and report the information and processes used to prepare the report, so that they can be reviewed and that they establish the quality and materiality of the information.	The company has a CSR management system that brings together all norms, policies and performance regarding non-financial information.

Principle	Who defines it?	How is it defined?	How does Abengoa apply it?
Timeliness	GRI standard	The reporting organisation must prepare the reports according to a regular schedule, so that the information is available in time for the stakeholders to make informed decisions.	Since 2002, Abengoa has published its Annual Report every year, setting out the information concerning CSR (CSR Report), the annual accounts and corporate governance. Likewise, through publication of relevant facts and publications in a specific section of its website, the company informs stakeholders of relevant information on the company.
Connectivity of information	IR	The report should show the interrelatedness and dependencies between the components that affect the organisation's ability to create value over time.	The report reveals how the different social, environmental and economic aspects increase the company's capacity to generate long-term value.
Conciseness	IR	The report should be concise.	During this year, a special effort was made to publish the contents of the report in a clear and concise manner.

Scope of the information 102-10, 102-45, 102-46, 102-48

Unless specified otherwise in the text or in the data reported in this report, all information and performance indicators refer to activity conducted in 2017 by the companies under the control of Abengoa (reflected in the Annual Accounts Report) and which have a social, environmental and economic impact both within and outside the organisation's perimeter.

With the aim of facilitating comparability in the information reported, also included are data pertaining to the two previous years (2015 and 2016).

Due to the divestitures carried out over the course of the year, **the consolidation perimeter differs to that of 2016**. The main differences lie, among others, in the sale of the bioethanol business in Europe, (Abengoa Bioenergy France, Ecocarburantes Españoles, Castilla y León Biofuels, Bioethanol Galicia and Ecoagrícola), the Norte III combined-cycle power plant in Mexico, the Torrecuellar companies (Spain), Tianjin (in China) and SDI (in Chile). In addition, the sale of Abengoa's stakes in the Ashalim solar plant, the Tajo Hospital, Aguas de Navarra, the Caiso transmission line (California) and Hygear (Netherlands) as part of the divestments foreseen in Abengoa's Feasibility Plan.

Focusing the report on materiality 102-47,103-2

The company carries out its materiality analysis to know which are the most important issues for its stakeholders and thus be able to delve deeper into these issues and design and establish a corporate responsibility strategy.

This process allows the company to comply, once again this year, with the **principles of inclusiveness, relevance and responsiveness** set out under the AA1000 standard.

Based on this process, the report will provide a detailed response to each of these issues and will help to incorporate the expectations of its stakeholders into the organisation's strategy.

In 2017, the company paid special attention to carrying out its restructuring plan and following the steps established for its viability.

The materiality analysis for this report was developed on the basis of four inputs: 2016 materiality, external assessment, press analysis and internal assessment of relevant issues.

1. Analysis of 2016 materiality: based on the five material issues from the previous year, the GRI standard and the indicators defined by SASB.¹

- › Financing
- › Attracting and retaining talent
- › Capacity to adapt to change
- › Transparency in market communities
- › Business ethics and anticorruption

2. External assessment of relevant issues: through identification of those issues that have been repeated the most number of times and which have required most attention through the two mailboxes available:

- › Investor relationship mailbox
- › Communications mailbox

In addition the main managers of both mailboxes were interviewed: the Director of Communications and the Director of Investor Relations.

Total of 5,032 requests were dealt with through the **Investor Relations mailbox**. The most relevant topics were:

- › Effect of the restructuring for investors
- › Dilution for existing shareholders and issuance of warrants
- › New debt instruments issued
- › Strategic plan and financial results throughout the year
- › Progress in the sale of assets: stake in Atlantica Yield and A3T cogeneration plant in Mexico
- › Information on the different consents requested from financial creditors

Through the **Communication mailbox**, 36,944 consultations were carried out, which may be summarised in the following topics:

- › Closing date of restructuring and entry of new money
- › Doubts concerning the company's situation in Mexico
- › Consequences of the admission to processing of the challenges to the company's Restructuring Plan

- › Doubts regarding the sale of Atlántica Yield
- › Doubts regarding visits and tours to solar plants

3. Press analysis

The press analysis carried out throughout the year was taken into account, and may be grouped into the following issues:

- › Shareholders
- › Aliances
- › Clients
- › Communities
- › Consumers
- › Compliance
- › Claims
- › Donations
- › Employees
- › R&D
- › Illegal
- › Native
- › Lobby
- › Environmental
- › Monopoly
- › Fines
- › Awards and recognitions
- › Suppliers
- › Complaints
- › Regulations
- › Corporate Social Responsibility
- › Penalizations
- › Sentences
- › Trade Unions
- › Society
- › Child labour
- › Spills

Visits to the different sections of the website were also taken into account, to have a clearer vision of the topics that most interest readers.

During 2017, the company received a total of 1,341,275 visits, which represented a 10 % decrease compared to the previous year.

Section	Visits		(%)	
	2017	2016	2017	2016
Compañía	21,970	28,464	1.64	1.92
Company	29,721	41,657	2.22	2.81
Innovación	8,673	7,700	0.65	0.52
Innovation	6,459	2,052	0.48	0.14
RSC	7,023	10,644	0.52	0.72
CSR	5,248	6,763	0.39	0.46
Accionistas e Inversores	59,695	62,068	4.45	4.19
Shareholders and investors	41,788	75,880	3.12	5.12
Sala de prensa	19,047	17,233	1.42	1.16
Press room	13,321	20,266	0.99	1.37
Total website visits	1,341,275	1,481,428		

Note 1 Sustainability Accounting Standards Board is a non-profit entity which has developed a guide about the presentation of sustainability-related information for companies, including the prioritisation of relevant indicators for certain sectors.

4. Internal assessment of the relevant issues: as with last year, for the compilation of the information that will be published in the Report, besides the contribution of the financial and non-financial information systems, Interviews have been conducted with each manager involved in each of the most relevant areas of the organisation.

The main issues considered as relevant show similarities with the results of 2016, justifying the continuation of the feasibility plan, the dismissals produced through the redundancy schemes (EREs/ERTEs) and the doubts regarding the company's viability.

The value chain is updated annually in order to take into account structural changes or changes in company strategy and to progressively supplement any processes or geographies deemed to pose greater risk. [102-49](#)

Accordingly, taking into consideration the internal prioritisation performed by company managers and the external prioritisation with regard to the different stakeholders, the issues identified as most important in 2017 were as follows:

Relevant issues 2017	Why do we consider it material?
Financial restructuring	The process of financial restructuring is one of the priority aspects for all stakeholders. This process, which has required injections of liquidity as well as the necessary debt restructuring, will enable us to re-establish the patrimonial balance of Abengoa and furnish the organisation with the liquidity required to recover market confidence. In turn this will enable the company to continue with its activity in a competitive and sustainable way.
Attracting and retaining talent	The human team is the main source of talent for the company, and so attracting and retaining this talent after a difficult period of restructuring is one of the organisation's core missions. The company's objective is to have the best talent to successfully achieve the targets proposed in the plan, as well as to reposition the company at the previous levels of competitiveness.
Situation with the organisation's key suppliers	Abengoa considers its suppliers and subcontractors to be essential and vital for business development and to successfully compete in the market. The organisation is aware of the difficult situation that contractors have experienced in recent times, maintaining their loyalty and making huge efforts to enable Abengoa to continue with its activity, which is why management of these suppliers and subcontractors is a priority aspect.
Management of the organisation's risks	The company believes that having a robust risk management system integrated into the businesses represents a competitive advantage that acts as a key tool in helping us to achieve the goals, as well as compliance with the quality standards required by customers, minimising any emerging risks that could arise.
Transparency and good governance	Abengoa considers it essential to transmit rigorous and truthful information in an ongoing dialogue flow with our stakeholders, responding to the needs of our environment. The compliance policies and programmes lay down the guidelines of our business strategy, and guarantee compliance with the law and respect for business ethics.

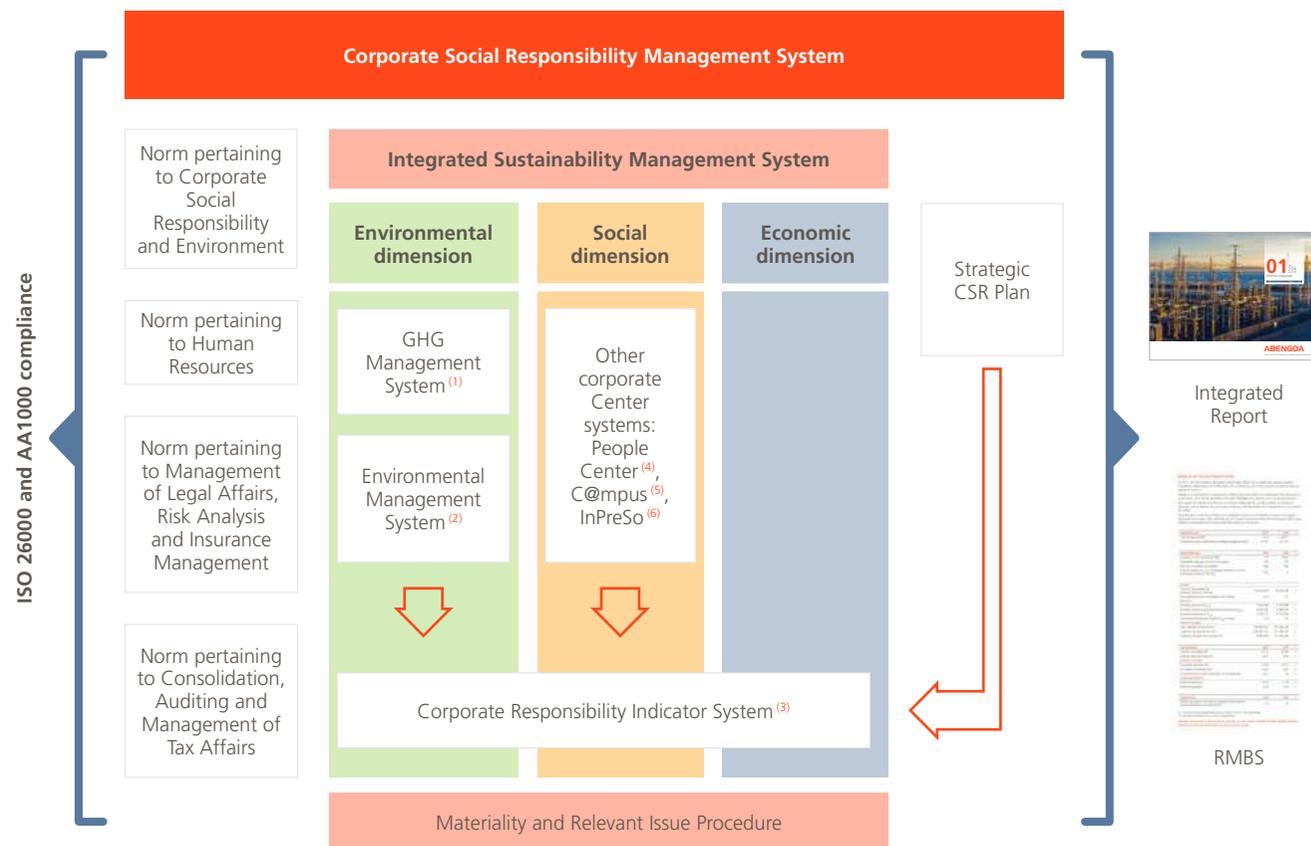
Corporate Social Responsibility Management System

The main purpose of Abengoa's Corporate Social Responsibility Management System is **to control non-financial information to facilitate responsible management** that seeks to prevent and minimise negative impacts associated to the company's activity and to increase positive impacts. The System considers those relevant indicators for management of the company's performance in the main areas of CSR (social, environmental, economic and governance).

The system reflects the mission, vision and values of Abengoa, redefined during 2017, and is based on the policies defined by the company, as well as the public commitments that have been acquired throughout its history. In addition, this system has been designed pursuant to the ISO 26000:2010, an International standard that sets out the action guidelines for all types of organisations in areas related to social responsibility, the environment, human rights and the rights of consumers.

The company has a software tool called: **Integrated Sustainability Management System**, that brings together the non-financial information of the entire organisation, facilitating its management and affording the company a **robust internal control system that ensures its reliability**.

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



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

How does Abengoa ensure information quality?

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

Since 2009, a **plan** has been drawn up by the CSR department for **internal auditing of non-financial information** that covers, according to a materiality analysis, the tasks to be performed during the period. It also defines the risks and controls that are inspected by the non-financial internal audit function, dedicated to verifying the information related to the three aspects of CSR.

Due to the difficult and exceptional situation the company has experienced over the last period and given that in 2017 the scope and the frequency of reporting have been reduced, the exhaustive or remote audits have been temporarily suspended and will be reactivated in 2018 to comply with the goal of ensuring the quality of non-financial information. *102-56*

Moreover, Abengoa submits its Integrated Report to an **independent external verification** with a limited level of assurance on certain indicators of the Responsible Management Balance Sheet or contents in the index in accordance with the ISAE 3000 Standard, Assurance Engagements other than Audits or Reviews of Historical Financial Information, with the Standard ISAE 3410, Assurance Engagements on Greenhouse Gas Statements, issued by the International Auditing and Assurance Standard Board (IAASB); and with the Action Guide on works of review of Corporate Responsibility Reports issued by the Institute of Chartered Accountants of Spain (ICJCE).



06. External verification



KPMG Asesores, S.L.
Pº. de la Castellana, 259 C
28046 Madrid

Independent Assurance Report to the Management of Abengoa, S.A.

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

To the Management of Abengoa, S.A.

In accordance with our engagement letter, we performed a limited assurance review on the non-financial information contained in the Integrated Report of Abengoa, S.A (hereinafter Abengoa) for the year ended 31 December 2017 (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

Abengoa management is responsible for the preparation and presentation of the Report in accordance with the Sustainability Reporting Standards de 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 Abengoa'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 Abengoa management consider 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 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 2017. We conducted our engagement in accordance with International Standard on Assurance Engagements ISAE 3000, "Assurance Engagements other than Audits or Reviews of Historical Financial Information" and the Standard ISAE 3410 "Assurance Engagements on Greenhouse Gas Statements", issued by the International Auditing and Assurance Standards Board (IAASB); and with the Performance Guide on the revision of Corporate Responsibility Reports of the Instituto de Censores Jurados de Cuentas de España (ICJCE). These standards require that we plan and perform the engagement to obtain limited assurance about whether the Report is free from material misstatement.

KPMG applies International Standard on Quality Control 1 (ISQC1) and accordingly maintains a comprehensive system of quality control including documented policies and procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

We have complied with the independence and other ethical requirements of the Code of Ethics for Professional Accountants issued by the Internal Ethics Standards Board for Accountants, which is founded on fundamental principles of integrity, objectivity, professional competence and due care, confidentiality and professional behaviour.

KPMG Asesores S.L., a limited liability Spanish company and a member firm of the KPMG network of independent member firms affiliated with KPMG International Cooperative ("KPMG International"), a Swiss entity.

Reg. Mer Madrid, T. 14.972, F. 53, Sec. 9, H. M. 249.480, Inscrp. 1.ª N.I.F. B-62498699

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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 Abengoa'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 Abengoa.
- Evaluation through interviews concerning the consistency of the description of the application of Abengoa'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.

The procedures performed in a limited assurance engagement vary in nature and timing from, and are less in extent than for, a reasonable assurance engagement. Consequently the level of assurance obtained in a limited assurance engagement is lower than that of a reasonable assurance engagement. This report may not be taken as an auditor's report.

Conclusions

Our conclusion has been formed on the basis of, and is subject to, the matters outlined in this Independent Review Report. We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our conclusions.

3

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 Integrated Report of Abengoa, S.A. for the year ended 31 December 2017, have 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.

Under separate cover, we will provide Abengoa management with an internal report outlining our complete findings and areas for improvement.

Purpose of our report

In accordance with the terms of our engagement, this Independent Assurance Report has been prepared for Abengoa in relation to its 2017 Integrated Report and for no other purpose or in any other context.

KPMG Asesores, S.L.



José Luis Blasco Vázquez

11 May 2018



performance

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
		Organization profile			
	102-1	Name of the organization	111		•
✓	102-2	Activities, brands, products, and services	134-135 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	11		•
	102-4	Location of operations	11, 73		•
	102-5	Ownership and legal form	24		•
	102-6	Markets served	9, 11, 134		•
	102-7	Scale of the organization	20, 24, 56		•
	102-8	Information on employees and other workers	56, 57, 73		•
	102-9	Supply chain	70		•
	102-10	Significant changes to the organization and its supply chain	5,71, 113		•
	102-11	Precautionary Principle or approach	102, 103		•
	102-12	External initiatives	17, 71, 74		•
	102-13	Membership of associations	17, 71, 86		•
		Strategy			
	102-14	Statement from senior decision-maker	4-5		•
	102-15	Key impacts, risks, and opportunities	4-5, 103		•
		Ethics and Integrity			
	102-16	Values, principles, standards, and norms of behavior	17, 74, 94, 96		•
	102-17	Mechanisms for advice and concerns about ethics	74, 98		•
		Governance			
	102-18	Governance structure	91		•
	102-19	Delegating authority	92		•
	102-20	Executive-level responsibility for economic, environmental, and social topics	17, 92		•
	102-21	Consulting stakeholders on economic, environmental, and social topics	92		•
	102-22	Composition of the highest governance body and its committees	91		•
	102-23	Chair of the highest governance body	91		•

External verification	General standard disclosures	Content	Page or direct respond	Omissions	Key aspects
	102-24	Nominating and selecting the highest governance body	93		•
	102-25	Conflicts of interest	93		•
	102-26	Role of highest governance body in setting purpose, values, and strategy	92-93		•
	102-27	Collective knowledge of highest governance body	92		•
	102-28	Evaluating the highest governance body's performance	93		•
	102-29	Identifying and managing economic, environmental, and social impacts	93		•
	102-30	Effectiveness of risk management processes	93, 104		•
	102-31	Review of economic, environmental, and social topics	92-93, 104		•
	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	92		•
	102-34	Nature and total number of critical concerns	23, 92		•
	102-35	Remuneration policies	92		•
	102-36	Process for determining remuneration	92		•
	102-37	Stakeholders' involvement in remuneration	Corporate Governance Report 2017: "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		The company's situation in 2017 has made it difficult to gather some indicators. This information was not available at the close of this report.	•
	102-39	Percentage increase in annual total compensation ratio		The company's situation in 2017 has made it difficult to gather some indicators. This information was not available at the close of this report.	•

External verification	General standard disclosures	Content	Page or direct respond	Omissions	Key aspects
Stakeholders participation					
	102-40	List of stakeholder groups	111-113, 133		•
	102-41	Collective bargaining agreements	60, 111-113		•
	102-42	Identifying and selecting stakeholders	111-113		•
	102-43	Approach to stakeholder engagement	111-113, 133		•
	102-44	Key topics and concerns raised	23, 111-113		•
Reporting practice					
	102-45	Entities included in the consolidated financial statements	113		•
	102-46	Defining report content and topic Boundaries	113		•
	102-47	List of material topics	113		•
	102-48	Restatements of information	113		•
	102-49	Changes in reporting	115		•
	102-50	Reporting period	111-113		•
	102-51	Date of most recent report	111-113		•
	102-52	Reporting cycle	111-113		•
	102-53	Contact point for questions regarding the report	138		•
	102-54	Claims of reporting in accordance with the GRI Standards	111, 119		•
	102-55	GRI content index	121		•
	102-56	External verification	117, 118		•
Management approach					
	103-1	Explanation of the material topic and its Boundary	20		•
✓	103-2	The management approach and its components	20, 97, 113		•
	103-3	Evaluation of the management approach	20		•

External verification	General standard disclosures	Content	Page or direct respond	Omissions	Key aspects
Economic performance					
✓	201-1	Direct economic value generated and distributed ⁽¹⁾	7, 20		•
	201-2	Financial implications and other risks and opportunities due to climate change	85		•
	201-3	Defined benefit plan obligations and other retirement plans	60 Abengoa provides its employees with social benefits in order to increase their quality of life and make it possible to reconcile family and professional life.		•
	201-4	Financial assistance received from government	20		•
Market presence					
	202-1	Ratios of standard entry level wage by gender compared to local minimum wage		No material	
	202-2	Proportion of senior management hired from the local community		No material	
Indirect economic impacts					
	203-1	Infrastructure investments and services supported		No material	
	203-2	Significant indirect economic impacts		No material	
Procurement practices					
✓	204-1	Proportion of spending on local suppliers	72		•
Anticorruption					
✓	205-1	Operations assessed for risks related to corruption	100		•
	205-2	Communication and training about anti-corruption policies and procedures	95, 96		•
✓	205-3	Confirmed incidents of corruption and actions taken	95		•

(1) Verified by the auditor of the annual accounts.

External verification	General standard disclosures	Content	Page or direct respond	Omissions	Key aspects
Anti-competitive behavior					
✓	206-1	Legal actions for anti-competitive behavior, anti-trust, and monopoly practices	<p>1. The European Commission launched an inspection into Abengoa, S.A., Abengoa Bioenergía, S.A. and Abengoa Bioenergy Trading Europe B.V. for possible involvement in anti-competitive agreements or actions allegedly intended to tamper with the results of Platts' end-of-day price calculations (CDD), as well as for preventing one or more companies from taking part in the price valuation process. The proceeding is still under way without any notice of charges having been notified to date. The company is actively collaborating with the European Commission.</p> <p>2. The National Markets and Competition Commission (CNMC) launched an enquiry into Negocios Industriales y Comerciales, S.A. (Nicsa) and its parent company, Abengoa S.A., and into other companies in the sector, as it believed it had uncovered signs of anti-competitive practices in the fixing of prices and commercial and distribution conditions of the market for distribution and sale of low and medium voltage cables. In its motion for a resolution, the CNMC considers that such actions constitute an infringement of the Competition Act. At present, the pleadings are being prepared in the light of the Motion for a Resolution.</p> <p>3. Moreover, last January, the CNMC sent a request for information to several companies in the railway sector, including Instalaciones Inabensa, S.A., regarding possible anti-competitive behaviour in the procurement of manufacturing, installation, supply, maintenance and improvement of electrification systems and electromechanical railway equipment. The company is actively collaborating with the CNMC, which is still investigating.</p>		•
Materials					
	301-1	Materials used by weight or volume		No material	
	301-2	Recycled input materials used		No material	
	301-3	Reclaimed products and their packaging materials		No material	

External verification	General standard disclosures	Content	Page or direct respond	Omissions	Key aspects
Energy					
✓	302-1	Energy consumption within the organization	20, 82		•
	302-2	Energy consumption outside of the organization		No material	
✓	302-3	Energy intensity	20, 83		•
	302-4	Reduction of energy consumption		No material	
	302-5	Reductions in energy requirements of products and services		No material	
Water					
✓	303-1	Water withdrawal by source	20, 83		•
	303-2	Water sources significantly affected by withdrawal of water		No material	
	303-3	Water recycled and reused		No material	
Biodiversity					
	304-1	Operational sites owned, leased, managed in, or adjacent to, protected areas and areas of high biodiversity value outside protected areas		No material	
	304-2	Significant impacts of activities, products, and services on biodiversity		No material	
	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	
Emissions					
✓	305-1	Direct (Scope 1) GHG emissions	20, 84		•
✓	305-2	Energy indirect (Scope 2) GHG emissions	20, 84		•
✓	305-3	Other indirect (Scope 3) GHG emissions	20, 84		•
✓	305-4	GHG emissions intensity	20, 84		•
	305-5	Reduction of GHG emissions		No material	
	305-6	Emissions of ozone-depleting substances (ODS)		No material	
✓	305-7	Nitrogen oxides (NOX), sulfur oxides (SOX), and other significant air emissions	20, 86		
Effluents and waste					
	306-1	Water discharge by quality and destination		No material	
✓	306-2	Waste by type and disposal method	20, 87		•
	306-3	Transport of hazardous waste		No material	
	306-4	Water bodies affected by water discharges and/or runoff		No material	

External verification	General standard disclosures	Content	Page or direct respond	Omissions	Key aspects
Environmental compliance					
✓	307-1	Non-compliance with environmental laws and regulations		During 2017, no significant fines or penalties for noncompliance with environmental legislation and regulations have been recorded	•
Supplier environmental assessment					
	308-1	New suppliers that were screened using environmental criteria		The company's situation in 2017 has made it difficult to gather some indicators. This information was not available at the close of this report.	
	308-2	Negative environmental impacts in the supply chain and actions taken		The company's situation in 2017 has made it difficult to gather some indicators. This information was not available at the close of this report.	
Employment					
✓	401-1	New employee hires and employee turnover	20, 59		•
	401-2	Benefits provided to full-time employees that are not provided to temporary or part-time employees	60		•
	401-3	Parental leave		The company's situation in 2017 has made it difficult to gather some indicators. This information was not available at the close of this report.	•
Labour/management relations					
	402-1	Minimum notice periods regarding operational changes		The company's situation in 2017 has made it difficult to gather some indicators. This information was not available at the close of this report.	•
Occupational health and safety					
	403-1	Workers representation in formal joint management-worker health and safety committees	62		•
✓	403-2	Workers representation in formal joint management-worker health and safety committees	20, 61		•
	403-3	Workers with high incidence or high risk of diseases related to their occupation		The company's situation in 2017 has made it difficult to gather some indicators. This information was not available at the close of this report.	•
	403-4	Health and safety topics covered in formal agreements with trade unions	60		•

External verification	General standard disclosures	Content	Page or direct respond	Omissions	Key aspects
Training and education					
✓	404-1	Average hours of training per year per employee	20, 59		•
	404-2	Programs for upgrading employee skills and transition assistance programs	59		•
	404-3	Percentage of employees receiving regular performance and career development reviews	59		•
Diversity and equal opportunity					
	405-1	Diversity of governance bodies and employees	56, 57, 91		•
	405-2	Ratio of basic salary and remuneration of women to men		The company's situation in 2017 has made it difficult to gather some indicators. This information was not available at the close of this report.	•
No discrimination					
	406-1	Incidents of discrimination and corrective actions taken		The company's situation in 2017 has made it difficult to gather some indicators. This information was not available at the close of this report.	•
Freedom of association and collective bargaining					
	407-1	Operations and suppliers in which the right to freedom of association and collective bargaining may be at risk		The company's situation in 2017 has made it difficult to gather some indicators. This information was not available at the close of this report.	•
Child labour					
	408-1	Operations and suppliers at significant risk for incidents of child labor		The company's situation in 2017 has made it difficult to gather some indicators. This information was not available at the close of this report.	•
Forced or compulsory labor					
	409-1	Operations and suppliers at significant risk for incidents of forced or compulsory labor		The company's situation in 2017 has made it difficult to gather some indicators. This information was not available at the close of this report.	•
Security practices					
	410-1	Security personnel trained in human rights policies or procedures		The company's situation in 2017 has made it difficult to gather some indicators. This information was not available at the close of this report.	•

External verification	General standard disclosures	Content	Page or direct respond	Omissions	Key aspects
Rights of indigenous peoples					
	411-1	Incidents of violations involving rights of indigenous peoples		The company's situation in 2017 has made it difficult to gather some indicators. This information was not available at the close of this report.	•
Human rights assessment					
	412-1	Operations that have been subject to human rights reviews or impact assessments		The company's situation in 2017 has made it difficult to gather some indicators. This information was not available at the close of this report.	•
	412-2	Employee training on human rights policies or procedures		The company's situation in 2017 has made it difficult to gather some indicators. This information was not available at the close of this report.	•
	412-3	Significant investment agreements and contracts that include human rights clauses or that underwent human rights screening		No material	
Local communities					
	413-1	Operations with local community engagement, impact assessments, and development programs	75-79		•
	413-2	Operations with significant actual and potential negative impacts on local communities		The company's situation in 2017 has made it difficult to gather some indicators. This information was not available at the close of this report.	•
Supplier social assessment					
	414-1	New suppliers that were screened using social criteria		The company's situation in 2017 has made it difficult to gather some indicators. This information was not available at the close of this report.	•
	414-2	Negative social impacts in the supply chain and actions taken		The company's situation in 2017 has made it difficult to gather some indicators. This information was not available at the close of this report.	•
Public policy					
✓	415-1	Political contributions	95		•

External verification	General standard disclosures	Content	Page or direct respond	Omissions	Key aspects
Customer health and safety					
	416-1	Assessment of the health and safety impacts of product and service categories		The company's situation in 2017 has made it difficult to gather some indicators. This information was not available at the close of this report.	
✓	416-2	Incidents of non-compliance concerning the health and safety impacts of products and services	During 2017, there have been no recorded breaches of regulations or voluntary codes related to the impacts of products and services on health and safety during their life cycle.		•
Marketing and labeling					
	417-1	Requirements for product and service information and labeling		The company's situation in 2017 has made it difficult to gather some indicators. This information was not available at the close of this report.	
✓	417-2	Incidents of non-compliance concerning product and service information and labeling	During 2017, there have been no recorded breaches of regulations or voluntary codes related to information and labelling of products and services.		•
✓	417-3	Incidents of non-compliance concerning marketing communications	During 2016, there have been no recorded breaches of regulations or voluntary codes related to marketing communications.		•
Customer privacy					
✓	418-1	Substantiated complaints concerning breaches of customer privacy and losses of customer data	During 2017, there have been no recorded breaches of of customer privacy and losses of customer data.		•
Socioeconomic compliance					
✓	419-1	Non-compliance with laws and regulations in the social and economic area	During 2017, there have been no recorded breaches of non-compliance with laws and regulations in the social and economic area		•
Own indicators					
✓	ID1	Numer of patents	20, 48		•
✓	ID2	R&D and innovation employees	20, 48		•
✓	ID3_4	R&D and innovation investment	20, 48		•



08. Appendix

Abengoa communication channels with its social partners *102-40, 102-43*

From Abengoa to society

- › Corporate website
- › Annual report
- › Focus-Abengoa Foundation website
- › Press releases
- › Corporate Social Responsibility Department
- › Trade fairs, forums and conferences
- › Corporate blog
- › Social networks: LinkedIn, Twitter, Facebook, Google Plus, Youtube, SlideShare, and Instagram
- › Internal newsletter
- › Interviews and requests from communication media
- › Shareholders meeting
- › Extraordinary meetings with stakeholders
- › Stakeholder mailbox

From Abengoa to Communities

- › Corporate website
- › Annual report
- › Focus-Abengoa Foundation website
- › Press releases
- › Corporate Social Responsibility Department
- › Gatherings with NGOs and academic institutions
- › Trade fairs, forums and conferences
- › Corporate blog
- › Social networks: LinkedIn, Twitter, Facebook, Google Plus, Youtube, SlideShare, and Instagram

From Abengoa to stakeholders

- › Corporate web page
- › Annual report
- › Press releases
- › Investor Relations department
- › Shareholders meeting
- › Extraordinary meetings with stakeholders
- › Shareholder mailbox
- › Conference calls
- › Meetings with institutional investors
- › Abengoa Reestructuring web section
- › Frequent questions web section, specific for each stakeholder (shareholders, bondholders, financial entities)
- › Communication with analysis entities

From Abengoa to suppliers

- › Corporate website
- › Specific site dedicated to the financial restructuring process
- › Information on process developments, FAQs and specific supplier contact
- › Periodic visits to suppliers
- › Annual report
- › Social networks: LinkedIn, Twitter, Facebook, Google Plus, Youtube, SlideShare, and Instagram

From society to Abengoa

- › Press releases
- › Communication department
- › Corporate Social Responsibility Department
- › Gatherings with NGOs, communications media, and academic institutions
- › Trade fairs, forums and conferences
- › Stakeholder mailbox
- › Corporate blog
- › Corporate Social Responsibility mailbox
- › Communication mailbox
- › External Whistleblower Channel
- › Interviews
- › Social networks: LinkedIn, Twitter, Facebook, Google Plus, Youtube, SlideShare, and Instagram
- › Shareholders meetings
- › Extraordinary meetings with shareholders
- › Shareholder mailbox

From local communities to Abengoa

- › Corporate Social Responsibility Department
- › Gatherings with NGOs and academic institutions
- › Trade fairs, forums and conferences
- › Corporate blog
- › Corporate social responsibility mailbox
- › Benefits evaluation from social actions programs
- › External whistleblowing
- › Interviews
- › Social networks: LinkedIn, Twitter, Facebook, Google Plus, Youtube, SlideShare, and Instagram

From stakeholders to Abengoa

- › Direct communication with the IR department
- › Shareholders meetings
- › Extraordinary meetings with stakeholders
- › Shareholder mailbox
- › Conferences calls
- › Whistleblower channel
- › Web section dedicated to the Abengoa restructuration
- › Communication with analysis entities

From suppliers to Abengoa

- › Stakeholders mailbox
- › Specific site dedicated to the Abengoa restructuration
- › Information on process developments, FAQs and specific supplier contact
- › External whistleblowing
- › Interviews
- › Corporate Social Responsibility mailbox
- › Social networks: LinkedIn, Twitter, Facebook, Google Plus, Youtube, SlideShare, and Instagram

Main references services 102-2, 102-6

Energy

	Technology	Power	Location	Status	Activity in 2017
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 th 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

	Technology	Power	Location	Status	Activity in 2017
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

Water

	Technology	Capacity	Location	Status	Activity in 2017
Desalination plant in Cartagena	Reverse osmosis	65,000 m ³ /day	Cartagena (Spain)	In operation	O&M
Desalination plant in Almeria	Reverse osmosis	50,000 m ³ /day	Almería (Spain)	In operation	O&M
Desalination plant in Skikda	Reverse osmosis	100,000 m ³ /day	Skikda (Algeria)	In operation	O&M
Desalination plant in Honaine	Reverse osmosis	200,000 m ³ /day	Honaine (Algeria)	In operation	O&M
Desalination plant in Ténès	Reverse osmosis	200,000 m ³ /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 ³ /day	Accra (Ghana)	In operation	O&M
Desalination plant in Chennai	Reverse osmosis	100,000 m ³ /day	Chennai (India)	In operation	Plant under concession. Abengoa is currently responsible for its operation and maintenance as well as asset management
Cerrato hydroelectric plant	Hydraulic infrastructures (hydroelectric plant)	4.3 MW	Palencia (Spain)	In operation	Asset management



09. Glossary

Operating terms

A	Ampere
bar	Bar
CO ₂	Carbon dioxide
EPC	Engineering, Procurement and Construction
g	Gram
GHG	Greenhouse Gas
h	Hour
ha	Hectare
Hz	Hertz
ISCC	Integrated Solar Combined Cycle
J	Joule
km / h	Kilometer per hour
L	Liter
m	Meter
m/s	Meter per second
m ²	Square meter
m ³	Cubic meter
N	Newton
Pa	Pascal
ppm	Parts-per-million
s	Second
t	Metric ton
V	Volt
VA	Volt-ampere
VA _r	Volt-ampere reactive
W	Watt
We	Electric watt
Wh	Watt hour
W _{th}	Thermal watt

Financial terms

€	Euro
€k	Thousand Euro
€M	Million Euro
\$	US Dollar
BRL	Brazilian Real
CAGR	Compound Annual Growth Rate
EBITDA	Earnings Before Interest, Tax, Depreciation and Amortization
GDP	Gross Domestic Product
PCAOB	Public Company Accounting Oversight Board
ROE	Return On Equity
SOX	Sarbanes Oxley Act

Prefixes according to the International Metric System

m	Mili	10 ⁻³
c	Centi	10 ⁻²
d	Deci	10 ⁻¹
h	Hecto	10 ²
k	Kilo	10 ³
M	Mega	10 ⁶
G	Giga	10 ⁹
T	Tera	10 ¹²

Contact 102-53

This report is available on the: 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:

Corporate Social Responsibility

Cristina Cuesta Delgado

Manager of CRS department

Email: rsc@abengoa.com

Postal address

Campus Palmas Altas

C/ Energía Solar nº 1

41014 Seville (Spain)

Telephone: +34 954 93 70 00

Communication

Germán Bejarano García

Manager of Communication department

Email: comunicacion@abengoa.com

Postal address

Campus Palmas Altas

C/ Energía Solar nº 1

41014 Seville (Spain)

Telephone: +34 954 93 70 00

Investor Relations

Gonzalo Zubiría Furest

Manager of Investor Relations and Capital Markets

Email: ir@abengoa.com

Postal address

Campus Palmas Altas

C/ Energía Solar nº 1

41014 Seville (Spain)

Telephone: +34 954 93 70 00

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