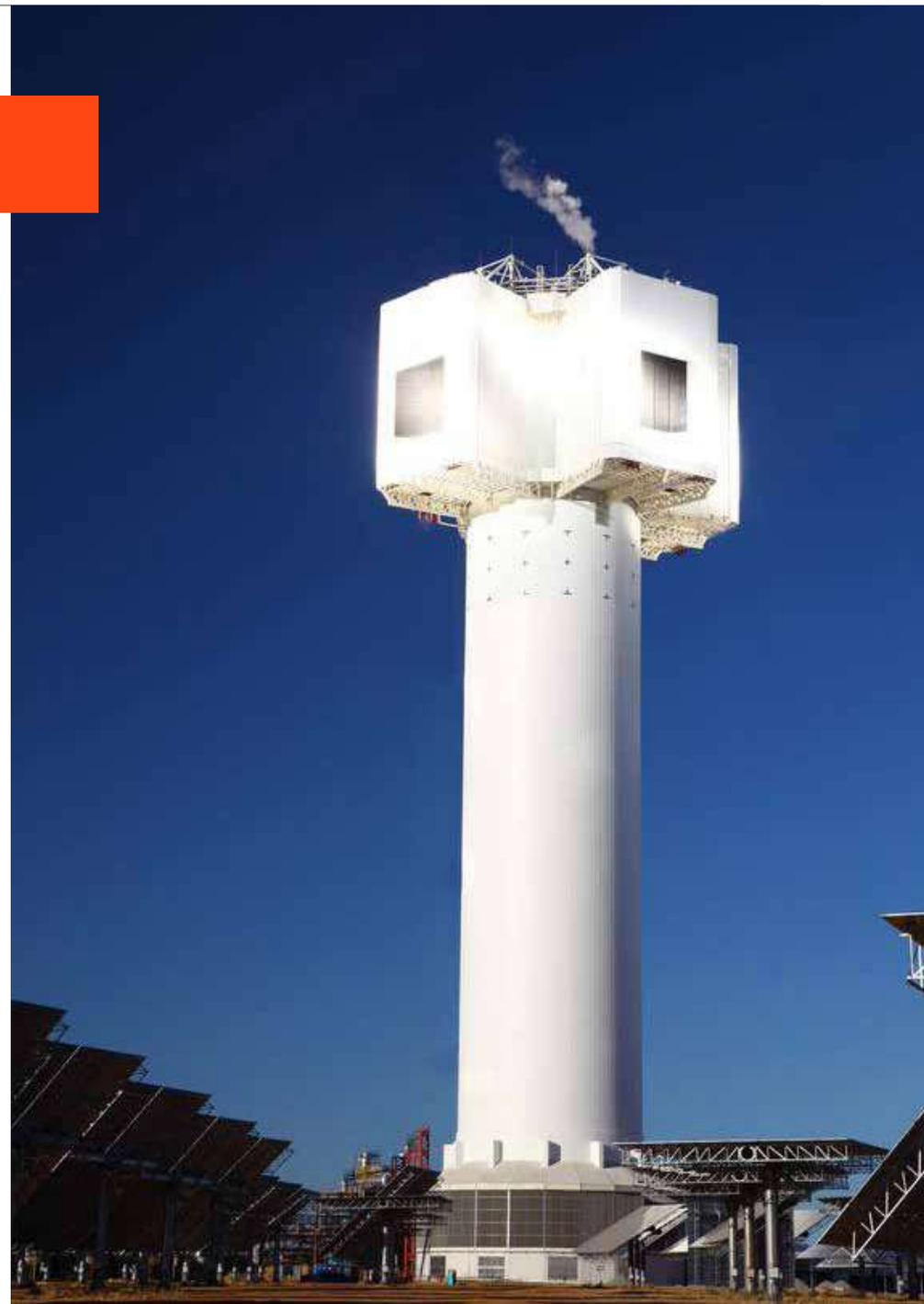


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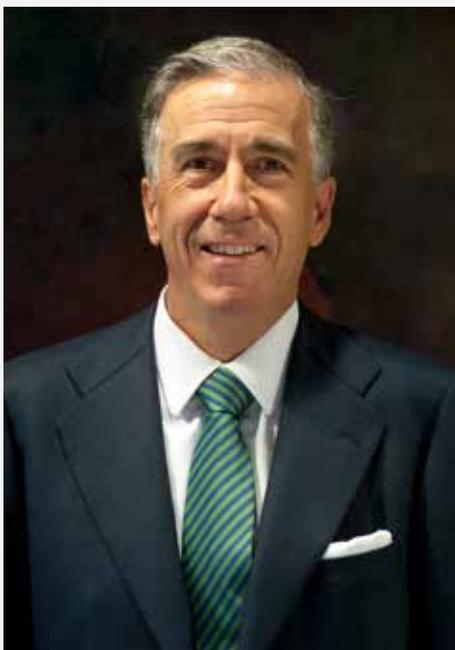


# 1

## Chairman's letter



## 01. Chairman's letter



**Gonzalo Urquijo Fernández de Arazo**

Chairman of Abengoa

**“In 2019 we have witnessed how new large bids have emphasised our know-how and implementation capacity”**

Dear all,

At the moment this letter is being drafted, we are going through exceptional times. Under the global health crisis resulting from the coronavirus and a state of alarm in Spain, at Abengoa we have always been forced to adapt to the current circumstances and, as it could not be any other way, putting the health and safety of all our employees first through preventive, training, informative and awareness measures.

From the very first moments the pandemic was spreading, and always following the recommendations of the relevant authorities of each country in which the company is present and of the World Health Organisation, we created a specific committee dedicated to COVID-19 in charge of exhaustively following up, leading and coordinating the actions the company carries out in terms of the health crisis.

We have created a Prevention protocol against the coronavirus, with which the company has been developing and executing measures of different kinds, as well as specific contingency plans for each of our work centres and projects. In fact, we have continued the activity in those works or projects that, due to their essential nature, have had to stay active and in operation, always in accordance with the rules and restrictions set in each of the countries where we operate. This has a direct impact on a large part of the company's activity in areas such as water, energy and services, and in some other cases too, in the transmission and infrastructures sector.

Immersed in this situation, it is time to review the year we leave behind. Thus, as usual, I would like to start referring to one of the most important topics to us: the health and safety of all of us who are part of Abengoa. Sadly, 2019 was a year in which we had to regret one fatal accident in Brazil. This sad event has led us to keep working towards our number one goal of achieving zero accidents. In this way, 2019 ended with a reduction of 0.36 points in the Frequency Rate with Sick Leave, compared to the previous year (2.84 vs 3.20), which represents an improvement and a new motivation to keep working on prevention and awareness.

At the same time, one of the biggest achievements last year was the successful completion in April of a new financial restructuring which enabled access to new liquidity and new lines of guarantees. With this, we attained a healthier capital structure due to the support and trust our customers, financial creditors and shareholders place in us.

Furthermore, in 2019 another restructuring was also completed; this time in Brazil. Last December, we happily announced that the relevant judicial authorities approved the *Recuperação Judicial* process in which the company was involved. This reactivated Abengoa's construction activities in Brazil with the aim of continuing to be a benchmark in the sector in a territory where we have been very successful.

Moreover, in 2019 we witnessed another milestone for us. After almost five years of absence, Abengoa again celebrated its Investor Day, a very satisfying meeting in which analysts, investors and banks had the chance of knowing in more depth the current and future perspectives of the company directly from its managing team. Thus, we resumed an essential initiative related to our stakeholders.

In terms of the business, at the time of this letter our figures highlight Abengoa's capacity in the infrastructure, energy and water sectors. Indeed, in our more than 75 years of history, we have reached an installed capacity of 9.3 GW in conventional generation plants, of which 1.4 are under construction. With regard to renewable energies, we have solar plants built with a capacity of 2.3 GW. In fact, Abengoa is leader in the construction of thermal solar plants, with a total built installed capacity 1.8 GW. This figure represents 34 % of its output at worldwide level.

Meanwhile, in the water sector we have reached + 1.7 million m<sup>3</sup>/day of installed desalination capacity and 2.6 million under construction, while in the last 15 years, we have built 27,000 km in transmission lines and more than 330 electrical substations.

## 01. Chairman's letter

These figures grow year after year due to the new projects awarded and, in particular, to the work performed and concluded projects.

In particular, in 2019 we have witnessed how big new acquisitions have emphasised our know-how and implementation capacity, and we have been awarded projects totalling €1,107 million. As an example, we have been successful bidders in the largest reverse osmosis desalination plant in the world, built jointly with SEPCOII in Abu Dhabi (United Arab Emirates). This plant will have a capacity to treat 909,000 m<sup>3</sup>/day from sea water. Moreover, in Saudi Arabia, we are building another desalination plant which will be the largest in the country using this same technology. Its capacity is of 600,000 m<sup>3</sup>/day.

In addition, through our Transmission and Infrastructure vertical, a 50 % consortium with Elecnor, we are taking part in one of the most important infrastructure projects in Lithuania. It consists of a project to electrify the Vilnius-Klaipeda railway, valued at more than €350 million, which in turn will electrify more than 730 km of railway lines that will cross the country from east to west.

Abengoa also currently has a pipeline of projects identified worth €24,682 million. Turnkey and EPC projects for third-parties have been given priority.

Moreover, in 2019 we have experienced several milestones such as the inauguration of the A3T efficient cogeneration plant in Mexico and the desalination plant in Saudi Arabia, while we have broken records in Xina Solar One, our third thermal solar plant in South Africa. We have also moved forward with the construction of the Cerro Dominador solar thermal plant by placing the last heliostat and the first salt fusion, and we have been awarded at the annual International Desalination Association awards, among many others.

In addition, two projects for the construction of four transmission lines and two substations in Mexico have been completed, as well as two electrical substations and 60 km of associated transmission lines in Oman, which will be essential for guaranteeing supply in this geographical area.

We have also been awarded the mechanical completion certificate for a transmission line of 220 kV developed within the framework of the works in Mina Justa, one of the most important mining projects in Peru in the last years. Furthermore, we have synchronised the turbine of the 50 MW Luneng Haixi tower solar thermal plant, located in Qinghai province.

In this project the company has been in charge of providing technology and engineering services.

Within the innovation sector, in March 2019 we announced the signing of a collaboration agreement with John Cockerill to develop projects in the defence sector. Its goal is to create a new worldwide agent in the industry through a joint venture. The new company will be incorporated in Spain and will meet the future needs of the Spanish armed forces and those from other parts of the world. For Abengoa, the signing of this agreement represents an opportunity to keep participating in highly technical projects, increasing its portfolio of products and potential customers, as well as opening new business lines, based on their bet on the Spanish defence market.

Meanwhile, I would like to highlight that in February last year a new Strategic Corporate Social Responsibility Plan, also named SCSR, was approved for a time frame of five years: 2019-2023. This plan defines Abengoa's framework and guidelines with a series of actions that can integrate the expectations of stakeholders into the organisation's strategy and respond to different current challenges.

Moreover, in 2019 we went back to holding the Specific Commission on Equality of Treatment and Opportunities (Comisión específica de Igualdad de Trato y de Oportunidades or CITO) whose aim is to globally follow up aspects related to gender equality within the organisation.

In this regard, at the end of the year, the Board of Directors approved Abengoa's Diversity Policy, which stems from placing the person at the focus of the company, regardless of their race, gender, religion, nationality, culture, age, sexual orientation or their different physical or psychological abilities.

With a view to 2020, we are aware we are living exceptional times because of COVID-19 and that we are facing difficulty and uncertain times from the economic point of view worldwide. For this reasons, as many other companies have done, bearing in mind the performance of the company in 2019, we have reviewed the financial projections included in the Feasibility Plan published last year. Therefore, before publishing this report, we have released an Updated Business Plan adapted to the new reality, adapting the business goals to the circumstances described, as well as obtaining liquidity and guarantees to continue presenting bid offers, looking forward to the future with confidence and doing what we do best: competitively building benchmark projects in our essential businesses and geographies.

To all of them, for their trust, our deepest thank you.

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



02. Abengoa today

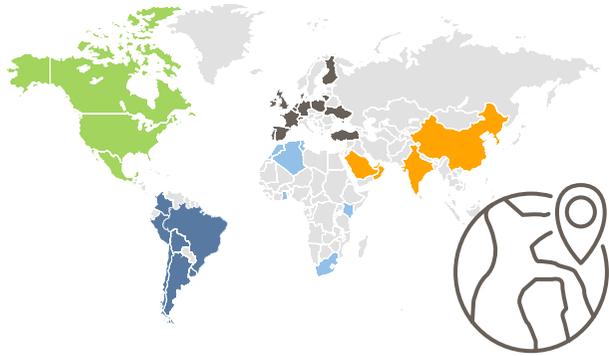
# 2

## Abengoa today

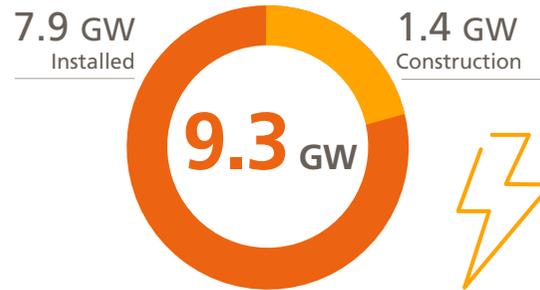


02. Abengoa today

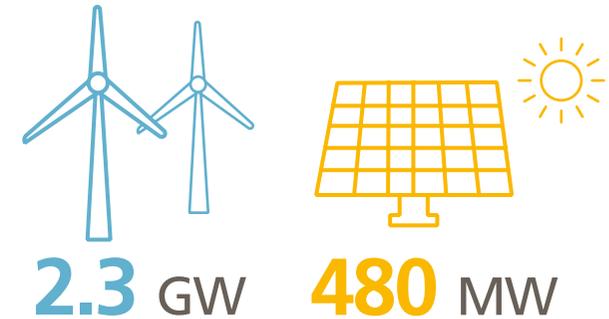
Noteworthy aspects



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

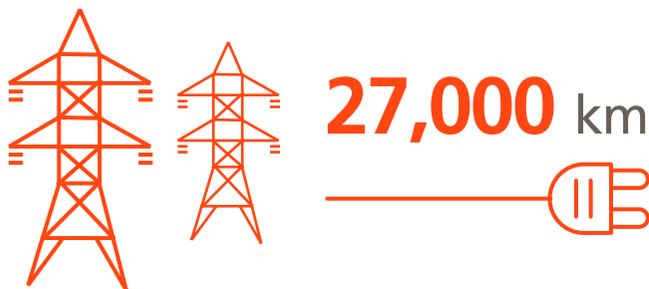


9.3 GW of installed power in conventional generation plants, of which 1.4 GW are under construction.

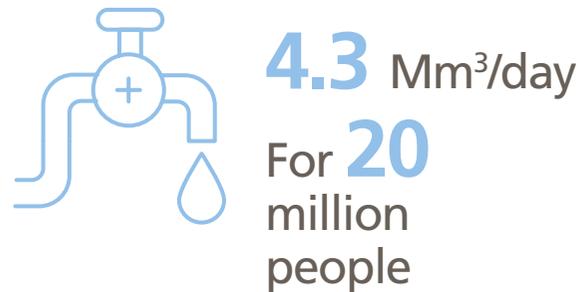


2.3 GW\* of built solar energy, 760 MW under construction and 480 MW of wind power.

\*34 % of worldwide installed solar-thermal capacity.

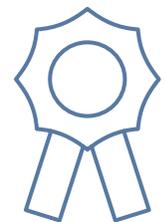


+ 27,000 km of transmission and distribution lines and more than 330 substations throughout the world in the last 15 years.



+ 1.7 million m<sup>3</sup>/day of installed desalination capacity and 2.6 million m<sup>3</sup>/day under construction.

**280** patents at the end of 2019



Number of patents



## 02. Abengoa today

Abengoa (MCE: ABG.B) is an international company applying technical innovative technology solutions for sustainable development in the infrastructures, energy and water sectors.

Abengoa bases its future growth on two of its **main strengths: excellence in its technical capabilities and international positioning**. To do so, the company has a **solid business** dedicated to engineering, supply, construction, operation and maintenance in fast-growing

markets together with a light structure with high operational efficiency. Moreover, it has a **committed** and capable **team**, with **specialised**, competitive know-how. This, joined with the development of **pioneering and commercially viable technology** is now the company's key competitive advantage.

As a result of the new strategy, Abengoa has organised its activity in four business areas, responsible for carrying out business development, bids, engineering and project execution on the fundamental pillar of R&D + Innovation:



### Energy

- Conventional and renewable electric power generation.
- In-house solar power technology, world leader in installed capacity.
- 9.3 GW of installed conventional energy capacity.
- Experts in the hybridisation of generation technologies to provide clean, manageable energy solutions.

### Water

- Specialist in infrastructures for the comprehensive water cycle
- Excellence in technical skills.
- Leader in the international desalination market and benchmark at global level in the construction of hydraulic infrastructures and treatment plants.
- 1.7 million m<sup>3</sup>/day of installed desalination capacity and 2.2 million m<sup>3</sup>/day of purified water.

### Transmission and Infrastructures

- Leader in the international market in transmission and distribution of infrastructures for the energy, industry, transport, environment, communications and railway sectors.
- More than 27,000 km of transmission lines and more than 330 substations.
- 4,500 km of electrified track and more than 80 traction substations.

### Services

- Service providers for infrastructures in the transmission, water and renewable and conventional energy generation sectors.
- Optimisation of O&M, improvement of management and increased production.
- 25-year average contract life.

## Main financial figures

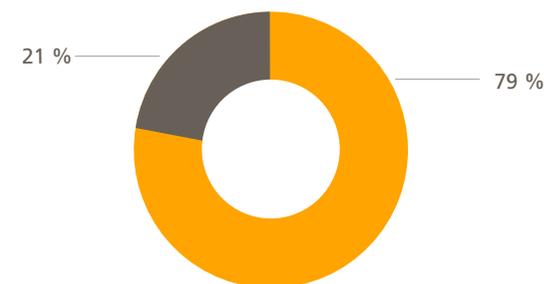
102-07, 201-1

2019 has been a good year in the consolidation of Abengoa's business. It has been reflected in on-going improvement of sales and profitability.

Sales at year closing were € 1,493 million, up by 15 % compared to 2018. This increase has also happened both in the engineering and construction and in the concessions sectors.

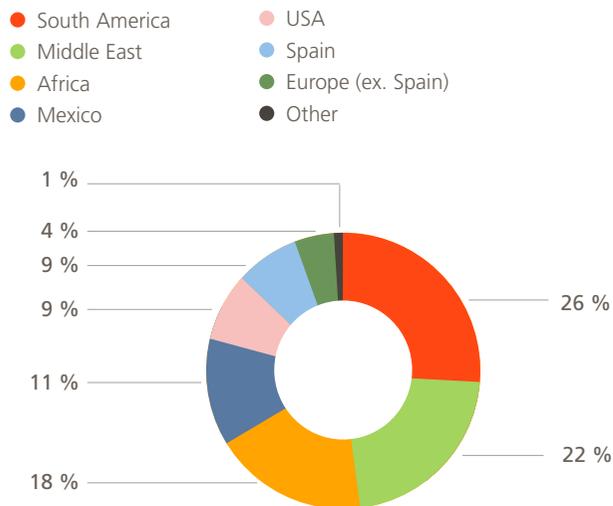
### Sales by segment

- I&C
- Concessions



## 02. Abengoa today

### Geographical sales



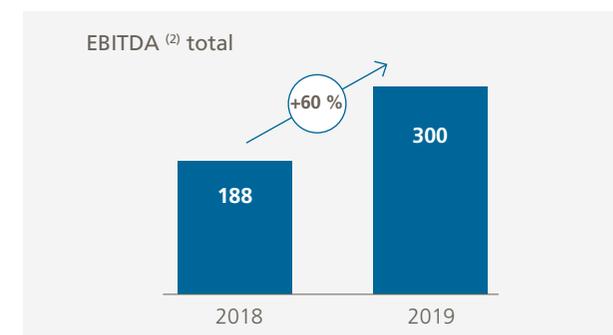
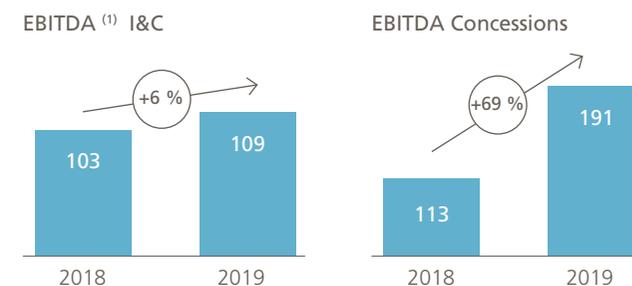
### Main project in progress

- Waad Al Shamal (Saudi Arabia)
- Dubai Solar Park (U.A.E.)
- Agadir (Morocco)
- Operation and Maintenance Solar Plants (Spain)
- Salalah (Oman)
- Chuquicamata-Humos Negros (Chile)
- Rabigh (Saudi Arabia)
- Fulcrum (USA)

Item	2019	2018	2017
<b>Income statement (€M)</b>			
Sales	1,493	1,303	1,480
Ebitda	300	188	127
Operating margin	20 %	14 %	9 %
Net income	-517	-1,498	4,278
<b>Balance sheet</b>			
Total assets	3,360	3,830	6,359
Equity	-4,728	-4,251	-2,408
Corporate net debt	3,951	4,096	3,254
<b>Share information (€M)</b>			
Share information (€M/B/share)	0.009	0.0034	0.01
Capitalization (A+B shares) (€M)	194	82	218
Daily trading volume (€M)	2	1	6

Moreover, gross operating profit (EBITDA) stood at € 300 million, 60 % more than in 2018. Improvement in the profitability of engineering and construction is mainly due to the positive impact arising from the Dead Sea Works project agreement, the margins from new projects in execution such as Dewa, Agadir and Fulcrum, etc., and the on-going reduction of general expenses, whereas the increase in EBITDA from concessions is mainly due to the commissioning of the efficient cogeneration plant A3T. These improvements both in sales and profitability exceed the goals set in the Viability Plan.

### Figures in million euros



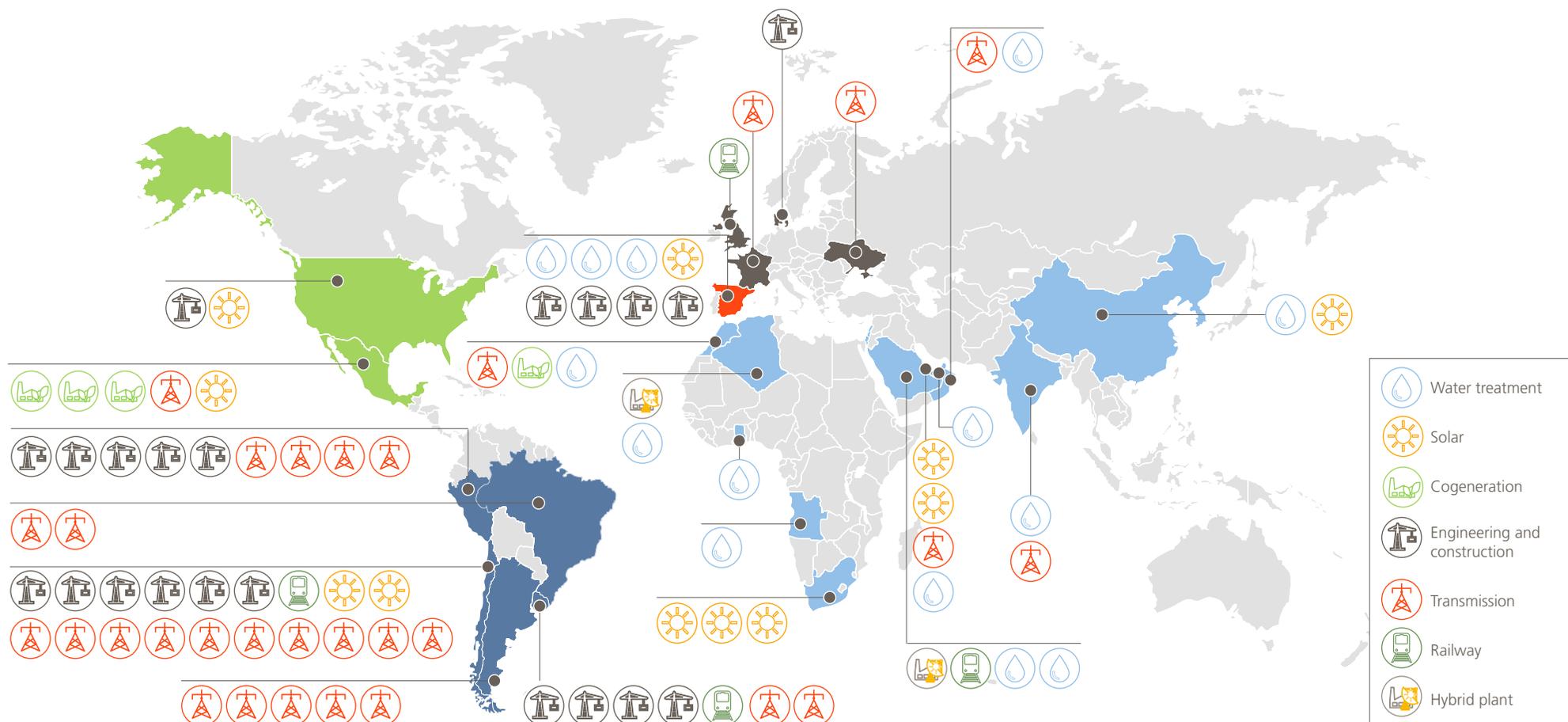
(1) EBITDA in 2019 include a positive impact of € 40 million related to the agreement reached in the arbitration applicable to the Dead Sea Works project in Israel.

(2) EBITDA in 2018 includes non-recurring expenses related to restructuring advisors amounting to € 28 million.

02. Abengoa today

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

North America		South America		Spain		Europe		Rest of the world	
Sales (€k)	302,775	Sales (€k)	384,224	Sales (€k)	135,260	Sales (€k)	67,640	Sales (€k)	603,299
Employees	945	Employees	9,494	Employees	2,578	Employees	164	Employees	844
Local suppliers (%)	19.4	Local suppliers (%)	16.1	Local suppliers (%)	22.83	Local suppliers (%)	3.54	Local suppliers (%)	15.56
Local purchases (€k)	166,988	Local purchases (€k)	138,633	Local purchases (€k)	196,184	Local purchases (€k)	30,426	Local purchases (€k)	133,645
Taxes paid (€k)	11,340	Taxes paid (€k)	78,047	Taxes paid (€k)	33,188	Taxes paid (€k)	4,581	Taxes paid (€k)	28,301



02. Abengoa today

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

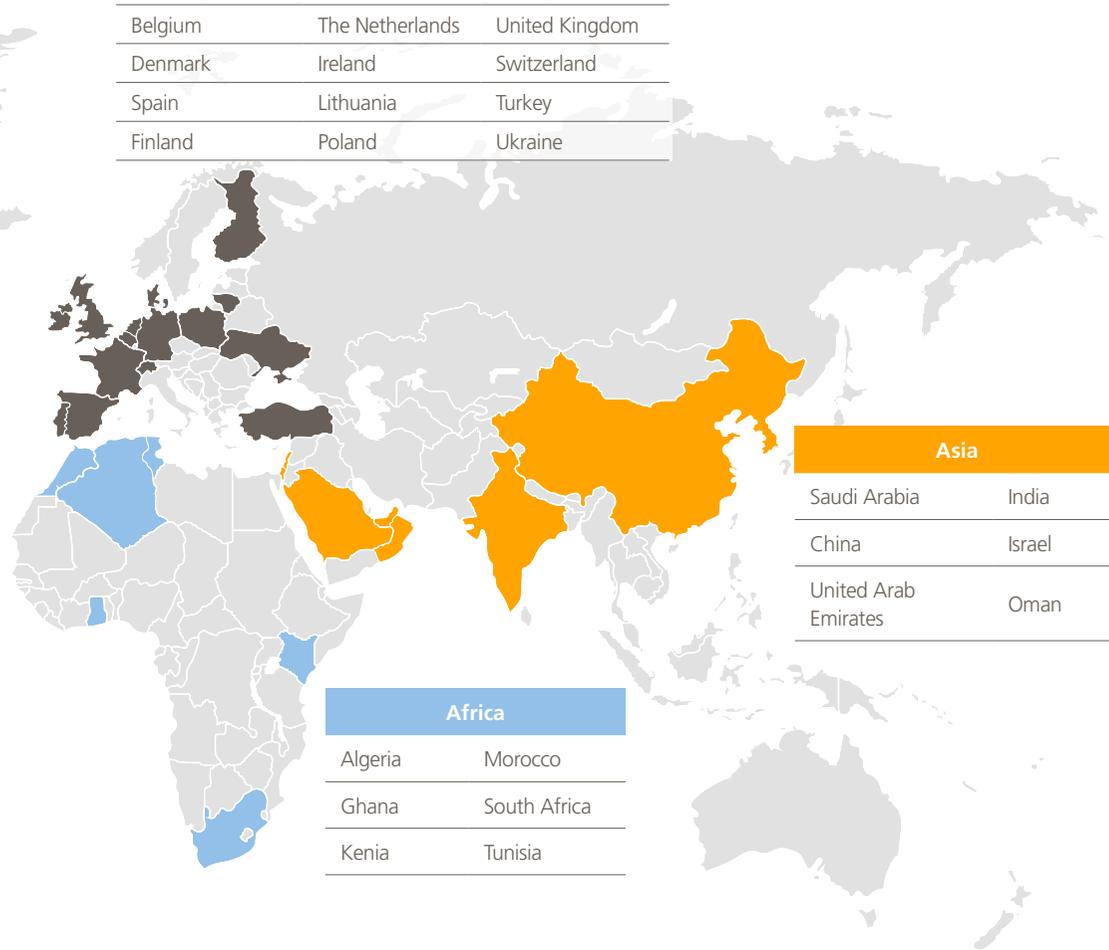
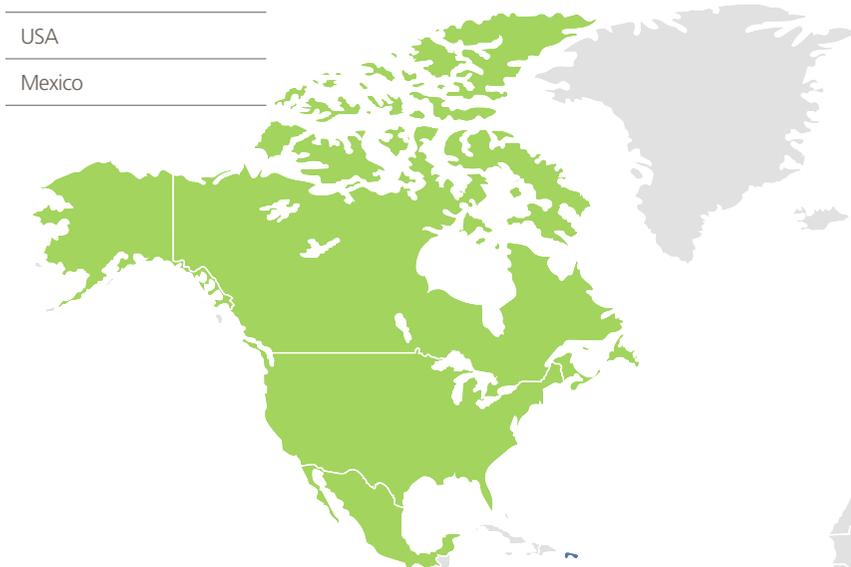
List of countries where there are personnel or sales during the period.

**North America**

Canada
USA
Mexico

**Europe**

Germany	France	Portugal
Belgium	The Netherlands	United Kingdom
Denmark	Ireland	Switzerland
Spain	Lithuania	Turkey
Finland	Poland	Ukraine



**South America**

Argentina	Colombia
Brazil	Peru
Bolivia	Puerto Rico
Chile	Uruguay

**Africa**

Algeria	Morocco
Ghana	South Africa
Kenia	Tunisia

**Asia**

Saudi Arabia	India
China	Israel
United Arab Emirates	Oman

02. Abengoa today

## Project awards

Following two restructuring operations (2017 and 2019), Abengoa was able to reinforce its capital structure. As a result, it became a company focused on EPC business globally. Since 2017, the company has closed new agreements worth more than €4,000 million and has

executed €3,600 million, with a portfolio at 2019 year-end of €1,514 million.

In 2019, Abengoa was awarded new projects worth a total of €1,107 million, including the world's largest reverse osmosis desalination plant.

	<b>Taweelah</b> U.A.E.	Construction of the world's largest reverse osmosis desalination plant with a capacity of 909,000 m <sup>3</sup> per day.
	<b>RWEL Klaipeda-Vilnius</b> Lithuania	Electrification of more than 730 km of railway.
	<b>Jebel Ali</b> U.A.E.	Construction of the world's largest reverse osmosis sea water desalination plant with a capacity of 41,000 m <sup>3</sup> per day.
	<b>Rio Switching Station Malleco Substation</b> Chile	Construction of a 220 kV substation in Chile.
	<b>Seville Airport</b> Spain	Civil works and completed facilities for the extension and remodelling of the terminal building of the Airport in San Pablo, Seville (Spain).
	<b>Southern Peru Copper Corporation</b> Peru	Construction of a retention dam to retain 40,000 m <sup>3</sup> at 3,500 m above sea level, and several singular buildings inside mining facilities.

## Sale of assets

The rotation of mature assets and the sale of non-strategic assets contributes to improving Abengoa's leverage and liquidity.

	Bioenergy USA	1G & 2G bioethanol	✓
	Bioenergy Europe	1G bioethanol	✓
	AB San Roque	Biodiesel	✓
	Bioenergy Brazil	1G bioethanol	In progress
	Khi	50 MW CSP – South Africa Tower	In progress
	Xina	100 MW – CCP in South Africa	In progress
	SPP1	150 MW hybrid CC+CSP in Algeria	In progress
	Accra	60,000 m <sup>3</sup> /day in Ghana	In progress
	Tenés	200,000 m <sup>3</sup> /day in Algeria	In progress
	Chennai	100,000 m <sup>3</sup> /day in India	In progress
	SAWS	168,970 m <sup>3</sup> /day	Provisional
	Agadir	275,000 m <sup>3</sup> /day in Morocco	In progress
	Brazil T&D • 9,750 km in Brazil	• In operation: acquired by TPG • Under construction: judicial rehabilitation	✓ In progress
	ATN3	355 km of transmission lines in Peru	In progress
		Norte III	924 MW combined cycle in Mexico
	Manaus Hospital	300-bed hospital in Brazil	In progress
	Real estate	Various properties	Partially complete

02. Abengoa today

# Operation in sectors with high growth potential

Abengoa has a pipeline identified projects with a value exceeding €29,546 million<sup>1</sup>.

The identified projects are in line with its strategy:

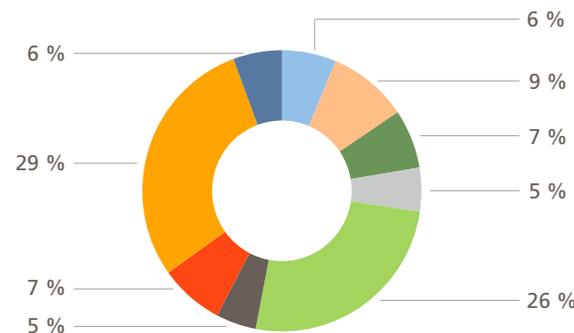
- They are mainly EPC projects for third-parties.
- With a growing proportion of smaller projects.



Abengoa's pipeline in 2019

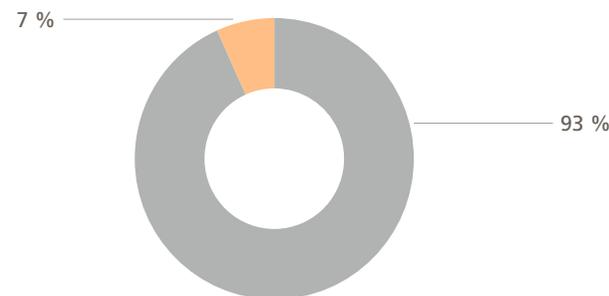
**By Region**

- Spain
- Rest of Europe
- USA and Canada
- Mexico and Central America
- South America
- Maghreb
- Sub-Saharan Africa
- Middle East
- Asia-Pacific



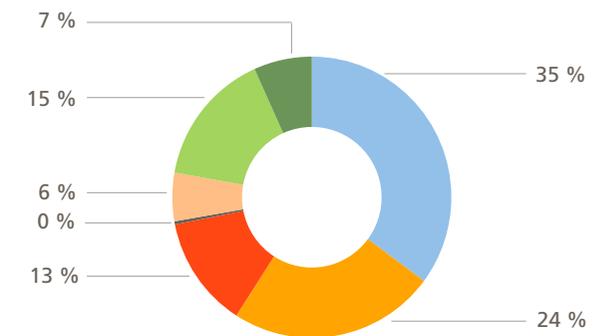
**By Type**

- Conventional product
- Integrated product



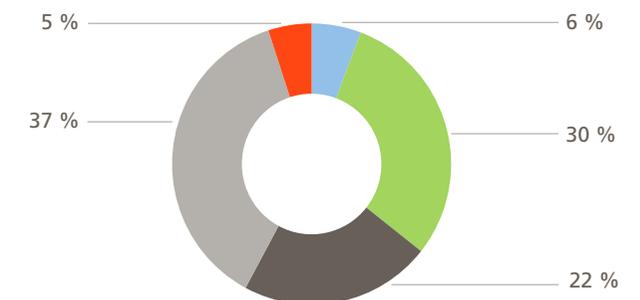
**By Vertical**

- Water
- Energy
- Transmission and infrastructures
- Mexico
- Services
- South America
- USA
- Innovation



**By Size**

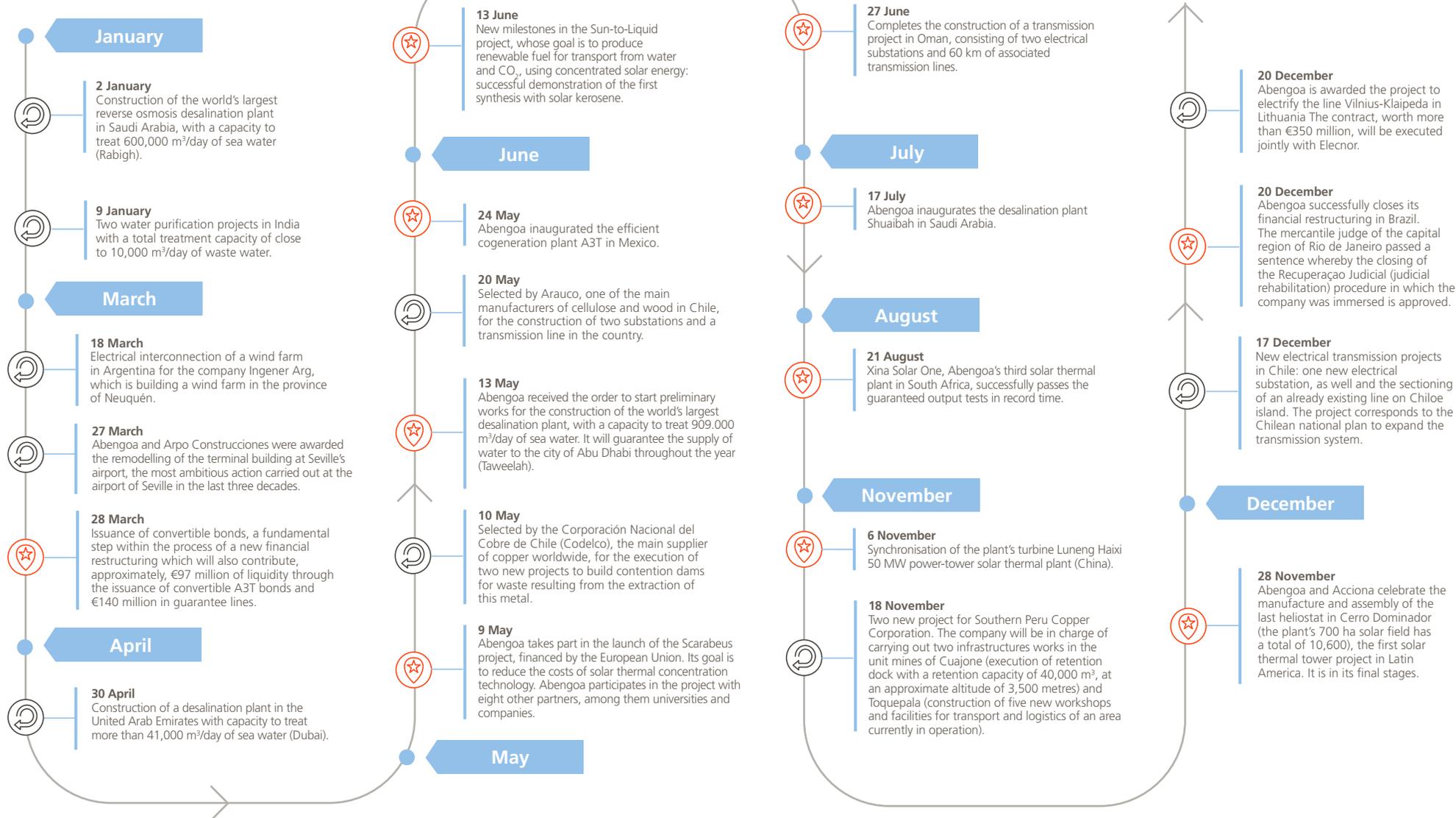
- < € 10 M
- € 10-50 M
- € 50-100 M
- € 100-500 M
- > € 500 M



<sup>1</sup> Pipeline at 31 December 2019.

02. Abengoa today

# Major milestones of 2019



02. Abengoa today

## Impact of COVID-19 on the company's activity

The SARS-Cov-2 coronavirus pandemic declared by the World Health Organisation on 11 March 2020 has had significant effects and consequences at all levels. Besides the health crisis that the fight against this coronavirus has caused, which has taken the lives of thousands of people, the resulting financial impacts have been immediate and devastating.

With regards to **Abengoa's business management**, this crisis has had an impact on several levels:

- Practically all governments in the countries where Abengoa is present have taken several measures such as confinement, restriction and curfews which have affected the development of the company's activity in these areas.
- In terms of business development, most of the bids published by clients have been delayed as a result of the restrictions implemented in the home countries. In the particular case of Spain, once the Health State of Alarm was passed on 14 March, all public bids from the different bodies and administrations were suspended. This delay, presumably, will imply a further delay in compliance with the contracted provisions included in the budget for 2020.
- Additionally, between 30 March and 13 April, the Spanish government increased the level of the confinement measures, passing in accordance with the Royal Decree- Law 10/2010 the obligation to suspend all non-essential activities for 15 days. This resulted in the suspension of all projects in the country.
- Similar restrictions have been placed in countries such as Argentina, Peru, Chile, Uruguay and Morocco, which has resulted in the suspension of a significant number of projects.

- Large **energy and desalination plant construction projects** have not been significantly affected, although some degree of delay is expected in the supply chain, since part of it is located in countries such as India, China and Italy, where restrictions measures to control the pandemic have implied halting manufacturing centres supplying equipment for these projects.
- The **operation and maintenance** of energy generation and desalination plants has not been impacted by COVID-19, since they qualify as essential services, and continuity protocols

and plans have been implemented to ensure continuous production, always keeping the highest standards of safety for employees.

- Following the uncertainty caused by the COVID-19 pandemic, financial markets have been affected, limiting the company's access to them. Given this situation, Abengoa has decided to request financing from financial institutions backed by an ICO guarantee, as well as implementing other measures to deal with the financial situation, and request additional revolving guarantee lines to cover needs up to the end of 2021.

### Projects in Execution

 <p><b>Spain</b></p> <p>Delay in projects awarded: works and facilities maintenance contracts.</p>	 <p><b>International</b></p> <p>Shut-down of projects in the Middle East, Europe, Latin America and other regions due to the lack of stock or restrictions on personnel travelling to their workplaces.</p>
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### Bids and future contracts

 <p><b>Spain</b></p> <p>Public bids suspended during the State of Alarm. Abengoa was in the bidding process for several projects (purification plants and O&amp;M contracts).</p>	 <p><b>International</b></p> <p>Several bids delayed or suspended indefinitely in which Abengoa was participating: desalination plants in Saudi Arabia, Algeria and Qatar; purification plants in Morocco and Angola; and a solar plant in Chile.</p>
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### Other effects. Financial market

Limitation of access to financial markets.

## 02. Abengoa today

### COVID-19 crisis committee

With the aim of minimising the impact of the COVID-19 crisis on Abengoa’s activities, the company created the COVID-19 crisis committee, which **monitors on a daily basis the impact** of this pandemic both **on personnel and on business activities**. This committee has implemented measures such as promoting remote working for practically 100 % of its office personnel, adapting preventive and health and safety plans for projects to adapt them to this crisis and enable the continuity of the business, minimising contagion risks among personnel, and using legal and contractual mechanisms available to minimise the impact of the COVID-19 on activity.

### Revision of the business plan

Due to the crisis caused by the COVID-19 pandemic and its effects and taking into consideration the evolution of the business in 2019, the Company has revised the financial projections included in the Viability Plan published in 2019, presenting a **new Updated Business Plan (UBP)**.

Although many governments and central banks have implemented numerous financial measures to mitigate those effects, the global economy is undoubtedly suffering the effects of a worldwide lockdown and many experts and financial institutions are predicting economic retractions of historic proportions.

- The International Monetary Fund (IMF) has projects global economy will have a negative growth of 3 % in 2020.
- The Bank of Spain expects Spain’s GDP will drop between 6.6 % and 13.6 % in 2020, depending on the length of the State of Alarm.

Unfortunately, many of regions expected to be most affected by the economic retractions, such as Latin America, Middle East and Sub-Saharan Africa, are the core markets of Abengoa. Additionally, the financial markets have been affected by the pandemic, limiting the company’s access to financing.

For these reasons, along with the evolution of the business in 2019 and the delay in certain milestones of the previous Viability Plan such as asset sales and other monetizations, the Company has revised the financial projections, presenting an **Updated Business Plan**.

The financial projections, which include figures for the ten-year period ending in 2029, have been built with a bottom-up approach, by consolidating the individual plans reported by each of the business verticals (Energy, Water, T&I and Services) and geographies (Brazil, Chile, USA, South Africa, Argentina, Mexico, Peru, and Uruguay). The company continues to focus its business on turnkey EPC projects for third parties.

### New Updated Business Plan

**Abengoa has reinforced its capital structure, and the company has focused on EPC business globally.**

- Once the revision of the projections was finalized, the company hired an independent expert to determine the fair value of Abengoa S.A.’s participation in Abengoa AbenewCo 2 S.A.U. As a result of the valuation, as of the end of 2019, the net equity of the individual company Abengoa S.A. stood at € 388 million as a result of the impairment cost registered in the 2019 income statement for its participation in Abengoa AbenewCo 2 S.A.U.
- In order to restore the equity balance of Abengoa S.A. and assure the completion of the Updated Business Plan, the company has put several plans into action including:

Liquidity	Guarantee lines	Debt restructuring
Soliciting new financing for an amount of €250 million and a term of five years, expected to be covered by a guarantee from ICO.	Request new revolving guarantee lines to cover the needs of the business through the end of 2021.	Closing agreements with overdue suppliers and other creditors that would allow the deconsolidation of the debt from AbenewCo 1 in exchange for preferential rights over the materialization of certain assets.  Modifying the terms and conditions of certain debts including the New Money 2, Reinstated Debt, A3T Convertible bond, and Old Money (SOM and JOM) which could imply imminent or future write-offs and capitalization.
The foregoing measures require amendments to the financial instruments to which they affect for which agreements with the financial creditors must be reached.		

02. Abengoa today

## Sustainability remains the core value

Although the current crisis caused by COVID-19 implies changes in business management, Abengoa continues to focus on sustainability as a pillar of its strategy.

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.

The projects the company carries out highlight Abengoa's capabilities in the field of sustainability, the perspectives of which have been reactivated since the Paris Summit.

Abengoa is a leading global player in the renewable energy and water markets where it has been in the vanguard for the last decade, a track record that enables us to face the future with confidence.

## Digital transformation at Abengoa

The digital evolution taking place in society in general and in the sectors in which Abengoa operates in particular, makes it a key aspect in the company's strategy and Corporate Social Responsibility. **Digitisation** is, therefore, one of the main **tools contributing to a sustainable business model**, through the creation of technological models that promote **collaboration, participation, mobility** and access to **real time information** from stakeholders.

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

Abengoa is modelling and using innovating technologies, being a pioneer in many of them, such as cloud, AI, big data, blockchain, IoT, RPA and cybersecurity. The fact of being innovators implies being especially sensitive in its use at all times: social responsibility, ethical use and strict regulatory compliance are, without a doubt, Abengoa's credentials in the adoption and use of these tools.



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



**SDG6:** Desalination activity. Goals 6.1, 6.4, 6.a and 6.b  
<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/>



**SDG9:** Build resilient infrastructure, promote inclusive and sustainable industrialization and foster innovation. Goals 9.1, 9.4 and 9.5  
<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/>

## 02. Abengoa today

### Transformation vectors

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

**Digital Employee:** to foster the use of digital solutions that improve the day-to-day work of our employees, enabling them to access advanced digital tools and solutions in which collaboration, access to real-time information and decision-making are the key factors for success.



**Digital Assets:** the progress in digital solutions is enabling continuous improvement in the company's value chain processes, from innovation to O&M through design, engineering and construction.



**Digital clients and suppliers:** implementation of digital solutions that enable us to collaborate with clients and partners in our value chain in any of its phases.



**Digital Processes:** Abengoa's culture of management by processes and activities means that the management model is a key focus of digitalisation. the implementation of digital solutions that enable accelerating and automating the company's processes from the initial order to completion create a tangible improvement in our delivery of value.



**Digital platform:** the architecture and digital platform on which Abengoa's technology services are supported enable a digitisation in the company's strategy, always ensuring a favourable and sustainable focus both in the use of resources and environmental impact.



**Cybersecurity:** digital transformation poses a technological and social challenge with respect to information security. Abengoa, aware of the crucial importance of information security, has implemented the policies, measures and objectives required to ensure the confidentiality, integrity and availability of its data within the framework of our Information Security Management System.



## Mechanisms to protect information

There is no doubt that humans are experiencing unprecedented exceptional circumstances. Overcoming this global COVID-19 health crisis will largely depend on the responsibility and care of each person.

From the professional perspective, Abengoa faces the challenge of **protecting employees** while allowing the **continuity of its operating activity**. All this is being achieved through the company's **preparation and technological capacity to adapt**. This has enabled remote working to be implemented throughout without harming the functionality and safety of corporate infrastructure and IT systems.

However, this new situation opens new doors to other threats, in which cyber-attacks are adopting multiple forms, forcing organisations to be more alert than ever.

Abengoa, as a technology company, considers **safety of information to be an essential element in the development of business activities**, for which the whole workforce is responsible.



## 02. Abengoa today

In order to reduce safety risks, both in the current situation and in any other circumstance, Abengoa disseminates among its employees the **measures and good practices to be implemented:**

Adequate management of passwords	Preventing phishing attacks	Information protection
<ul style="list-style-type: none"> <li>Use your corporate account exclusively for professional matters.</li> <li>Do not use your professional email account for unknown professional IT services.</li> <li>Do not use the same password for different services and update it regularly.</li> </ul>	<ul style="list-style-type: none"> <li>Publication of anti-phishing do's and don'ts, giving main guidelines to identify this type of attacks and how to act before a case.</li> <li>Collaboration from everyone is essential when reporting any suspicion or incident in order to have the chance of mitigating and even anticipating the adverse consequences of an attack.</li> </ul> <div data-bbox="448 654 1792 1436"> <p><b>If in doubt, report it by SOS:</b> Simosa IT will analyse it and, in case of fraud, will implement measures to avoid it being spread.</p> <p><b>Suspect requests for confidential or personal information:</b> Contact the sender through another means.</p> <p><b>Stay alert and apply common sense:</b> Be cautious in transactions from your smartphone, since attacks are more difficult to detect.</p> <p><b>Avoid attachments:</b> Do not open unsolicited or unexpected attached files, unless you are completely sure of the sender's identity and you have previously analysed it with antimalware software.</p> <p><b>Do not click on suspicious emails:</b> If it includes links, place the pointer over the link to check if the site you are directed to is legitimate. Do not trust shortened paths.</p> <p><b>Do not register your corporate email for non-professional services:</b> To discard any kind of email unrelated to professional matters.</p> <p><b>Pay attention to syntactic and orthographic mistakes:</b> Broadly speaking, they are poorly written, lacking coherence between sentences that does not correspond to official emails.</p> <p><b>Check the sender's address:</b> The sender may have been manipulated and falsified. Any email from outside Abengoa will include a red heading alerting of this.</p> <p><b>Verify the personalisation:</b> One of the first clues suggesting a swindling attempt is the lack of personalisation. For example, the greeting.</p> <p><b>Beware of intimidation tactics:</b> They try to create a sense of urgency to have less time to react and make rushed decisions.</p> </div>	<ul style="list-style-type: none"> <li>Only through the use of corporate resources and systems your IT team analyses and manages is it possible to control and protect the company's data against threats such as loss, leaks or even lack of regulatory compliance.</li> </ul>

# 3

## Responsible Business Model

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3.1 Commitment to sustainability

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3.2 Corporate governance

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3.3 Transparency and fight against corruption

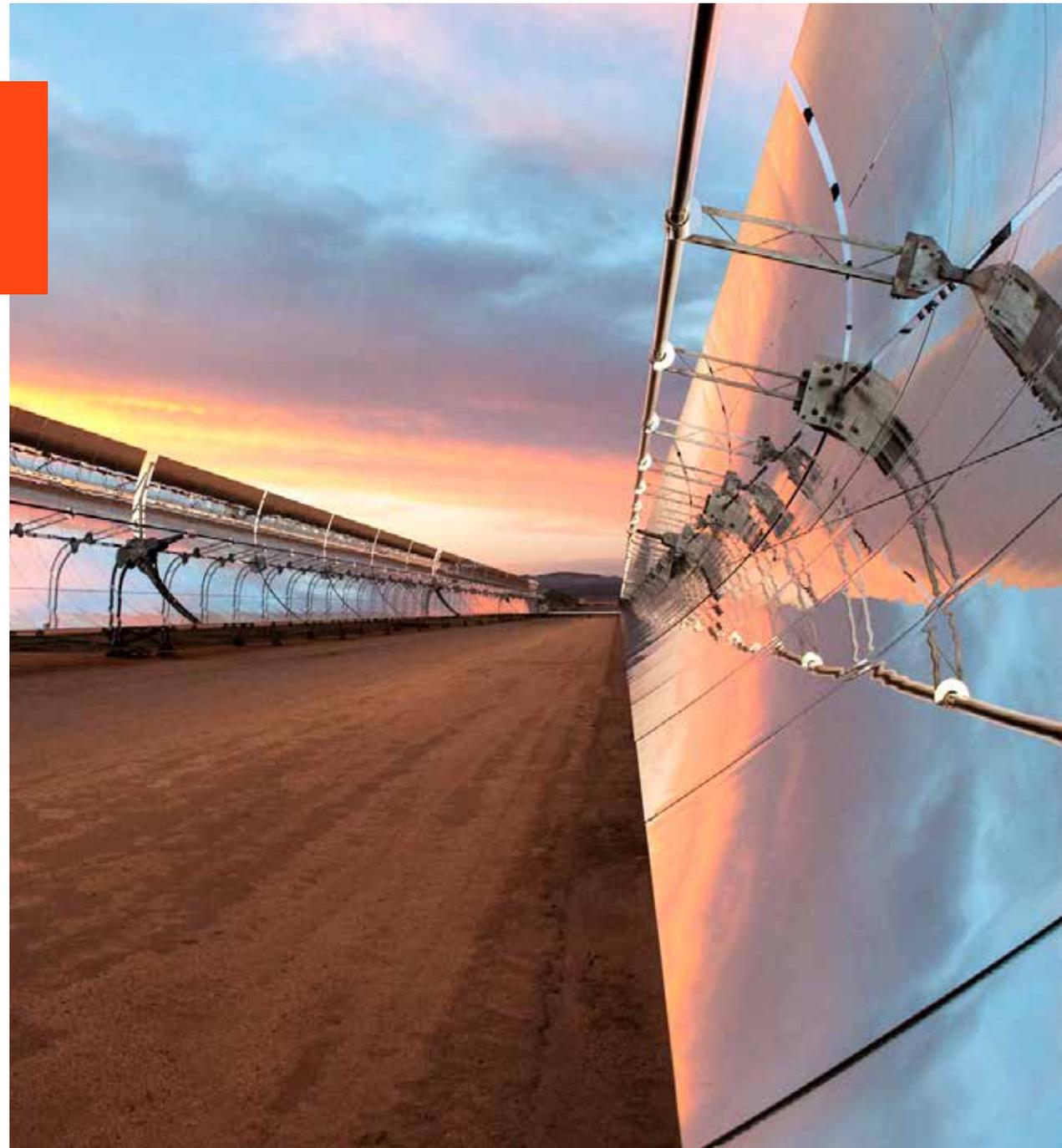
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3.4 Risk management

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3.5 Ethics and regulatory compliance

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03. Responsible Business Model

# 3.1

## Commitment to sustainability



30

internal sustainability standards within the Common Management Systems



5

years of Strategic CSR Plan



12

years requesting adherence to the CSR Code for suppliers



10

years with a computer tool gathering all non-financial information



10

years with Corporate Social Responsibility Management System (CSRMS)



11

years conducting internal audits of non-financial information



03. Responsible Business Model / Commitment to sustainability

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

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

Throughout the different chapters making up the Integrated Report, Abengoa describes the capital management divided into seven major areas in accordance with the commitment to stakeholders, the creation of shared value, the strategic approach of each, as well as performance based on the GRI Standards of reporting.

The chapters making up the Integrated Report have been prepared with special attention on the material issues identified, in order to provide more detailed information regarding those aspects which have been critical to stakeholders.



Financial value



Industrial Value



Human Value



Client value



Value in the supply chain



Social and relational value



Environmental value

## Mission, vision and values

The world needs solutions to achieve a more sustainable development.

This approach establishes the mission, vision, values and hallmarks of the organisation, which have been designed according its culture of corporate sustainability and responsibility culture and are directly connected to the strategic objectives set by the company.

The company’s firm commitment to these values is the key to generating value in time and to make a positive contribution to social well-being.*102-16*

### Mission



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



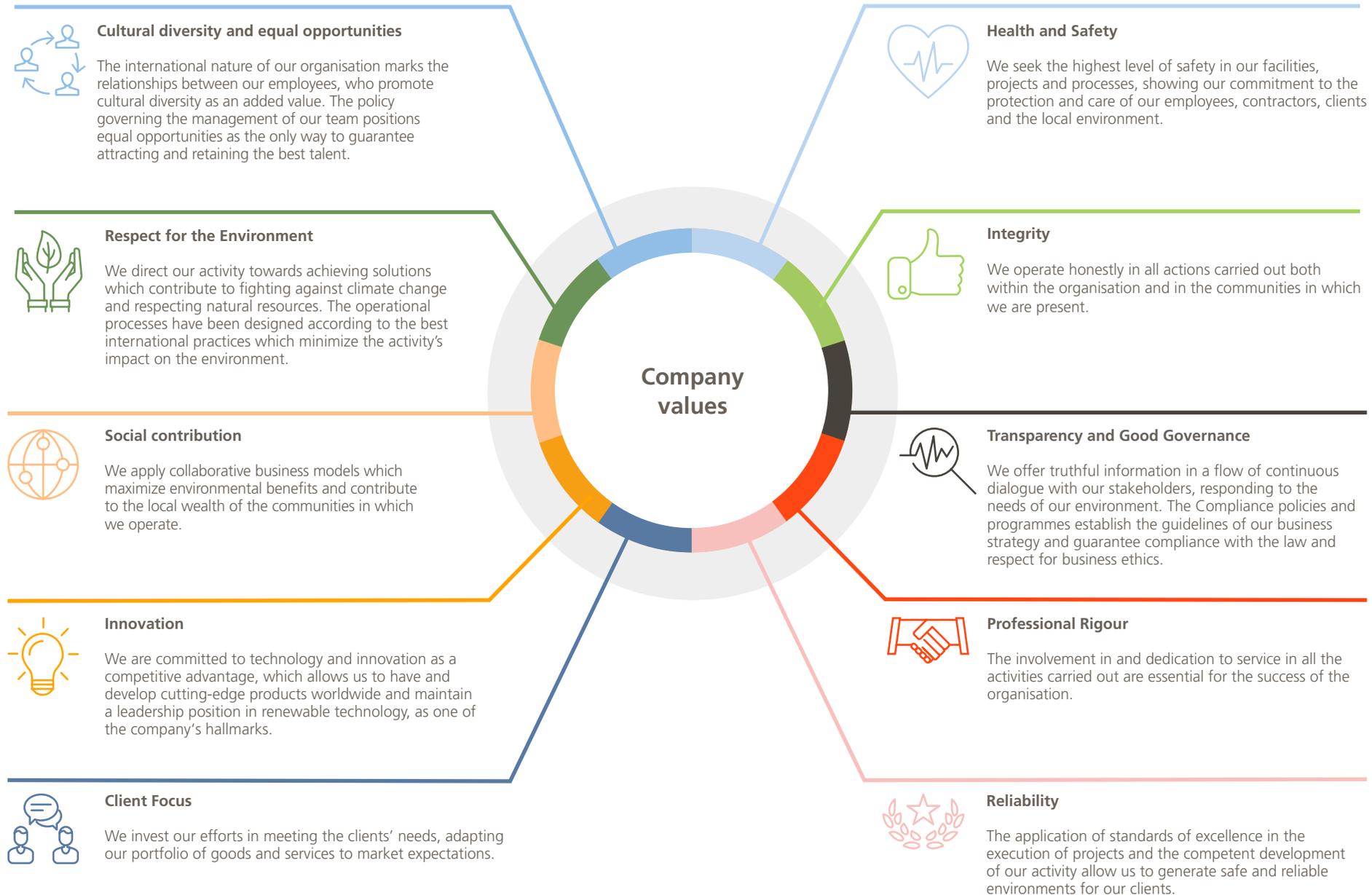
To be a world leader in the development of innovative technological solutions in the Infrastructures, Energy and Water sectors, in a way that contributes to **economic and social progress**, developing an ethical culture which enhances a **model of responsible management** with our environment, and a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

### Values



Our activity is based on **ethical values** that guide the behaviour 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.

03. Responsible Business Model / Commitment to sustainability



03. Responsible Business Model / Commitment to sustainability

## A business model governed by responsible criteria

### United Nations Global Compact

Abengoa has maintained its commitment to the **United Nations Global Compact** since 2002. Through this, the company undertakes to abide by and implement its 10 principles related to human rights, employment, the environment and the fight against corruption. *102-12, 102-13*

### Sustainable Development Goals (SDGs)

Within the 2030 Agenda, in 2015 the UN approved the 17 Sustainable Development Goals (SDGs) broken down into different goals addressing the biggest challenges for humanity and requiring the active participation of both companies and other stakeholders in the society.

Therefore, Abengoa has incorporated these goals into its actions and business strategy, as the common theme of its Strategic CSR Plan.

The technological solutions designed by Abengoa in the infrastructure, energy and water sectors have a key position to achieve a higher contribution in the following sustainable development goals through its businesses:



<p><b>6 CLEAN WATER AND SANITATION</b></p>	<p><b>7 AFFORDABLE AND CLEAN ENERGY</b></p>	<p><b>9 INDUSTRY, INNOVATION AND INFRASTRUCTURE</b></p>	<p><b>11 SUSTAINABLE CITIES AND COMMUNITIES</b></p>
<p><b>Goal No. 6:</b> Ensure availability and sustainable management of water and sanitation for all</p>	<p><b>Goal No. 7:</b> Ensure access to affordable, reliable, sustainable and modern energy for all</p>	<p><b>Goal No. 9:</b> Build resilient infrastructure, promote inclusive and sustainable industrialisation and foster innovation</p>	<p><b>Goal No. 11:</b> Make cities and human settlements inclusive, safe, resilient and sustainable</p>
<p>Abengoa offers products and services to manage the comprehensive water cycle, guaranteeing the availability of resources with an efficient approach.</p>	<p>Renewable energy is one of the pillars of Abengoa's business, both in the business itself – being a global leader in the development of thermoelectric, photovoltaic and hybrid power plants with storage systems, and in the 'Biomass to Energy' sector – and in how it conducts business, fostering the implementation of efficient measures in all of its lines of activity.</p>	<p>The organisation contributes to the corporate growth and development through the construction, operation and maintenance of sustainable infrastructures that protect the environment and society.</p>	<p>Abengoa provides solutions aimed at sustainable urban development, the supply of the most suitable basic services and safe transport systems, focusing its activities on the generation of clean energy and water management, building energy transmission infrastructures and railway lines and traction substations, as well as singular buildings, such as hospitals or prisons.</p>

03. Responsible Business Model / Commitment to sustainability

However, the company rolls out actions in the strategy lines and goals established in the SCSR to make progress in the achievement of all other sustainable development goals.

Below, the company's compliance in the performance of the rest of the goals is shown:

<p>1 NO POVERTY</p>	<p>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.</p>	<p>10 REDUCED INEQUALITIES</p>	<p>Contribution in communities where the company operates through education to ensure professional training, being able to promote equal opportunities.</p>
<p>3 GOOD HEALTH AND WELL-BEING</p>	<p>Abengoa considers the health and welfare of workers throughout the value chain to be a priority. Accordingly, through its policies and actions, it ensures safe working conditions as well as the necessary training for the performance of its activity.</p>	<p>12 RESPONSIBLE CONSUMPTION AND PRODUCTION</p>	<p>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.</p>
<p>4 QUALITY EDUCATION</p>	<p>Through its social action programmes, the company carries out training actions for local communities.</p>	<p>13 CLIMATE ACTION</p>	<p>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. Likewise, it has developed different strategies to analyse the risks associated with climate change in all of its projects and facilities.</p>
<p>5 GENDER EQUALITY</p>	<p>Abengoa 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. The SCSR has established a strategic gender equality line with many different objectives to make progress in this area.</p>	<p>15 LIFE ON LAND</p>	<p>Abengoa promotes the use of techniques and equipment that are beneficial to the organic regeneration of soils and thus reduce the risk of fire during its construction work and when operating its projects. It also establishes plans for the protection of fauna and flora and initiatives for the restoration and repair of any damage, if needed.</p>
<p>8 DECENT WORK AND ECONOMIC GROWTH</p>	<p>The company fosters local employment in the communities in which it is present, promoting social inclusion through employment to local suppliers, reducing poverty and fostering local employability through education.</p>	<p>16 PEACE, JUSTICE AND STRONG INSTITUTIONS</p>	<p>Strengthening the company's code of ethics with the compliance area and consolidation of the whistleblowing channels through its internal and external channels.</p>

03. Responsible Business Model / Commitment to sustainability

Abengoa’s Framework for Action

Abengoa has a **broad framework for action** including different **good governance rules, policies and procedures** committed to sustainable development and corporate responsibility.

In order to ensure that the company complies with its commitments and to regulate them effectively, the company has **Common Management Systems**, setting forth obligatory compliance rules for all employees, without exception, regardless of the place where their activities are carried out.



Within the Common Management Systems, the following standards or policies related to sustainability stand out:



03. Responsible Business Model / Commitment to sustainability

## Corporate Social Responsibility Policy

Abengoa manages its capital in accordance with sustainability criteria covered under its CSR policy. This policy was unanimously approved in 2015 by the Board of Directors and can be found at [the company's website](#).

The CSR policy establishes the guidelines to be followed throughout the organisation in the social, economic and environmental areas 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 holds regular meetings to monitor all matters related to sustainability. Moreover, it submits all the work carried out to the Audit Committee so that they can carry out their supervisory duties in accordance with the recommendations of the Good Governance Code.

The **Audit Committee** is responsible for reviewing **compliance with the Corporate Social Responsibility policy**, making sure it focuses on creating value **tracking** the objectives set forth in the **Strategic CSR Plan**, supervising and assessing the **relationship processes** with the different **stakeholders**, assessing the **non-financial risks** of the company and supervising and approving the **reporting of non-financial information** and diversity pursuant to the applicable regulations.

102-20

 <b>Economic dimension</b>	 <b>Social dimension</b>	 <b>Environmental dimension</b>
<p>To strengthen anti-corruption mechanisms and promote a culture of ethics and integrity</p>	<p>To guarantee Health and Safety (own staff / subcontractors): zero accident objective</p>	<p>Efficiently managing impacts: management systems</p>
<p>To promote the use of reporting channels to detect conduct contrary to the values of the organization</p>	<p>To ensure protection of Human Rights: company and supply chain</p>	<p>Protection of the environment beyond current legislation</p>
<p>To provide transparent and truthful information regarding its activity and impacts</p>	<p>To promote gender diversity and equal opportunities: women in management positions, discrimination, integration of people with disabilities</p>	<p>Encourage the efficient use of resources and promote the acquisition and use of recycled or certified materials</p>
<p>To promote economic development in communities through collaboration with local suppliers and employees</p>	<p>Training: development of the skills of own employees and subcontractors</p>	<p>Correct waste management: reduction at source and promoting recycling and transformation of such waste into energy as much as possible</p>
<p>To update Global Risk Management System to guarantee management and decision-making excellence</p>	<p>To promote social development of communities: economic, cultural and social progress</p>	<p>To promote the fight against climate change: reduction of its effects and setting a domestic price for carbon</p>
<p>To promote technological development and constant innovation to support value creation and increase competitiveness</p>	<p>To promote corporate volunteer actions: social development</p>	<p>Outreach and awareness of environmental protection and sustainability</p>
	<p>To promote CSR culture by supporting communication</p>	

03. Responsible Business Model / Commitment to sustainability

## Strategic CSR Plan

In February 2019, the Board of Directors approved the Strategic CSR Plan (SCSRP) for the fiscal years 2019-2023.

This plan sets forth the **framework for action and the strategic lines** of the company, defining specific **objectives and actions** according to the principles set out in the **CSR Policy** that will allow the company to respond to different current **challenges**, mitigating **risks**, secure the **confidence** of stakeholders and showcase **corporate responsibility** to be used by businesses as commercial leverage.



Abengoa has updated the effect of the commitments assumed by the organisation in the previous SCSRP in order to align them with the new challenges of the business, thus contributing to the creation of new opportunities.

The 2019-2023 SCSRP will allow the company **to roll out its CSR strategy in each vertical and region**, with specific actions

adapted to the actual social situation of each community in which Abengoa is present, helping to manage the impacts that business activity can have in each region.

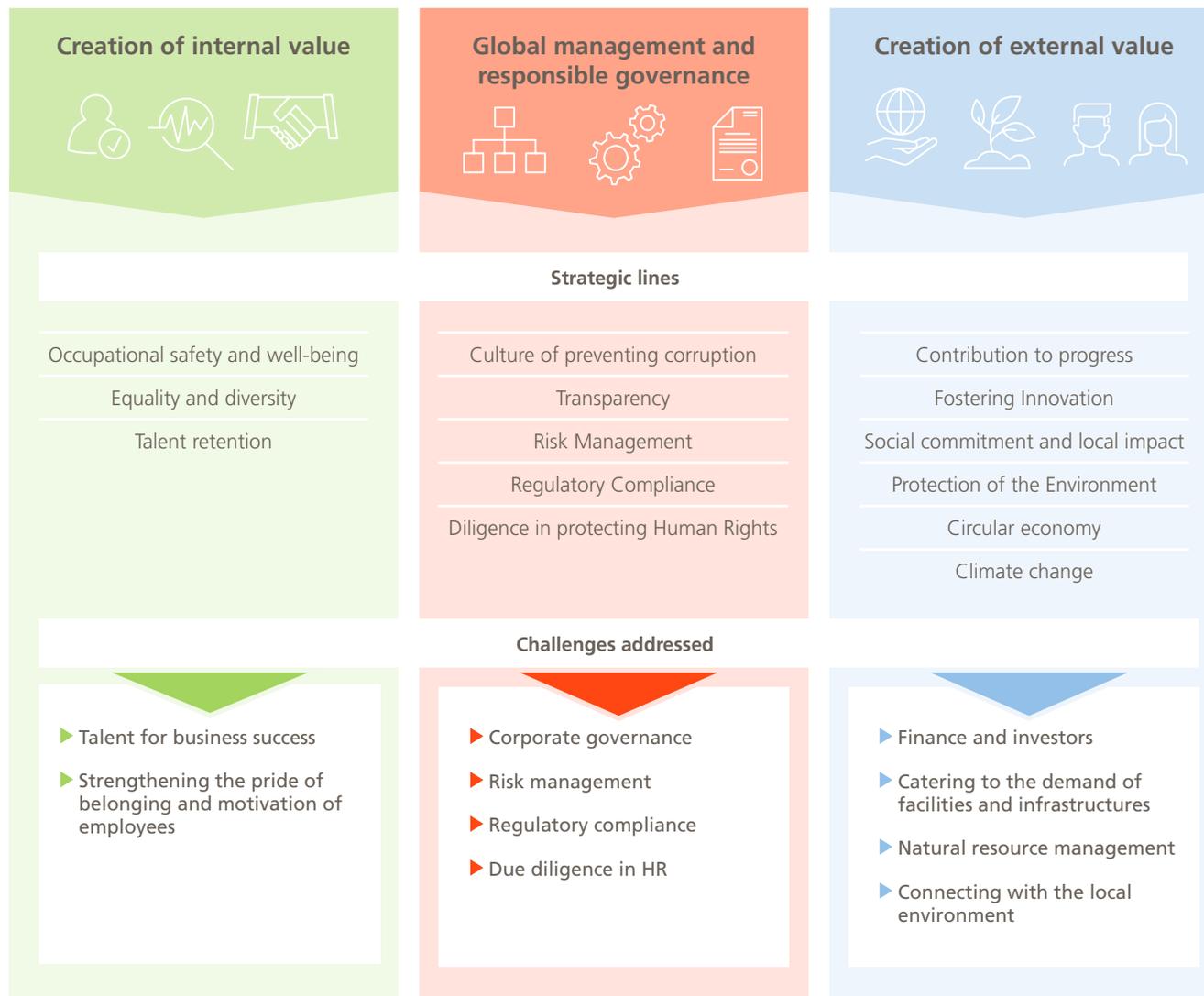
The **process to prepare the Strategic Plan is mature and is integrated** across all areas of the company involving the following stages:



03. Responsible Business Model / Commitment to sustainability

As a result of this process, the following lines of action and strategic lines have been defined:

Main pillars of the 2019-2023 SCSR



Abengoa presents two great competitive advantages to achieve the objectives set in the Strategic Plan:

- The **commitment of the highest governing** bodies of the company, which decisively promotes progress in these matters.
- The degree of **maturity of the tools** implemented for the periodic reporting and monitoring of the indicators and objectives established in all the geographies in which it is present.

Meetings are annually held with the managers of the different areas to see the actions carried out and the degree of progress of the objectives set in the Strategic Plan, and the results regarding the degree of compliance are submitted to the Audit Committee and the Board Administration in charge of supervising it.



### 03. Responsible Business Model / Commitment to sustainability

## Corporate Social Responsibility Management System (CSRMS)

Anticipating the current legislative changes (Law 11/2018) regarding the need for internal control systems for non-financial information and for its transparency and rigor, Abengoa has had a global CSR management system since 2009.

The objective of this efficient and mature system is to **control non-financial information** in order to mitigate and **prevent risks and to duly manage** the negative **impacts** generated by the company's activity, as well as to increase the positive impacts.

The Corporate Social Responsibility Management System (CSRMS) arises from the mission, vision and values of the company, as well as the public good governance commitments acquired by the company.

In order to manage and measure the impacts, the company has a **reporting tool** called **Integrated Sustainability Management System** (ISMS) which combines the non-financial information of the entire organisation with a **robust internal control system** in terms of capture, validation and consolidation carried out by different users to ensure the reliability of the information.

As an **action plan to respond to stakeholders**, the strategic lines established in the 2019-2023 SCSRP are the best tool to set objectives and actions adapted to each region in order to meet its expectations.

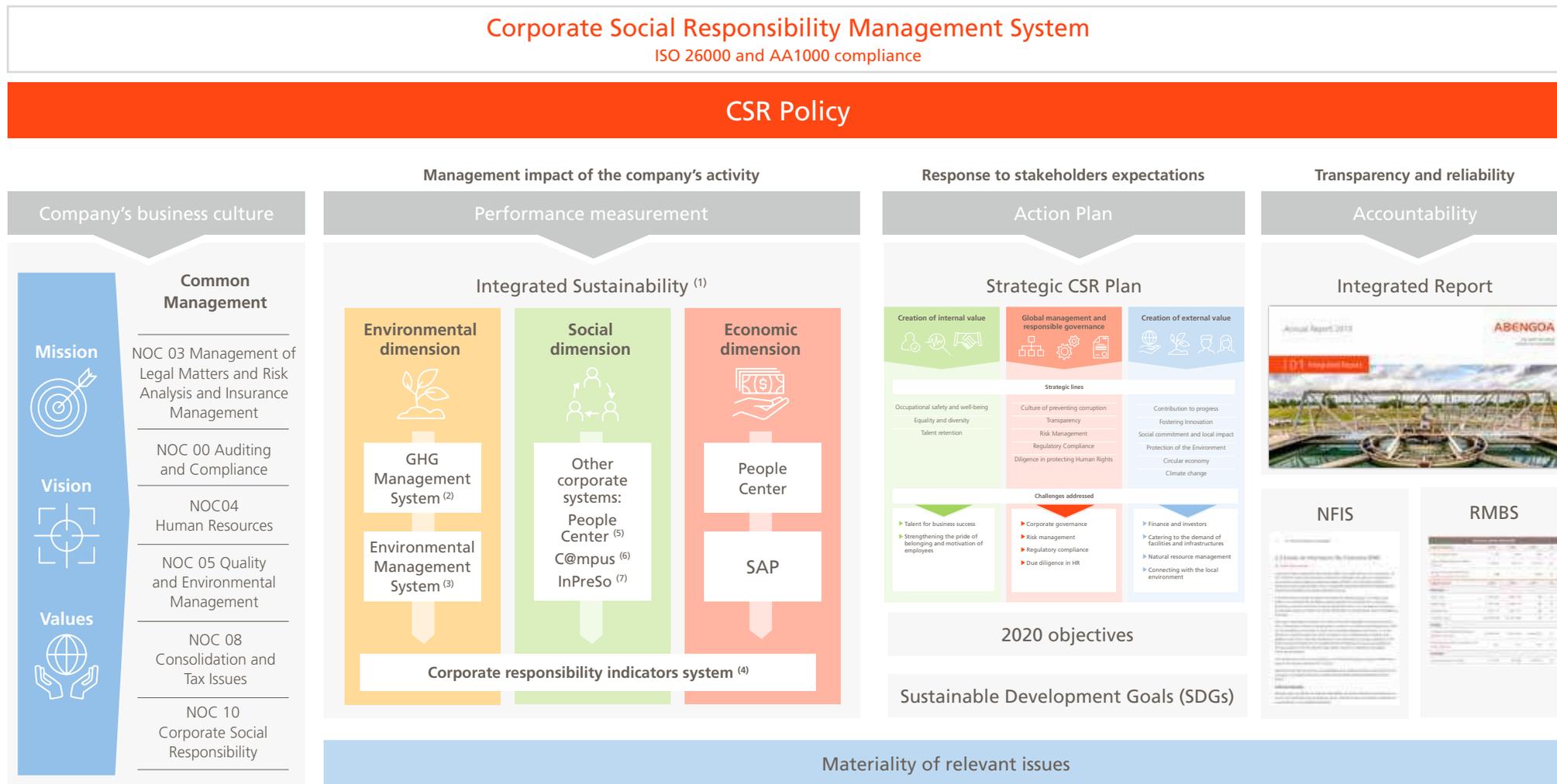
All this work is materialized in the **accountability** and in the publication of the different CSR reports carried out by the company (Non-Financial Information Status, Integrated Report and Responsible Management Balance), which are **audited by an independent external to ensure** their reliability.

The CSR Management System is designed according to the international standard ISO 26000:2010, an international standard which includes the guidelines for action for all types of organisations in the areas related to social responsibility, the environment, human rights and consumer rights.



03. Responsible Business Model / Commitment to sustainability

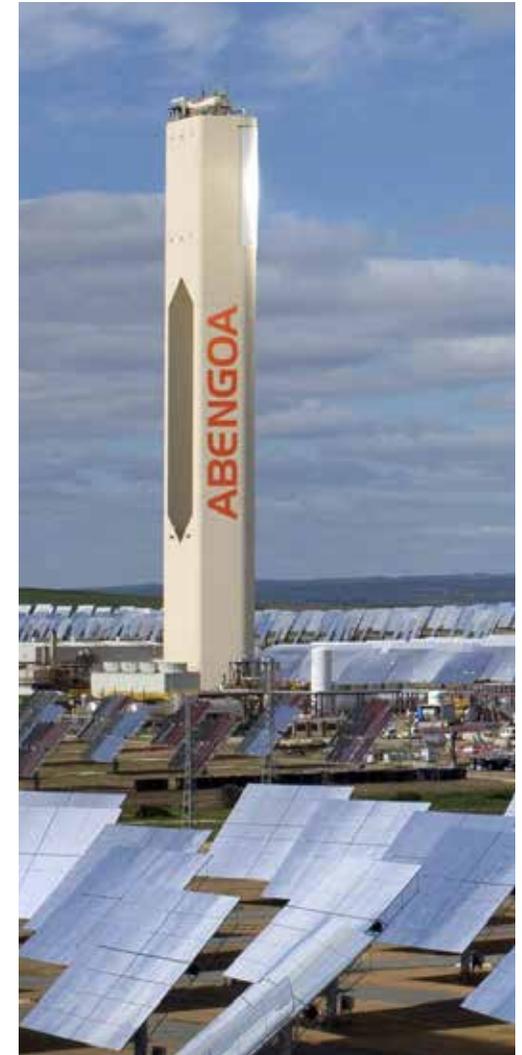
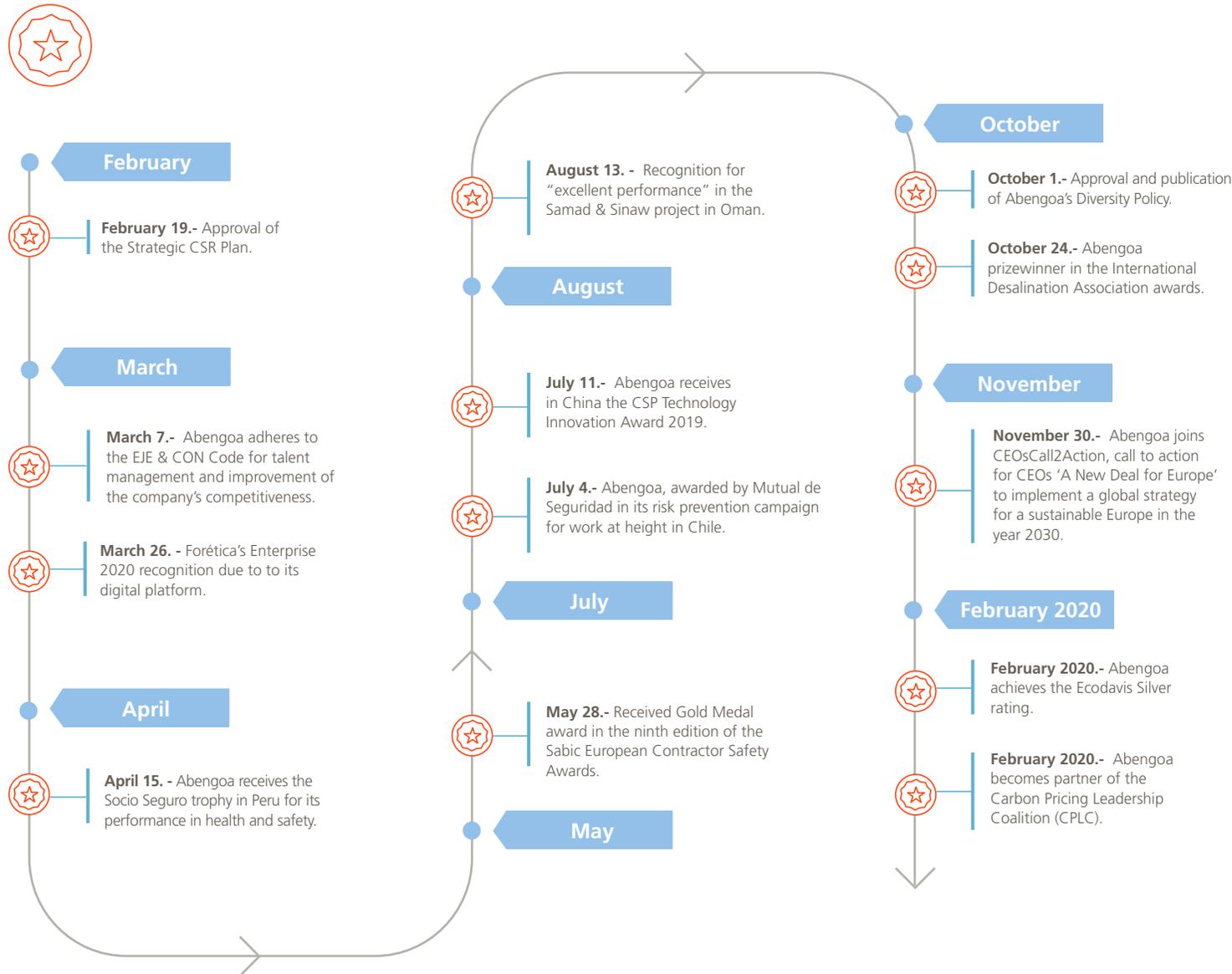
The following is a graphic summary of this system:



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

03. Responsible Business Model / Commitment to sustainability

## CSR milestones



03. Responsible Business Model / Commitment to sustainability

## Responsible Management Balance Sheet

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

Since 2011, Abengoa has had a Responsible Management Balance Sheet (RMBS), which groups the indicators that the company considers most relevant to it and to its stakeholders. Due to its critical nature, these indicators have a more exhaustive and continuous monitoring and are reported more frequently to stakeholders.

The RMBS is structured based on the capital scheme proposed in the framework of the Integrated Report, published by the International Integrated Reporting Council (IIRC), to reflect the connectivity of financial and non-financial information. It is available on the [company website](#) available to the public.

Responsible Management Balance Sheet				
Financial capital	2019	2018	2017	(1)
Volume of business (€M)	1,493	1,303	1,480	✓
Payments made to Public Administrations (€k)	155,457	138,223	153,187	✓
Significant financial support received from governments (€k)	268	-	4,882	✓
Intellectual capital	2019	2018	2017	(1)
Investment in R&D and innovation (€k)	1,597	1,420	621	✓
Personnel	20	19	25	✓
Total number of patents granted since 2008	280	342	395	✓
Investment effort in R&D and innovation (Investment in R&D / Sales)* 100 (%)	0.11	0.10	0.04	✓
Natural capital	2019	2018	2017	(1)
Materials				
Steel (Kg) <sup>(2)</sup>	71,680,622	4,859,709	ND	✓
Wood (Kg)	11,561,806	23,266,223	ND	✓
Cement (Kg)	6,223,113	2,565,775	ND	✓
Concrete (Kg) <sup>(2)</sup>	630,025,264	102,361,584	ND	✓

Responsible Management Balance Sheet				
Energy				
Energy consumption (GJ) (primary electrical and thermal) <sup>(3)</sup>	29,999,874	24,579,329	24,853,762	✓
Energy consumption intensity (GJ)/ Sales (€k)	20.1	18.9	16.8	✓
Natural capital	2019	2018	2017	(1)
Emissions				
Direct emissions (tCO <sub>2</sub> eq)	1,125,206	738,458	652,332	✓
Direct emissions from biomass (tCO <sub>2</sub> eq)	1,211,686	1,331,008	1,103,015	✓
Indirect emissions (tCO <sub>2</sub> eq)	236,236	313,746	315,286	✓
Intensity of GHG emissions (tCO <sub>2</sub> eq)/ Sales (€k)	1.7	1.8	1.4	✓
Other atmospheric emissions:				
CO (t)	1,621	1,471	1,479	✓
NOx (t)	2,410	1,871	1,882	✓
SOx (t)	149	224	223	✓
PM (t)	1,644	1,909	1,923	✓
VOC (t)	122	114	114	✓

Continued

03. Responsible Business Model / Commitment to sustainability

Responsible Management Balance Sheet				
<b>Water withdrawal</b>				
Desalinated water produced (m <sup>3</sup> )	119,954,889	133,079,325	146,444,617	✓
Seawater withdrawal (m <sup>3</sup> )	296,601,351	324,125,592	356,538,188	✓
Withdrawal withdrawn from other sources (m <sup>3</sup> )	6,446,170	7,687,386	6,351,911	✓
<b>Waste</b>				
Waste (t) <sup>(4)</sup>	84,803	93,462	45,474	✓
<b>Human capital</b>				
	<b>2019</b>	<b>2018</b>	<b>2017</b>	<b>(1)</b>
Job creation (%)	4.28	7.88	-21.97	✓
Total voluntary turnover (%) <sup>(5)</sup>	5.20	7.69	8.69	✓
<b>Female staff members</b>				
In senior management positions (%)	11.94	11.52	10.04	✓
In middle management positions (%)	19.62	17.34	18.24	✓
<b>Occupational accident rate</b>				
Frequency rate <sup>(6)</sup>	8.81	10.88	13.31	✓
Severity rate <sup>(6)</sup>	0.06	0.11	0.12	✓
No. fatal accidents	1	-	-	✓
Professional illnesses, by gender	0	-	-	✓
<b>Training</b>				
Training hours per employee	30.24	35.69	20.6	✓

Responsible Management Balance Sheet				
<b>Social and relational capital</b>				
	<b>2019</b>	<b>2018</b>	<b>2017</b>	<b>(1)</b>
<b>Suppliers</b>				
Purchases made to local suppliers (%)	77.5	77.4	87.3	✓
<b>Compliance</b>				
	<b>2019</b>	<b>2018</b>	<b>2017</b>	<b>(1)</b>
Analysis conducted to comply with the FCPA	400	446	539	✓

- (1) Indicators audited by an independent entity.
- (2) The steel and concrete data for 2018 have been modified by applying the methodology used for 2019.
- (3) 3.72 % of the electrical energy used comes from renewable sources.
- (4) Of the total waste generated, 0.83 % is hazardous waste.
- (5) The turnover calculations do not include interns and operators.
- (6) The indices refer to own employees and the number of accidents with and without sick leave are included.



03. Responsible Business Model

# 3.2

## Corporate governance



85.7 %

independent external directors



13

meetings of the Board of Directors



14.3 %

Women on the Board of Directors



10

meetings of the Audit Committee



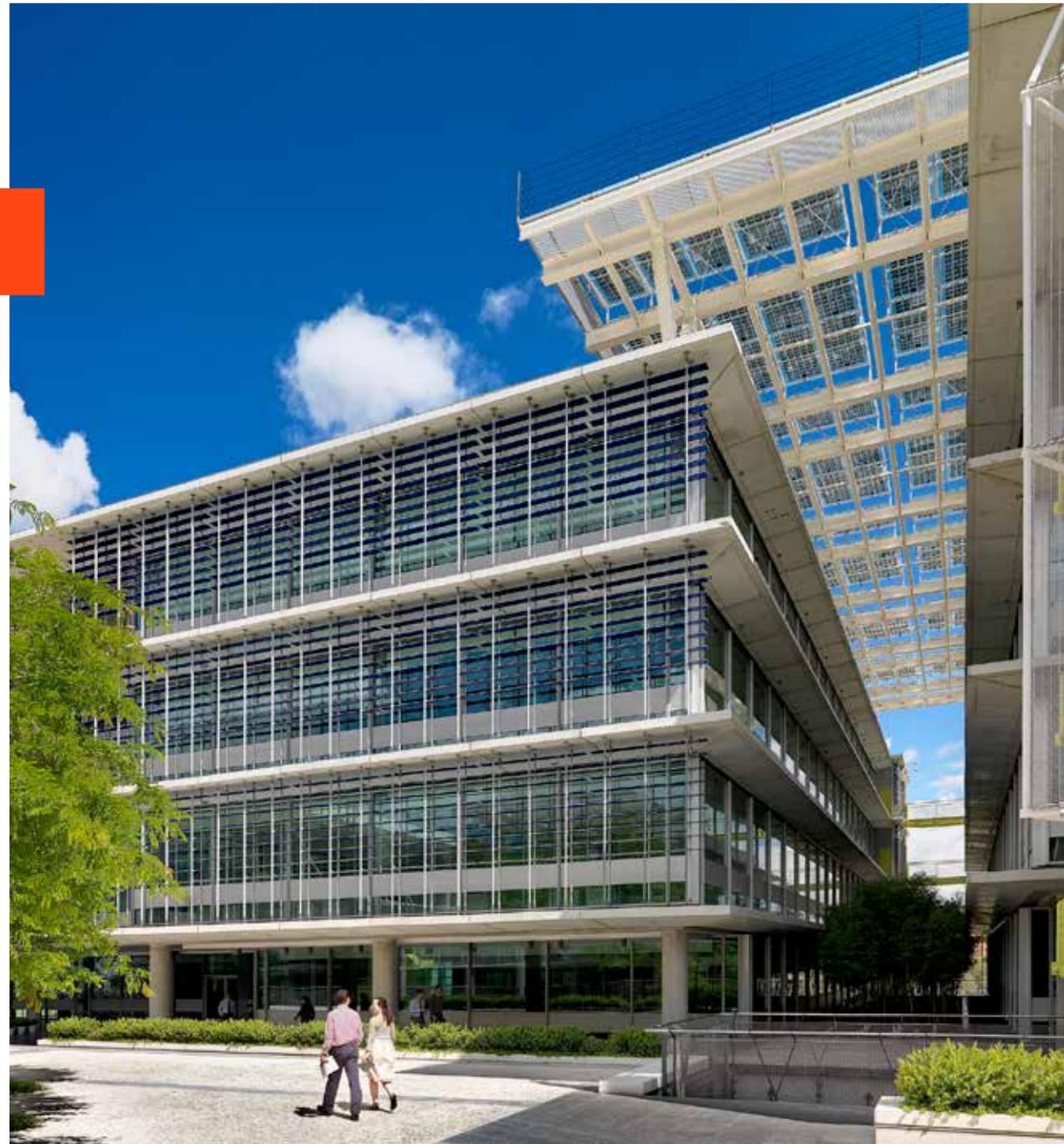
1

female president of the committee



8

meetings of the Committee of Appointments, Remuneration and Compliance



03. Responsible Business Model / Corporate governance

Goals set forth in the 2019-2023 SCSR



For a company like Abengoa, it is necessary to have governing bodies which **generate trust among stakeholders, which guarantee an adequate strategy and which disseminate a culture of integrity**, especially after the financial restructuring processes undergone by the company in recent years. Therefore, Abengoa's corporate governance is regulated by the **principles of efficiency and transparency** set forth according to the main existing recommendations and standards, such as the International Corporate Governance Network (ICGN) or the Unified Code for Good Governance of listed companies of the CNMV<sup>1</sup>. These mechanisms will allow Abengoa to reposition itself as **one of the main players within the markets in which it operates**. In this regard, in March 2016 the Abengoa Board of Directors approved a **corporate governance policy** based on five fundamental pillars:

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



Securing the **corporate interest**, understood as making the business profitable and sustainable in the long-run, promoting its continuity and maximising the economic value for Abengoa.

The **involvement of Abengoa's shareholders**, respecting the principle of equal treatment of all shareholders under the same circumstances, trying to foster their participation in corporate life and establishing mechanisms to guarantee effective and on-going communication with them. In this regard, Abengoa's Board of Directors has approved a communication and relations policy.

**Transparent management practices**, ensuring that the information disseminated to the market is true and correct at all times.

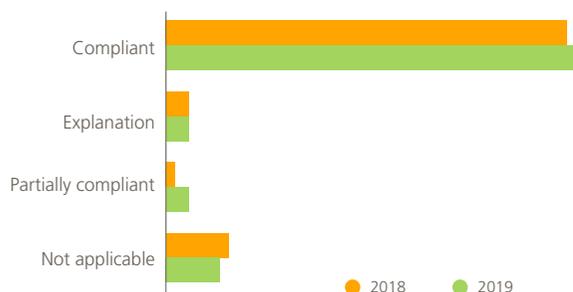
<sup>1</sup> Unified Code for Good Governance of the Companies Listed in the National Securities Market Commission (CNMV): document that formulates the requirements for all listed companies, with the purpose of ensuring such companies abide by the obligation to provide information about the "degree to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

03. Responsible Business Model / Corporate governance

Despite the difficult economic circumstances undergone by the company in recent years, the Board of Directors has always tried to be at the forefront of corporate governance, as evidenced by the fact that in 2019 Abengoa reported **compliance with 53 of the 57 recommendations of the Unified Code of Good Governance** of the companies listed in the CNMV that are applicable to it (compared to the 52 recommendations that were met in 2018). This is fundamentally due to the modification of the remuneration policy approved in 2019 to incorporate variable remuneration in shares into the long-term remuneration system for executive directors and managers, pursuant to the recommendations set forth in the above mentioned Good Governance Code.

Accordingly, steering decision-making processes under these guidelines not only ensures the company's operations are managed more efficiently but also **improves its profitability and contributes to sustainable development** in the areas in which the company operates.

Recommendations Unified Code of Good Governance 2015



## Governing bodies <sup>2</sup>

In accordance with the provisions set forth in current legislation, Abengoa has published the Annual Corporate Governance Report since 2009, with the aim of communicating to its stakeholders its performance in this area.

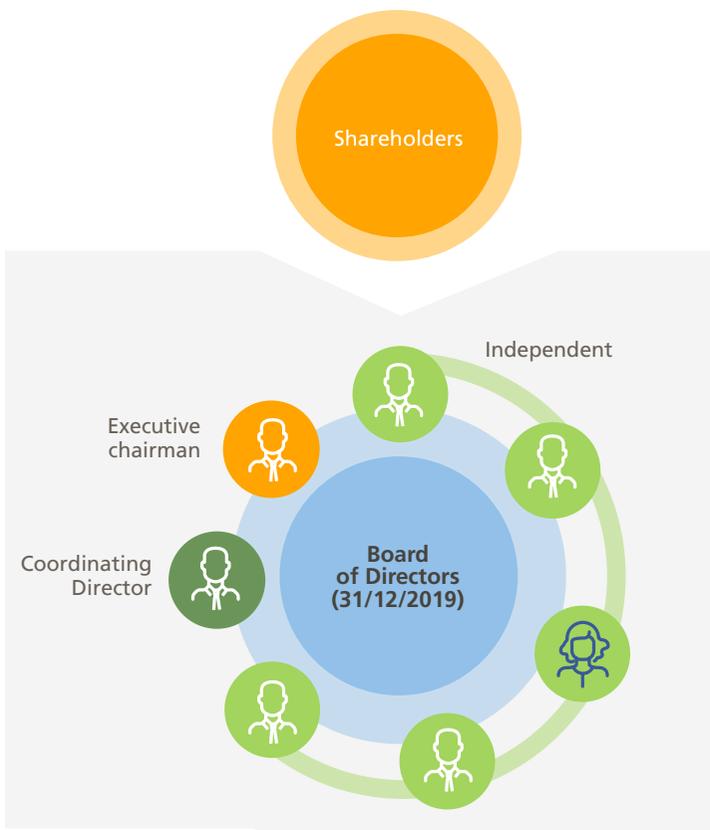
The highest governing body of the company is the **Board of Directors** which, as of the date of publication of this report, is made up of seven directors: six men and one woman, six of whom are independent and one executive chairman of the board.

The executive chairman does not have delegated duties from the board, but does have general joint and several powers with other representatives of the company. In this regard, in accordance with the provisions of the regulations of good corporate governance, many of which are reflected in the **Board of Directors Regulations**, since the same person may be the company's chief executive and the chairman of the board, the Board of Directors of Abengoa appoints a coordinating director selected from among its independent directors, a position which has been held by Mr. Castro Aladro since 2016. The coordinating director has a series of competences, the most important ones being to gather and coordinate the concerns of non-executive directors, call for the meeting of the Board of Directors or include new points in the agenda, contact investors and shareholders to learn about their points of view and concerns, specifically about the company's corporate governance approach, and guide the chairman's assessment process. In this regard, during the fiscal year 2019, the coordinating director held a monitoring meeting with independent directors, without the presence of the chairman.

The **Board of Directors Regulations**, in accordance with the provisions of the rules of good corporate governance, ensure that the directors have the necessary time and dedication required by the matters dealt with at the meetings. Thus, said regulation contains limitations on the assumption by directors of other positions in listed companies. Notwithstanding the foregoing and in strict compliance with the above mentioned limitations, the Chairman, Mr. Gonzalo Urquijo Fernández de Araoz, is a member of the Board of Directors of other listed companies: Ferrovial, S.A. and Gestamp Automoción, S.A. Likewise, Mr. José Luis del Valle Doblado is a member of the Board of Directors of Lar España Real Estate SOCIMI, S.A.; Mr. Josep Piqué Camps is director of Atrys Health S.A., Alantra Partners, S.A. and Amadeus Group IT, S.A.; Mr. José Wahnnon Levy is director of Distribuidora de Alimentación, S.A.; and Ms. Pilar Cavero Mestre is director of Merlin Properties. All the above mentioned appointments have been reported to the Board of Directors. **405-1,102-18**

<sup>2</sup> For more information, see [section C of the 2019 Corporate Governance Report](#).

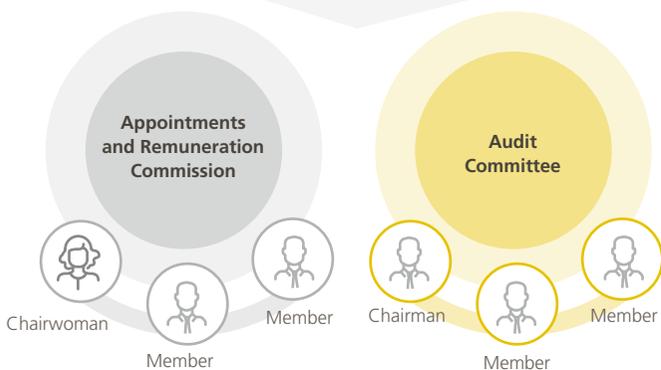
03. Responsible Business Model / Corporate governance



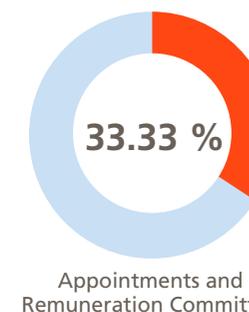
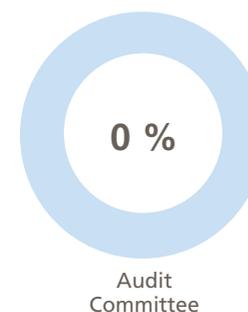
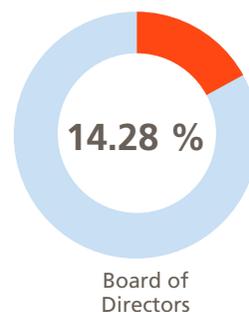
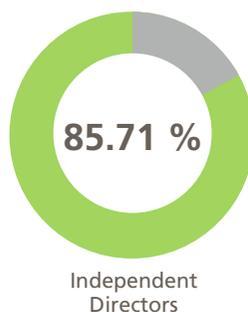
The current composition of the Board of Directors is as follows:

● Independent ● Executive

Director	Category	Position	CA	CNR	Seniority	Directors in other listed
1. Gonzalo Urquijo Fernández de Araoz	●	Executive chairman	NA	NA	4	Ferrovial, S.A. Gestamp Automoción, S.A.
2. Manuel Castro Aladro	●	Member Coordinating Director	Member	NA	4	NA
3. José Wahnon Levy	●	Member	Chairman	NA	4	International Distributor of Alimentación, S.A.
4. Pilar Cavero Mestre	●	Member	NA	Chairwoman	4	Merlin Properties, S.A.
5. José Luis del Valle	●	Member	Member	NA	4	Lar España real estate Socimi, S.A.
6. Ramón Sotomayor Jauregui	●	Member	NA	Member	4	NA
7. Josep Piqué Camps	●	Member	NA	Member	3	Atrys health, S.A. Alantra partners, S.A. Amadeus Group IT, S.A.



ABENGOA



Women

### 03. Responsible Business Model / Corporate governance

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

The Board of Directors has the most extensive powers in the management of corporate matters within the rules set forth by law also reviewing the tasks assigned to the different committees and commissions reporting to it. Thus, the Board of Directors is responsible for **approving, the company's general policies and strategies**, among others and, in particular, **the strategic or business plan**, as well as the **management goals, the investment and financing policy, the corporate social responsibility policy and the risk control and management policy**, of the latter being supervised by the Audit Committee. [102-19](#), [102-26](#), [102-27](#), [102-31](#)

**Social, economic and environmental matters are reviewed on a weekly basis** by the Executive Committee, a senior management body made up of the executive chairman, the general vertical and business manager, the manager of America, the financial manager, the strategy manager, the human resources manager and the general secretary, subsequently reporting these matters periodically to the Board of Directors. [102-20](#)

During the 2019 fiscal year, **the board met 13 times** to discuss a wide variety of matters, both operational and strategic, including the following:

- **Monitoring and approval of the financial restructuring process** started in 2018 and completed in April 2019.
- **Monitoring** and, where appropriate, **approval of divestments**, mainly including the beginning of the competitive sales process of A3T, in accordance with the provisions of the restructuring agreements and the approval of specific asset monetization operations.
- **Monitoring of the liquidity and guarantees,**
- **Revision** and, where appropriate, **approval of offers.**
- **Monitoring** of the different **business units.**
- **Health and Safety.**

Likewise, the Board of Directors **approved in February 2019 the 2019-2023 Strategic CSR Plan (SCSRP)**. The SCSR defines the company's framework and guidelines with a series of actions that can integrate the expectations of stakeholders into the organisation's strategy, identifying concrete goals and designing specific actions that help develop a responsible business fabric to create a sustainable and global development model. The CSR management is responsible for presenting the Non-Financial Information Statement and Integrated Report to the Executive Committee and Board of Directors. These must include the main activities and impacts of the company, describing its strategy, its business model, its goals and challenges, and the performance indicators, together with the Responsible Management Balance Sheet and the key indicators of non-financial results.

Likewise, senior management members responsible for non-financial information will hold regular meetings with the chairman and the Executive Committee to review and analyse all aspects associated with social, economic and environmental matters, which will be regularly reported to the Board of Directors. [102-20](#)



## 03. Responsible Business Model / Corporate governance

## Corporate governance structure

Notwithstanding the foregoing, in accordance with the good governance practices, specialised committees are required to strengthen and guarantee the efficiency of the Board of Directors' role. Accordingly, Abengoa's Board of Directors is assisted by two committees: the **Audit Committee and the Appointments, Remuneration and Compliance Committee** which, taking into account the current structure of the Board of Directors and the company's current needs following the restructuring process, are considered sufficient. Nonetheless, in its effort to adapt to the best practices in corporate governance, the company could assess the future need to create additional committees that assist the Board of Directors in its duties, for example, in matters of sustainability.

### Audit Committee

The Audit Committee was created in 2002 and is currently made up of three members; all of them independent, which equips it with greater objectivity in performing its duties. The chairman of the committee is Mr Wahnon Levy, appointed according to his accounting and auditing knowledge and experience. Likewise, the other two members of this commission, Messrs. Castro y del Valle, have experience in the matters over which this committee has power. The secretary of the board, who is not a member of the committee, acts as secretary of this committee. As an independent body, the committee **ensures that all companies observe the Code of Ethics in their operations.**

The **Audit Committee Regulations** describe the **functions and powers** of its members, including, among others:

- Preparing and submitting a report to the board regarding the **financial and non-financial information** of the company
- Reporting any **changes in accounting criteria** and the **risks on the balance sheet** and off the balance sheet.
- Supervising the **internal audit** services.
- Supervising the internal function of **risk control and management.**
- Helping **external auditors** to receive information on any matters that could jeopardise its independence and any others related to the process of performing the audit of accounts.
- Preparing an annual report on related **party transactions.**
- Providing prior analysis and reporting on the operations of **structural and corporate modifications** that the company may plan to carry out.

- **Supervising compliance with corporate governance rules**, the internal code of conduct on the stock market and the other internal codes of conduct and the **corporate social responsibility policy** including, among other duties:
  - The supervision of the communication strategy and **shareholder and investor relations.**
  - Regular assessment of the adequacy of the company's corporate governance system, ensuring it **promotes the corporate interest** and takes into account the **legitimate interests of the remaining stakeholders.**
  - **Supervision of the corporate social responsibility policy** established by the Board of Directors, ensuring that it is aimed at creating value.
  - Monitoring of the **corporate social responsibility strategy** and practices and the assessment of the level of compliance with these.
  - Supervision and assessment of the **relationship processes with the different stakeholders.**
  - The assessment of all matters related to the **non-financial risks** of the company.
  - Coordination of the **reporting process of non-financial and diversity information** in accordance with applicable regulations and international reference standards.

*102-25, 102-26, 102-29, 102-30, 102-31*

### 03. Responsible Business Model / Corporate governance

During 2019, the Audit Committee met ten times to discuss a wide variety of matters, including:

- **Presentation** by the external auditor (PwC) of its **audit report** corresponding to fiscal year 2018.
- **Analysis of the independence of the external auditor** for the fiscal year 2018.
- **Review of non-audit related work carried out by the group auditor** to assess the possible **incompatibility in the position thereof as accounts auditor**.
- Information on the **entry into force of the application of new accounting regulations**.
- Presentation by PwC, as external auditor, of the **results of the limited review** carried out on the **interim financial statements** of the year 2019.
- Positive information to the board for the **drafting of the annual accounts of Abengoa S.A. and the consolidated statements of its group**, corresponding to the fiscal year 2018.
- **Supervision** of the **relations and communications** with the **regulatory bodies** (CNMV, etc.).
- **Presentation** to the board of the **financial information corresponding to the first, second and third quarter of 2019**.
- **Review** of the **valuation of significant assets of the company**.

#### Analysis of the impacts due to significant changes in accounting regulations.

- **Assessment of accounting impacts** of strategic operations.
- Presentation and **approval of the internal audit plan** of 2019.
- **Monitoring of the internal audit plan** of 2019 and the level of compliance with it.
- **Presentation and monitoring of the incidents detected** in matters of fraud.
- Presentation and approval of the 2019 internal audit plan **regarding the significant risks identified on the financial statements**.
- Monitoring of the **main risks of the projects in execution**.
- 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.
- **Assessment of the recoverability of the assets** through the findings obtained from the impairment tests.
- Information regarding the **complaint channeling policy**.
- **Monitoring and assessment** of the **complaints received and the investigations carried out** on them, as well as the adoption of measures depending on the result of investigations.



### 03. Responsible Business Model / Corporate governance

#### Appointments, Remuneration and Compliance Committee

Like the Audit Committee, the Appointments, Remuneration and Compliance Committee, created in 2003, is made up solely of independent non-executive directors. Ms. Caverio is the chairwoman, with extensive experience and knowledge in the matters over which this committee has power. This committee is supported by a non-member secretary, Mr. Temboury, from outside the company, who also has experience in the above mentioned areas.

The main duties of this committee are to **advise the Board of Directors on matters regarding regulatory compliance, appointments, re-elections and dismissals, diversity and remuneration**, among others. This committee has been supported by independent experts on several occasions, such as in 2016, with the assistance of Spencer Stuart, who was in charge of submitting to the Board of Directors the corresponding proposals and/or reports regarding the appointment of directors and senior managers, as well as regarding the remuneration policy that was subsequently proposed to the General Shareholders' Meeting for approval, which was also attended by independent experts. [102-34](#), [102-35](#), [102-36](#)

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

In addition, as established in the director selection policy, the committee ensures that, when filling new vacancies, who are the most suitable candidates depending on the characteristics of Abengoa and the circumstances at all times is not the only aspect taken into account; in addition, the above mentioned selection procedures should not be biased by sex, religion, race, etc.

Another of the responsibilities of this Committee is to assess the performance of the Board of Directors and its executive directors, examining and organising the Chairman and CEO replacement process, reporting appointments and resignations of senior executives and on gender diversity matters.

For the annual evaluation of the Board for the fiscal year 2019 year, the committee was supported by the independent expert Russell & Reynolds, who has identified a number of areas for improvement, including the size of the Board. [102-24](#), [102-28](#)

The company takes a series of measures to include in the Board of Directors a number of women necessary to achieve a balanced presence between both sexes. The regulations of the Appointments and Remuneration Committee establish that procedures should be created and ensure that, when filling new vacancies, the following conditions are complied with:

- The selection procedures should not have implicit biases that hinder the selection of female directors.
- The company should deliberately seek and include, among potential candidates, women who meet the professional profile sought.

It is therefore the duty of the Appointments and Remuneration Committee to **report gender diversity issues to the Board**, and it should establish a representation objective for the least represented gender on the Company's Board of Directors and prepare guidance on how to achieve the above mentioned objective.



03. Responsible Business Model / Corporate governance

Currently this committee is chaired by a female director.

It is also the duty of the Appointments and Remuneration Committee to **ensure compliance with the director selection policy**. This policy establishes that, when making the selection, it will be based on an analysis of the needs of the company and its group of companies, and should likewise take into account that appointments should foster knowledge, experience and gender diversity within the Board of Directors and that efforts should be made to ensure that in 2020 the number of female directors represents at least 30 % of the total number of members of the Board of Directors.

During 2019, the Appointments, Remuneration and Compliance Committee met eight times. The main duties were as follows:

- **Assessment of the operation of the Committee** in 2018.
- **Determining the (non) accrual of variable remuneration** in 2018.
- **Abolition of variable remuneration** in 2019.
- **Annual remuneration report and report for the General Meeting** of Shareholders about the operation of the Committee.
- **Supervision of activities of regulatory compliance and risks.**
- Analysis and preparation of the **new incentive plan for executives** MIP 2019-2024 (MIP I and MIP II).
- **Review** of some aspects of **senior management contracts** in the case of change of control of the company or group.
- **Reorganisation of the duties** of the Executive Committee.
- **Determination of the conditions of the contract** of senior management of Ms. María José Esteruelas.
- **Review of the compatibility conditions** of the executive director to be appointed as an independent director in another company.

In 2019, the ratio between the annual salary of the chairman and the average salary of other employees, including all geographies and types of contracts, was 67.59.

102-38, 102-39

The ratio of the percentage increase in the total annual compensation of the highest paid person in the organisation (-47 %) to the median of the percentage increase in the total annual compensation of all employees (-8 %) is 5.87. 102-39

The **Remuneration Report**<sup>3</sup> includes the details of the average directors and executives remuneration, including variable remuneration, expenses, fixed remuneration, short and long-term variable remuneration, remuneration for members of the Committee and Board of Directors, severance pay and other forms of remuneration. Please refer to the Corporate Governance Report and Annual Remuneration Report for more information.

The average remuneration of senior management is described below:

Average salary 2019	Thousands of euros	
Management	267.6	
	Men	Women
Management Committee	197	186

Abengoa's is governed by two governing bodies: the Executive Committee -COEJ- (senior management) and the Management Committee -CODIR- (managers of the main corporate and operating units).

The average management remuneration earned in 2019, including fixed salary, variables<sup>4</sup> and in kind, stands at 267.6 thousand euros.

The Management Committee has an average remuneration: men and women, of 197 thousand euros and 186 thousand euros, respectively; which represents a 5.9 % difference<sup>5</sup>.



<sup>3</sup> Included in Note 33.3 Remuneration and other benefits.

<sup>4</sup> The perceived variable is calculated fractionally in 2019, although it corresponds to fiscal year 2018. No variable remuneration has been established in the fiscal year 2019.

<sup>5</sup> In the second half of the year, a directive passed from CODIR to COEJ. For the purposes of this report, it is considered in the CODIR.

03. Responsible Business Model / Corporate governance

Shareholder relations. General Meetings

The **Board Regulations** establish that the **principle of equal treatment** must be applied to its relations with the company's shareholders in the same position and guided by corporate interests. As a consequence, it must create the mechanisms required to learn about shareholder proposals associated with corporate management, arrange informative meetings about the company's activities and progress and open the channels required for the on-going exchange of information with its groups of shareholders<sup>6</sup>.

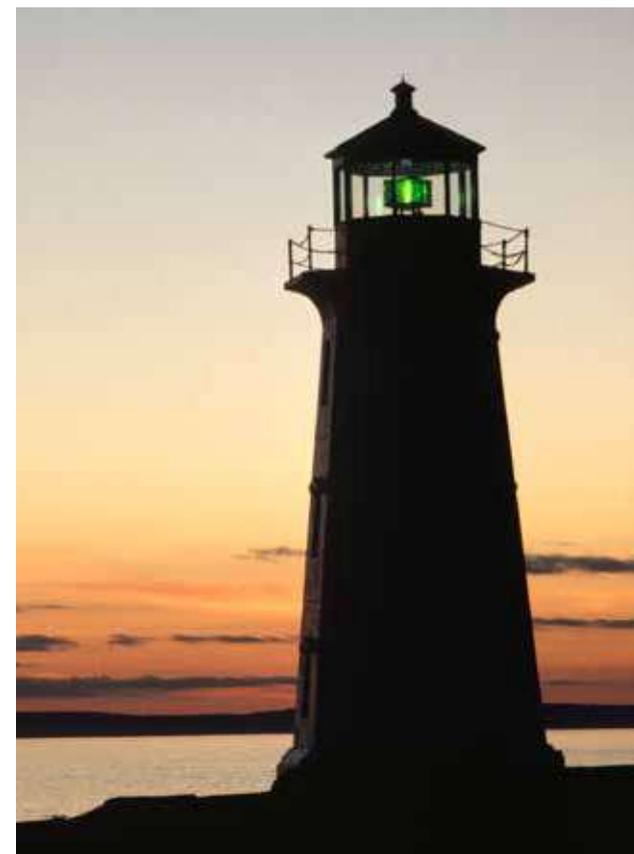
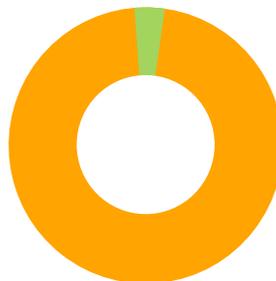
In this regard, during 2019 the financial director held various meetings with minority shareholders in order to review the company's progress and the new financial restructuring process that was launched in September 2018, as well as to learn about their concerns. In addition, the company's **Investor Relations department**, focuses on **leading and supervising all communications with shareholders and investors**, providing a **shareholder assistance portal**, which can be accessed from the website or by phone, and through which shareholders can communicate their questions and doubts. *102-21, 102-33, 102-34*

Likewise, as already indicated, the regulations also determine the need to appoint an independent director to, **contact investors and shareholders to learn about their points of view and concerns regarding** corporate governance. Mr Castro Aladro, Abengoa's Coordinating Director, is responsible for these roles.

During last fiscal year **two general shareholders' meetings**, were held, an extraordinary one held on March 28 2019 and an ordinary meeting held on June 25, 2019, with a **quorum of 16.60 % and 12.69 %** respectively, which is significant taking into account the dispersion of the company's shareholding, with no controlling shareholder. At both meetings, all items on the agenda were approved with an average percentage of votes for of **80.73 % and of 60.58 %** respectively.

Shareholding structure

- Ministry of Economy, Industry and Competitiveness-Secretary of State for Commerce
- Treasury stock
- Free float



<sup>6</sup> More information in the Financial Capital chapter.

### 03. Responsible Business Model / Corporate governance

On the occasion of the call of the general meetings, all the documents are made available to the shareholders and the legally required information and the **Electronic Shareholders Forum**, is activated, with the aim of facilitating communication between shareholders and allowing them to submit:

- **Proposals** as a complement to the agenda announced in the call for the general meeting.
- **Applications to adhere** to the above mentioned proposals.
- **Initiatives** to reach the percentage sufficient to exercise a minority right.
- **Requests for voluntary representation.**

Likewise, since 2015, the company's bylaws sets forth that shareholders can exercise their **delegation and voting rights** through **remote means** of communication including electronic means.

#### Internal corporate governance rules

Abengoa's governing bodies are governed, in addition to the provisions of current legislation, by the following internal operating rules:

- 🔗 [Bylaws of Abengoa, S.A.](#)
- 🔗 [Regulations of the operation of the General Shareholders' Meetings Board Regulations](#)
- 🔗 [Internal Regulations for Conduct in the Securities Market](#)
- 🔗 [Internal Regulations of the Audit Committee](#)
- 🔗 [Internal Regulations of the Appointments and Remuneration Committee](#)
- 🔗 [Code of conduct](#)
- 🔗 [Corporate Governance Policy](#)
- 🔗 [Treasury Stock Policy](#)
- 🔗 [Communication and Contact with Institutional Shareholders and Investors Policy](#)



03. Responsible Business Model

# 3.3

## Transparency and anti-corruption



400

FCPA analysis



5

good practice committee sessions



10

communications in the complaint channel



03. Responsible Business Model / Transparency and anti-corruption

Goals set forth in the 2019-2023 SCSR



Implement improvements aimed at maximising the efficiency of the fraud prevention system. **100 %**

Promote training on aspects related to fraud, corruption, ethics and the code of conduct through the internal communication channels. **100 %**

Promote fiscal transparency and continue working in two-way communication with stakeholders, with the objective of providing the most relevant information 83 % in fiscal matters. **83 %**

Establish procedures to understand Abengoa's perception among its most critical consultants and stakeholders. (Dialogue panels). **15 %**

Increase presence and activity on social networks. **100 %**

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 consolidation of these values and principles is essential to overcome the different and complex financial restructuring processes in which the company has been immersed in recent times.

During 2019, Abengoa has continued to make **progress in its internal transformation process** in order to align its strategy, optimise the organisational structure, reevaluate internal policies and compliance programmes and finally transform the culture of the organisation, ensuring a continuous and **truthful flow of information** with stakeholders, in addition to **compliance with the law and respect for business ethics**.

The commitment to transparency requires a joint effort of the entire organisation, essential to generate relevant and objective information.

Therefore, Abengoa has **general policies** (Entity Level Control) approved and managed by the management that set the first level of defense (Code of Conduct, internal business rules, etc.), followed by some **Mandatory Compliance Procedures** (known as POC) regarding each process and activity that affects the company's financial information. Finally, there is a third level of risk defense consisting of an **independent Internal Audit department**.

This ERM (Enterprise Risk Management) is completed with other corporate governance bodies and committees, as well as a Compliance Officer who ensures regulatory compliance in the organisation.



### 03. Responsible Business Model / Transparency and anti-corruption

## Continuous improvement process

During the fiscal year 2019, Abengoa completed its second restructuring plan and both the Audit Committee and the Internal Audit department contributed to this mission by exercising their duties, advising the Board of Directors on decision-making and ensuring maximum reliability of the information reported.

Throughout the year, the **efficiency of the internal control system** continued to improve, always maintaining the highest levels of demand, according to the COSO (Committee of Sponsoring Organizations of the Treadway Commission) methodology. Along these lines, work has been done on **automating some internal control processes**, aimed at increasing the effectiveness of the control system, as far as possible, through SAP, the corporate ERP. Likewise, fraud prevention and detection work has been carried out at the parent company and subsidiary companies, aimed at mitigating its impact.

In 2019, after completing the second restructuring process, the **redesign of the internal control processes** affecting all areas of the company and the revision of the matrix of control activities began.

In this regard, the **creation of the Executive Committee of Business and Risks should be highlighted**, being made up of the Executive Chairman, the CEO of verticals, the CEO of geographies and the Human Resources, Financial, Water and Energy Business, Services Business, Transmission and Infrastructure Business, and Risk, Controlling and Purchasing department managers. The objective is to analyse any significant aspects of the business such as offers that due to their importance should be approved by the Executive Committee, monitoring of relevant projects, modifications of material margins and any business aspects which are deemed relevant. Their proposals are subsequently dealt with by the Executive Committee.



## Anti-corruption law

In its constant support for the fight against malpractices such as extortion, fraud or bribery, **Abengoa is subject** to the provisions of **anti-corruption legislation, both at national and international level** and especially the United States Foreign Corrupt Practice Act (FCPA). This law is applicable in any organisations that, regardless of their country of origin, carry out activities in the United States, and complements the internal control requirements set forth in section 404 of the Sarbanes-Oxley Act.

The FCPA prohibits bribes and commissions from foreign government officials whose purpose is to influence any act or decision that brings undue advantage, not only in the United States but also in the rest of the world.

Abengoa's common management systems are designed **to monitor and ensure compliance with anti-corruption mechanisms** by all company employees, executives and directors.

The **fraud prevention, detection and compliance plan developed** within the Internal Audit and Compliance areas aims at monitoring compliance with this standard in the development of the activity.

In this fiscal year Abengoa has carried out 400 analyses which have been carried out to comply with the FCPA. *205-2*

During 2019 the company made **contributions to professional associations amounting to 150,166 euros**, mainly chambers of commerce or associations related to the building or other industry. *102-13*

On the other hand, throughout the year **no contribution was identified** by Abengoa **to parties** and/or political representatives, either financially or in kind, directly or indirectly. *415-1*

03. Responsible Business Model / Transparency and anti-corruption

## Anti-corruption compliance system

205-2, 415-1

The fight against corruption is an aspect incorporated by Abengoa as a key part of its strategy almost two decades ago and has been improving and strengthening since then.

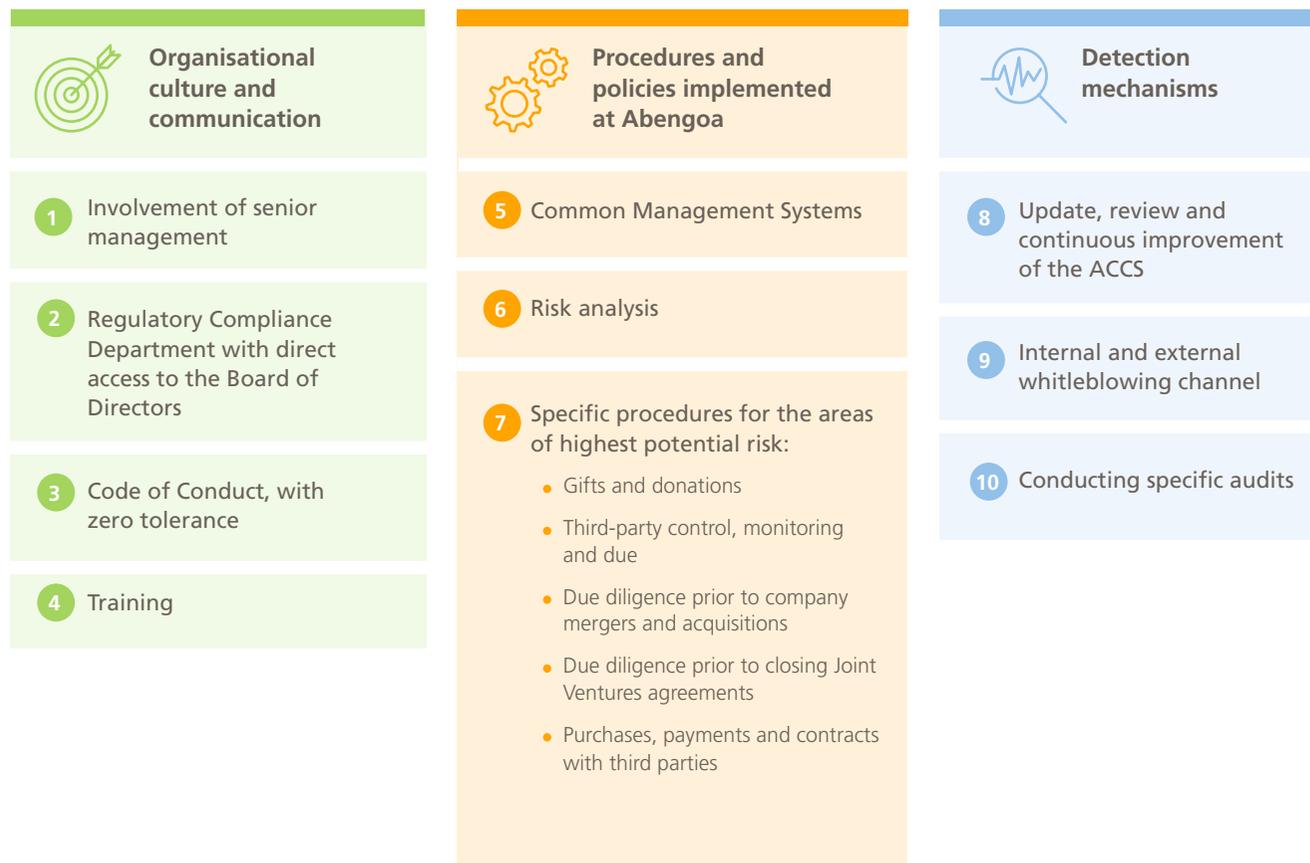
In 2002, it was one of the first companies to adhere to the **United Nations Global Compact**, an agreement by which signatory companies agree to manage their operations in accordance with ten principles based on universal declarations and conventions, which encompasses the fight against corruption in all its forms, extortion, fraud and bribery.

The effort has been increasing throughout the years. In 2013, the **regulatory compliance unit** was created within the General Secretariat. In 2014, this unit achieved its own autonomy, splitting from the General Secretariat and directly reporting to the Board of Directors. And, in February 2015, Abengoa became the first Spanish company to successfully pass an **external audit of its ACCS** (Anti-Corruption Compliance System), and publish these results.

The ACCS is promoted by the company's management bodies and is applicable to all employees, executives and directors of Abengoa and of the companies under its control. A compliance system does not guarantee the non-commission of any irregular practices, but rather helps prevent them and significantly increases the probability of identifying and mitigating them.

During the fiscal year, tasks continued to be developed related **to updating and improving the design of internal control under the COSO framework**, developing the general frameworks and guidelines on the company's risk management, internal control and fraud detection designed to improve corporate governance. In addition, **fraud prevention and detection work have been carried out in organisations with the aim of reducing its impact**. The Annual Audit Plan has a specific section on fraud and specific proof of fraud is included in the project review, internal control or financial audit work.

### The ten key elements of the ACCS



03. Responsible Business Model / Transparency and anti-corruption

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

Abengoa is a company which, given its geographical diversification, should pay attention to the cultural features of the countries in which it operates. Nonetheless, **there are values, principles and guidelines of conduct that should guide the behaviour and consolidate the culture** of all the people in the group in the development of their professional activity, since they constitute the basic pillars on which the company's corporate culture is based.

Therefore, Abengoa has a Code of Professional Conduct that defines the work relationships of employees, executives and directors within the company, as well as relationships with stakeholders.

The above mentioned code **sets forth the guidelines for professional behavior which should govern the activity of the company and the prohibitions based on the values which define the corporate philosophy** of the organisation and guide the relationships of all employees with stakeholders, sharing the corporate values which are part of the group's ethical business culture.

It is vital for the organisation's employees to be acquainted with the code of conduct to ensure the practical application of its principles. The document is available on the Abengoa intranet to be consulted by its employees, as well as on the company's website ([www.abengoa.com](http://www.abengoa.com)) to facilitate its dissemination to the value chain and its stakeholders.



03. Responsible Business Model / Transparency and anti-corruption

## Internal control system

Abengoa implemented its internal control system more than ten years ago, taking **the COSO methodology as the framework to manage, identify and mitigate the risks** when preparing financial information.

With a **top-down approach**, internal control is driven by Abengoa's chairman across the company, ensuring the senior management and all employees are responsible for observing the corresponding internal control practices.

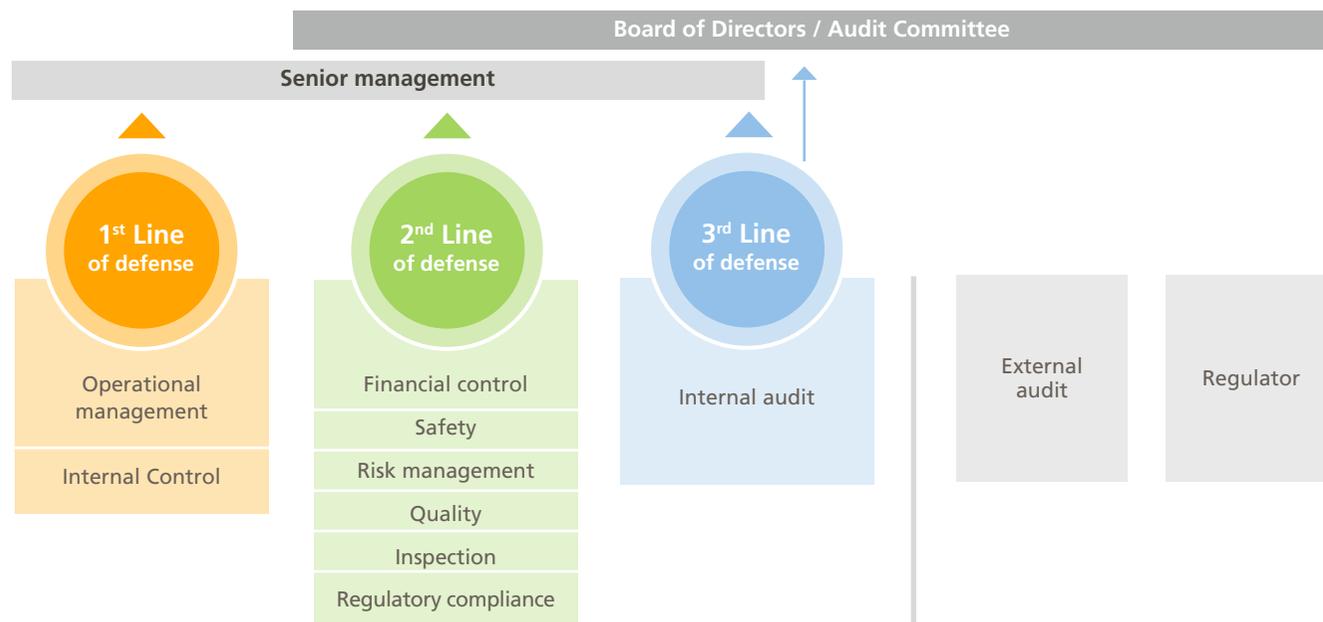
To monitor and test the operation of internal control, the Three Lines of Defense Model is followed, a model created by the **European Confederation of Institutes of Internal Auditing (ECIIA)**.

The **three lines of defense model** distinguishes three groups (or lines) taking part in risk management:

- **Operational business management**, owner and risk management areas used by the CMS (Common Management Systems).
- The different **controls**, areas that monitor risks, **risk management processes and the policies and functions of compliance** established by the management of the company.
- Areas providing independent assurance, such as the internal audit function.

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

Three lines of defense model for effective risk management and control



03. Responsible Business Model / Transparency and anti-corruption

## Whistleblowing channel <sup>103-2</sup>

One of the most consolidated instruments in the company is **thewhistleblowing channels (internal and external)**, made available to all stakeholders.

Both have been operational since 2007 and have been established according to the specific requirements of the Law Sarbanes – Oxley.

- **Internal:** available to all employees, who can communicate any type of complaint, grievance or claim.
- **External:** activated so that anyone outside the company can report irregularities and fraudulent acts or those contrary to the Code of Conduct of Abengoa. The channel is available on the Abengoa website.

Nonetheless, in addition to the complaints channels, any violation may be directly reported to the Chief Compliance Officer or to the Director of Internal Audit, as well as to duly authorised supervisors, executives and personnel.

Whistleblowing channels represent a very useful means of establishing a reliable and secure dialogue between any stakeholder and Abengoa’s management to address any possible irregularity, non-compliance or behaviour contrary to ethics, legality and the rules governing the company.

All complaints are received by the Corporate Compliance Officer and Internal Audit Manager. Once the investigation is concluded, all complaints are reported to the Audit Committee and to the chairman of the Board of Directors of Abengoa, who formally conclude the investigations and/or determine the measures, where appropriate, to be adopted in relation to the complaints received.

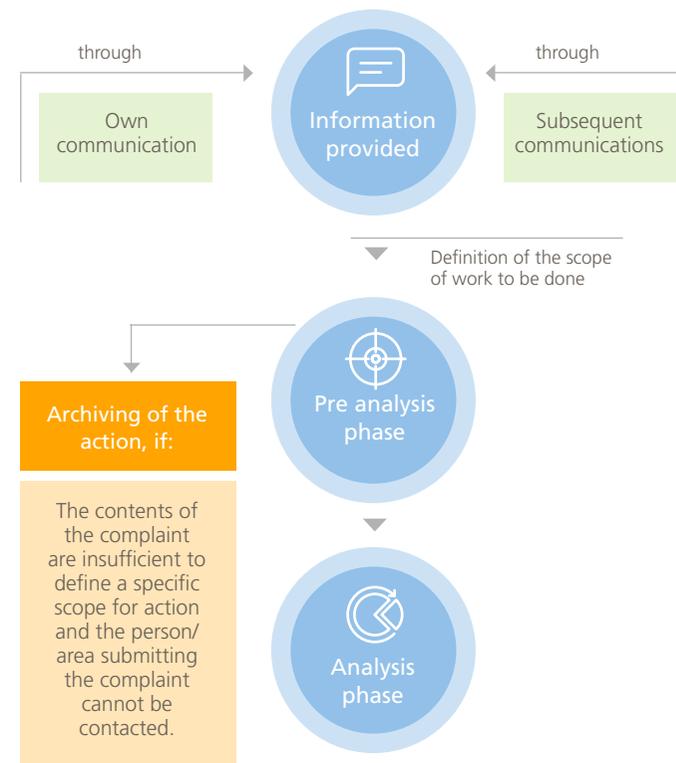
According to the **complaint channelling policy**, which defines the parameters and conditions under which all the information received is treated, it is specifically guaranteed that the tool can be accessed **confidentially**, allowing information

to be submitted anonymously and **without any retaliation for all complaints** reported on good faith. The policy establishes that the response protocol must start within a period of 48 hours after receiving the complaint.

### Steps to manage the complaint



The flow of the information received is as described below:



### 03. Responsible Business Model / Transparency and anti-corruption

The process is described in the following steps:

- When the notification is received, it is **assessed** confirm if it is within the scope of the whistleblowing channel.
- If the complaint is within the scope of the channel, the case is opened and a **preliminary analysis** is conducted. If the complaint is nominative, the person/area submitting the complaint is contacted to gather more information and define the scope of the analysis procedures more clearly and with all necessary details.
- The scope of the work is defined with the information provided in the complaint and in subsequent communications with the person/area submitting the complaint, followed by the **pre-analysis and analysis phases**. The company has 48 hours to provide a response to the person/area submitting the complaint.

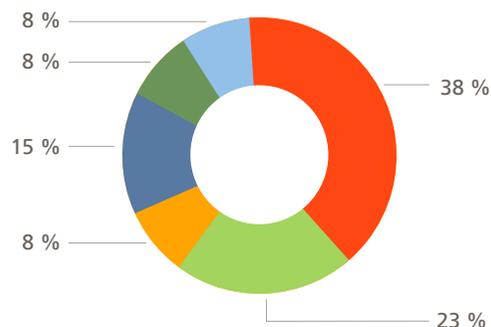
Confidentiality or, if applicable, anonymity and objectivity are preserved throughout all analysis phases.

In 2019, ten communications were received and nine proceedings were initiated.

Here follow the complaints classified by type of complaint:

#### Cases (complaints) received by type of irregularity

- Misappropriation
- Professional malpractice
- Employees in collusion with providers
- Failure to comply with internal policies
- Identity theft
- Unfair competition



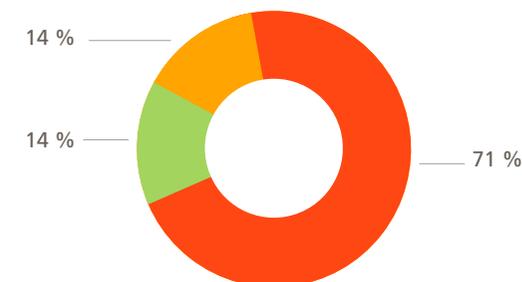
The geographical distribution of the complaints received during 2019 is shown below: [102-17](#)

	2019 (%)	2018 (%)	2017 (%)
Latin America	22	56	50
Africa	11	11	-
Europe	33	22	30
North America	-	-	-
Asia and the Middle East	33	11	20

Of the total actions subject matter of the channel, 70 % were archived, understanding as archived all complaints received and analysed in whose conclusions no specific measures or improvements have been proposed or implemented

#### Cases (Complaints) resolved by type of resolution [205-3](#)

- Archived
- Disciplinary measures
- Proposal for internal control improvement



### 03. Responsible Business Model / Transparency and anti-corruption

## Good Practices Committee

In 2019, the Good Practices Committee continued to be promoted, created in 2017 upon the request of the Audit Committee of the Board of Directors. In total, this committee met five times during the year.

This Committee assesses the cases in which Abengoa's **code of conduct is not observed** and/or possible **cases of internal fraud**, understood as a breach by managers of the mandatory policies and processes in which such actions have been instrumental to the perpetration or attempted perpetration of an offence or minor administrative misdemeanour within the scope of their roles.

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

### Areas for improvement and future challenges

The mechanisms guaranteeing adequate transparency, as well as the fight against corruption, always require continuous adaptation and improvement. In Abengoa's case, the effort should be increased to adapt to the new functional and corporate organisation which is being built after the second financial restructuring.

For this reason, the company is working on adaptation and rationalisation programmes of certain **internal control systems**, especially regarding the Common Management Standards (NOC) and their corresponding forms, which establish **the internal requirements and approval circuits for the most relevant business decisions** or those impacting the balance sheet, the income statement or its reputation.

During 2020, after completing the restructuring and with a more stable organisational structure, there are likewise plans to start a project of **optimisation and centralisation of the organisational structure management** in the management ERP (SAP). This process will help to optimise user profile management, control of work-flows in the system and automation of the internal control model, so that it results in an improvement of control over Abengoa's financial information.

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



03. Responsible Business Model / Transparency and anti-corruption

## Responsible taxation

Abengoa has a firm commitment to managing **tax-related matters, using good practices and acting with a transparent approach**, in compliance with the applicable tax regulations and obligations in each jurisdiction in which it conducts business.

In these regards, Abengoa makes a **responsible and efficient** effort to meet its tax obligations, with the aim of avoiding significant risks and possible future conflicts.

To estimate the total tax contribution Abengoa uses the methodology following the cash criterion, by means of which data referring to input taxes or taxes collected by the group are gathered. Input taxes refer to any amount of tax paid which represents a cost to the company and, therefore, has an impact on the income statement, such as corporation tax, among others.

In contrast, taxes collected are generated by the company's own activity, with the company being responsible for entering those taxes in each Tax Administration, but do not involve any cost, such as value added tax.

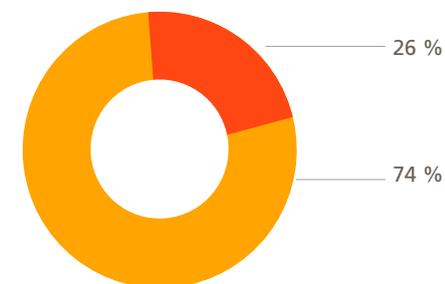
Abengoa's total **tax contribution in the fiscal year 2019 amounted to 155.5 €M**, representing 10.41 % of its revenue. This means that for every € 100 of revenue, Abengoa pays € 10.41 in tax.

In the detail of these magnitudes, it should be noted that income tax represents 52 % of the total input taxes, while value added tax (or similar tax) represents 74 % of the total taxes collected.

In 2019 Spain and Latin America represented 71 % of the total taxes paid by Abengoa, with Brazil representing 41 % of the taxes paid in Latin America.

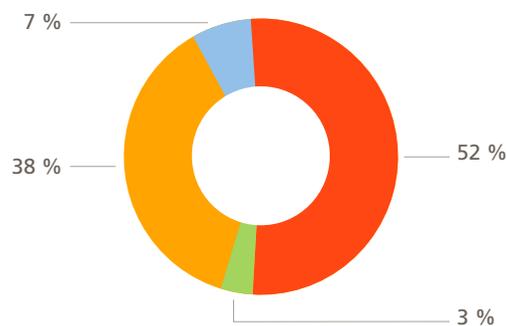
Taxes collected. 134,115.6 €

- Taxes associated with employment
- Value added taxes



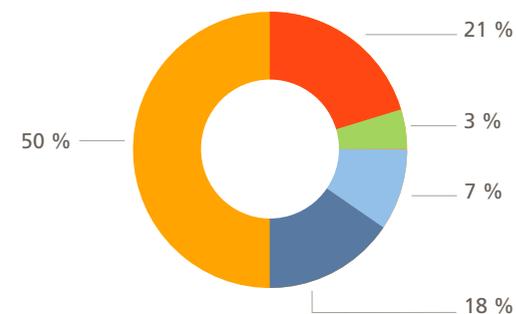
Input taxes. 21,341.8 €k

- Income taxes
- Real estate taxes
- Environmental taxes and other taxes
- Taxes on operating activities



Taxes paid, by region

- Spain
- Europe
- North America
- Rest of the world
- Latin America



<p><b>155.5 €M</b> tax contribution 2019</p>	<p><b>639.9 €M</b> tax contribution 2016-2019</p>
<p><b>21 %</b> taxes paid in Spain</p>	<p><b>10.5 %</b> of the revenue allocated to pay taxes</p>

03. Responsible Business Model / Transparency and anti-corruption

Abengoa's tax strategy was approved by the Board of Directors and it is based on a series of basic **principle for action on all tax-related tax matters**:



As regards the prevention of financial risks, fraudulent actions and money laundering, Abengoa makes explicit reference in its policy **that investments made in tax havens are solely based on purely justified economic and business reasons** not associated with other motivations at all, such as to receive tax benefits or be qualified as tax-exempt.

In addition, the organisation operates in other regions that, even though they are not included in the list of tax havens of the State Tax Administration Agency (AEAT), they are included in the lists of other international bodies and observatories, which consider them territories with a lower tax burden than Spain. In this regard, it has subsidiaries or permanent offices in Delaware (US), the Netherlands, Luxembourg, Uruguay and Switzerland. These subsidiaries have been created for strictly economic or business purposes, or to simplify mercantile and administrative processes, but not for tax evasion, money laundering or illicit activity funding reasons. *201-4*



03. Responsible Business Model

# 3.4

## Risk management



36

risks analyzed in the universal risks map



70

action plans aimed at mitigating risks



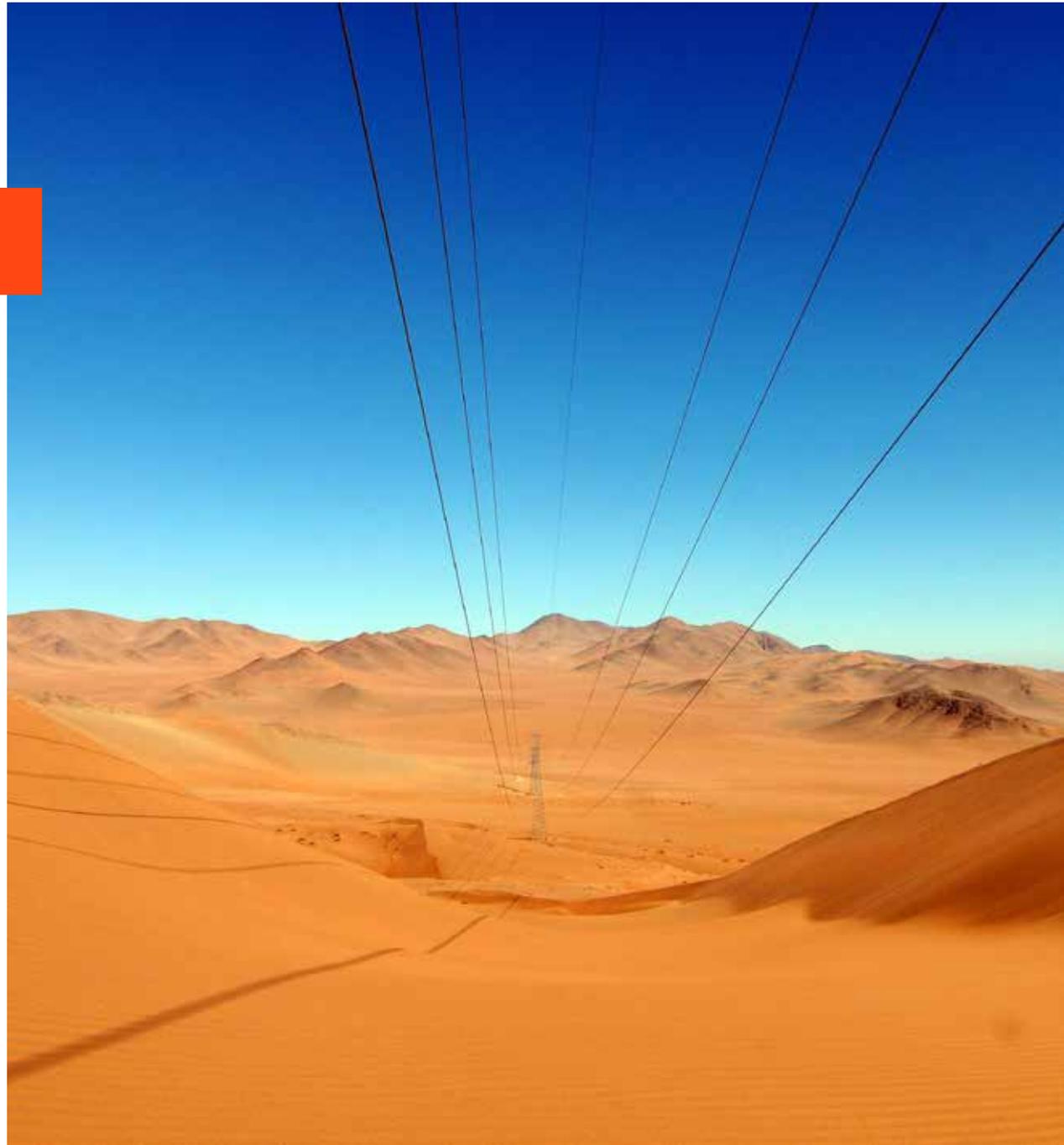
105

management indicators



28

recommendations to the Board in project approvals



03. Responsible Business Model / Risk management

Goals set forth in the 2019-2023 SCSR



Conduct the annual CSR risk analysis at the company's facilities, so these can be included in Abengoa's risk map.	0 % Planned for 2020
Use the Risk Management System to identify the potential changes in the environment, as required to prepare and adapt the company to achieve the global business goals.	100 %
Strengthen Abengoa's risk management systems in relation to identifying and controlling CSR aspects (social, environmental, ethical and reputational order).	50 %
Create value through Abengoa's Risk Management System as a competitive advantage and tool that guarantees excellence in the decision-making process.	100 %

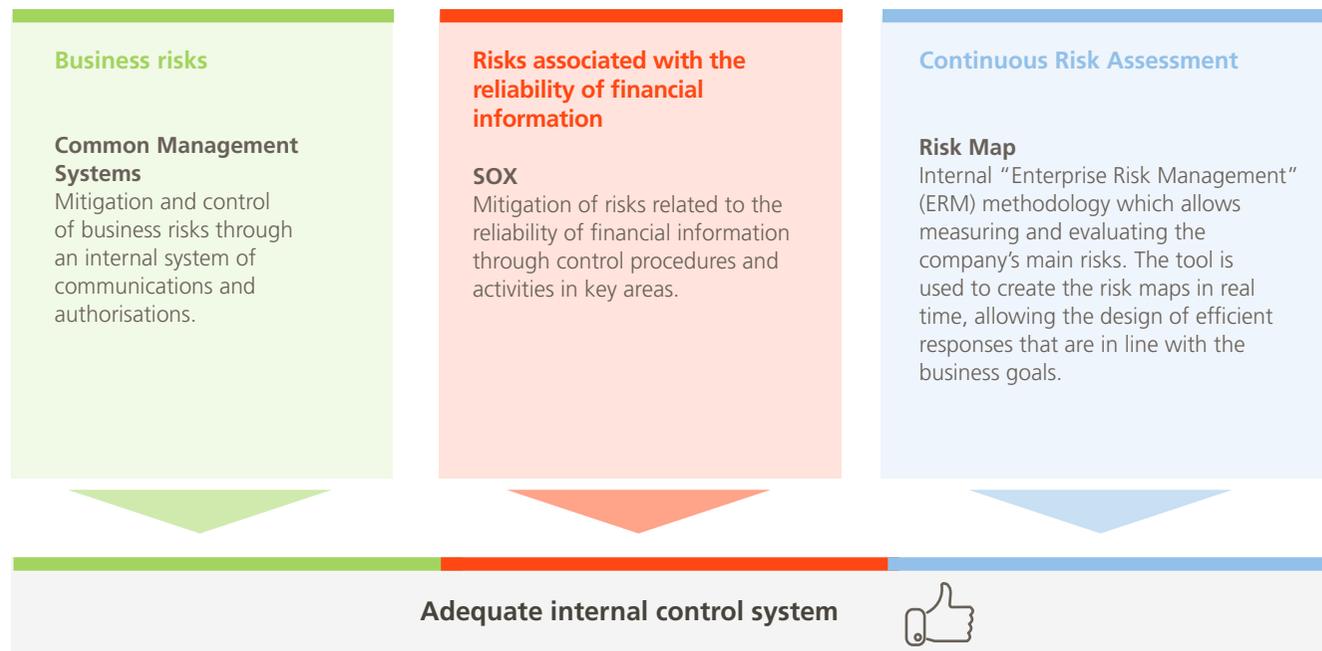
Abengoa defines risk as any potential event that may prevent the achievement of business objectives arising from lost opportunities and strengths, or due to the materialisation of threats or potential weaknesses. Therefore, the company's attitude towards risks is **awareness, involvement and anticipation**.

The organisation **has a flexible, global and dynamic methodological approach** whose scope extends to all strategic and operational aspects and which allows satisfactory risk management of the entire company in the following areas:

- Execution of the strategy.
- Achievement of business objectives.
- Correct performance of operations.

To ensure compliance with the objectives established in the company's Strategic and Feasibility Plan, Abengoa has designed a **Risk Management System** fully integrated into the business covering all areas of the company. It is based on three fundamental pillars: **Common Management Systems, internal control procedures (SOX)** and the **Enterprise Risk Management (ERM)** methodology, which is used by Abengoa to identify, understand and assess the risks affecting the company. *102-11*

The objective of this system is to obtain a comprehensive vision of risks which allows the appropriate responses to be developed based on a common culture of awareness of all employees that risks should be duly managed at all levels, so that, in Abengoa, managing businesses is equivalent to managing risks.



03. Responsible Business Model / Risk management

Key elements of the risk management system



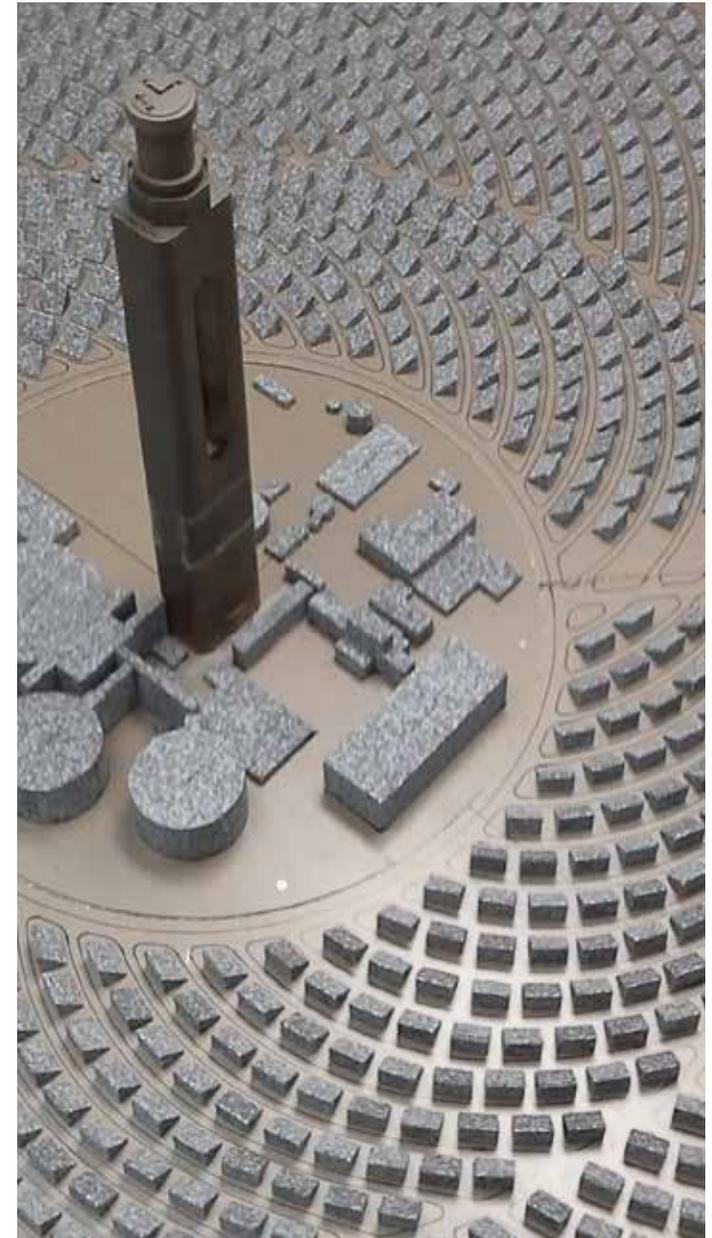
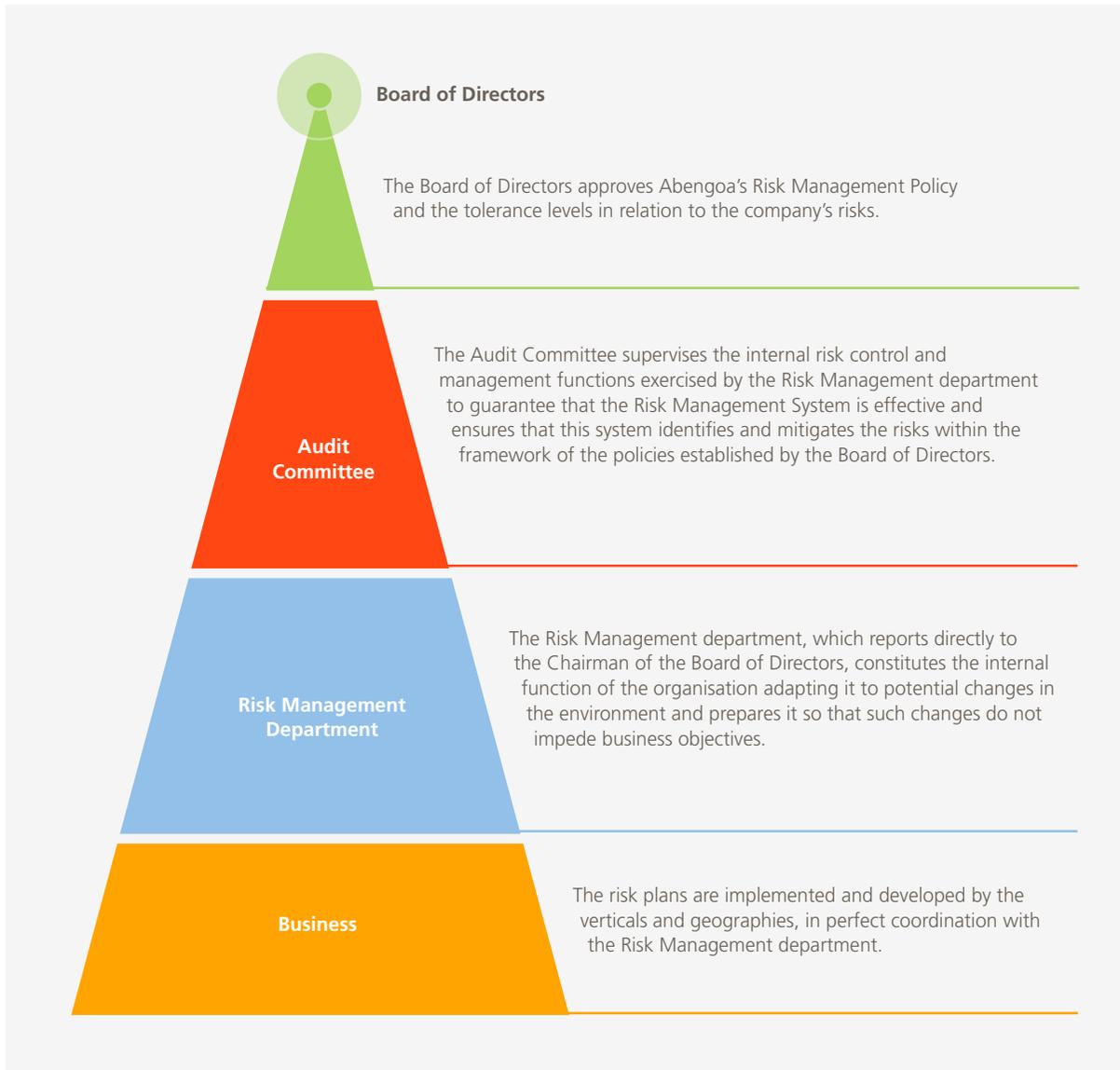
## Risk policy

Abengoa's risk policy, approved by the Board of Directors, **establishes the following principles and guidelines** to design Abengoa's Risk Management System.

- **Risk management at all levels of the company**, without exceptions.
- Decisions always **carryshared and agreed responsibility**.
- Abengoa's risk management system is fully **integrated** in:
  - The organisation's **strategic planning process**.
  - The **definition of the business objectives**.
  - The **daily operations** to achieve the above mentioned objectives.
- Risk management includes **identification, evaluation, response, monitoring or follow-up and reporting** of risks according to the procedures intended for this purpose.
- The **responses** to risks should be consistent and widely **appropriate to business conditions and the economic environment**.
- Management shall regularly **evaluate the risk assessment** and the responses that have been designed.
- On a regular basis, **monitoring** activities will be carried out and compliance of the identification, evaluation, response, monitoring and information activities included in Abengoa's Risk Management System will be reported.

03. Responsible Business Model / Risk management

Organisational layout of Abengoa's Risk Management System



### 03. Responsible Business Model / Risk management

The scope of Abengoa's **Risk Management Department functions** covers three specific areas: business risk management, insurance management and special risk management.

Areas	Roles
Business risk management	<ul style="list-style-type: none"> <li>■ Supporting the Chairman and the Board of Directors in the <b>definition and development of the strategic approach of the system</b> and in the decision-making process.</li> <li>■ <b>Defining</b>, preparing and updating the <b>methodology</b>, procedures and analytical support tools to manage risks.</li> <li>■ Guaranteeing the correct dissemination of the risk management policy across the organisation and thus develop a culture of business risk mitigation.</li> <li>■ Identifying, analysing, quantifying and drawing up a <b>risk treatment plan</b> to which the company is exposed at a global and operational level, both during the bid preparation stage and during the execution, operation and maintenance and warranty stages.</li> <li>■ Preparing an <b>internal classification to identify the risks in the countries</b> in which the company has activities, defining the necessary measures to be able to develop them.</li> <li>■ Identifying <b>specific risks of M&amp;A</b> (Mergers and Acquisitions) operations.</li> <li>■ <b>Preparing Abengoa's risk maps</b> of Abengoa and defining the action plan to mitigate these risks.</li> <li>■ <b>Negotiating contracts with clients</b> before signing the contract to guarantee that the contractual risk profile can be assumed by Abengoa.</li> </ul>
Insurance management	<ul style="list-style-type: none"> <li>■ Identifying <b>the risk transfer strategy for the company's insurance market</b>, identifying the most suitable insurance plans, both at the corporate level and in each business unit, project and operation, as well as the adequate coverage, limit and sub-limit details.</li> <li>■ Taking out and renewing the company's <b>insurance policies</b>, including the negotiation with insurance companies and insurance brokerage firms.</li> <li>■ <b>Managing incidents</b>, defining the applicable strategy, as well as leading the relationship with insurance companies and appraisers, to maximise the value when recovering the damage caused in the incident.</li> </ul>
Special risk management	<ul style="list-style-type: none"> <li>■ <b>Managing crisis scenarios</b>, preparing the correct procedure framework and leading the management process with the crisis management committee. Potential crisis management events include strikes, taking staff as hostages, or situations that recommend the evacuation of the staff from a country in which we operate.</li> <li>■ Preparing <b>the safety and evacuation plans</b> in companies and international projects being executed, as well as the on-going monitoring of the environmental risk levels in the regions in which the company is present.</li> <li>■ Applying <b>business intelligence methodologies</b>.</li> </ul>



03. Responsible Business Model / Risk management

## Applicable methodology of the Risk Management System for the business

Abengoa manages its risks in an **on-going cycle**, based on five key phases:



**Two-directional, fluid and regular communication** is essential in each phase, as well as permanent feedback to incorporate the improvements required.

This process is carried out for all projects in their different stages, from the identification of the business opportunity, going through the bid preparation and presentation, contract, execution and warranty period, and to the operation and maintenance stage with a **preventive and predictive approach** that allows anticipating the most adequate mitigating measures for each type of risk and in each phase. *102-11*

**Offer phase**

- Preparation of Risk Assessment in all significant projects, before making any firm commitment.
- Sources of risks are identified and mitigation plans are established.

**Approval phase**

Decisions and approvals based on risk mitigation criteria.

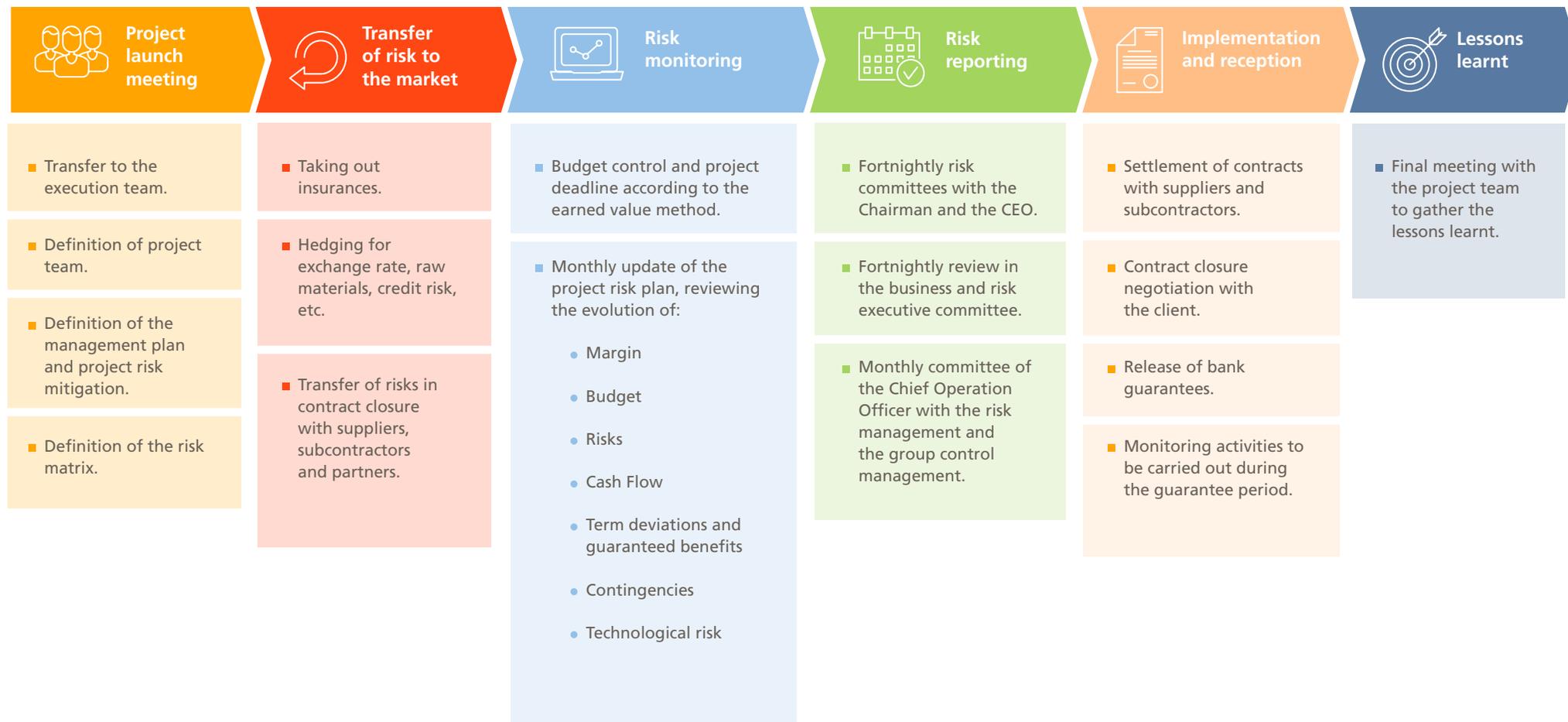
Approval Level	Approval Limits
Internal System of Authorisations (Approved by two members of the COEJ)	Project Amount <20 €M Guarantees <4 €M
Executive Committee	Project Amount 20 €M < 40 €M Guarantees 4 €M < 8 €M
Board of Directors	Project Amount >40 €M Guarantees >8 €M Contribution of Equity

**Execution/  
guarantee phase**

- Fortnightly monitoring of project risks in the Business and Risk Executive Committee.
- Monthly risk committee per risk monitoring project/budget and cash flow of the project.

03. Responsible Business Model / Risk management

For each project in execution, a project risk management plan is established, the process of which has several phases, as established as follows:



03. Responsible Business Model / Risk management

## ERM Methodology

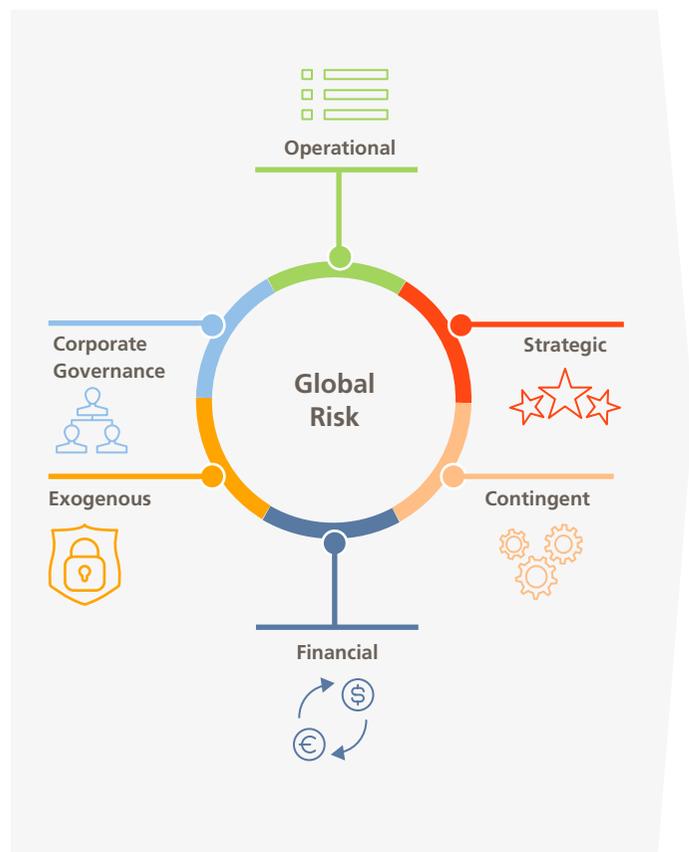
Abengoa has developed an **internal Enterprise Risk Management (ERM) methodology** which allows **measuring**, based on a series of impact and probability indicators, the level of importance of the **main risks** affecting the company.

Likewise, ERM provides **real-time risk maps**, in order to design efficient responses aligned with business objectives.

During 2019, Abengoa carried out a review of the risk classification and the review of the probability and impact indicators, in order to allow a more complete identification of the

risks and an analysis adapted to the new strategic approach of the company.

Each of these risks is divided into different subcategories, with specific risk maps prepared for each of the areas, analysing the following risks.



**Operational**

- Contracting
- Preparation of offers
- Profitability in projects
- Overhead
- EBITDA vs. Target
- ROS
- Sales vs. Budget
- Margin drop potential
- Technological component
- Health and Safety
- Personnel turnover
- Portfolio destruction

**Strategic**

- Commercial unit
- Commercial unit in offers
- Inadequate strategic diversification
- Monitoring of the strategic plan

**Contingent**

- Execution of guarantees
- Matured debt
- Potential claims
- Pending lawsuits

**Financial**

- Credit
- Liquidity
- Exchange rate
- Interest rate
- Availability of guarantee line
- Overindebtedness
- Capital structure
- Taxation

**Exogenous**

- Cyber risk
- Regulatory changes
- Political violence
- Natural risks
- Changes in demand
- Global pandemic risk

**Corporate governance**

- Composition of the Board
- Segregation of duties
- Lack of internal control

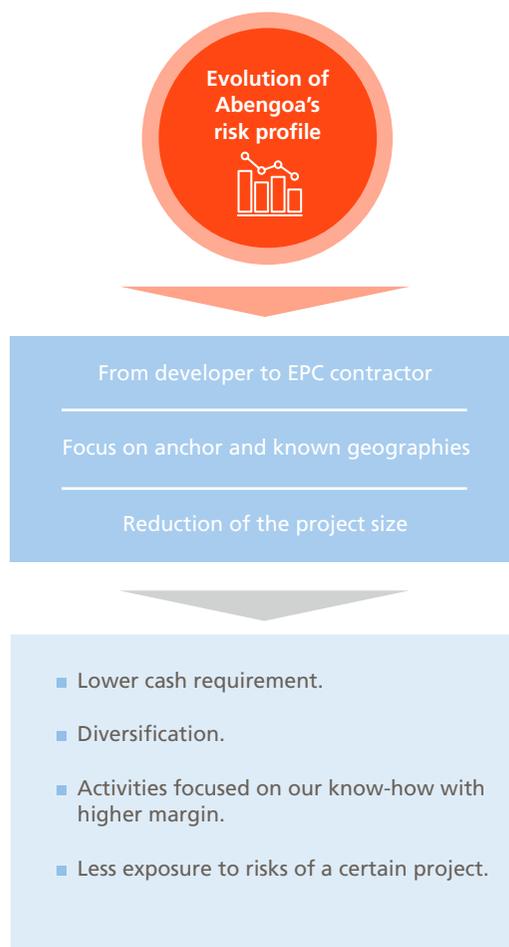
03. Responsible Business Model / Risk management

## Relevant news in the fiscal year 2019

During 2019 the following actions have been carried out to meet the objectives of the strategic plan:

- Criteria **to monitor the risk of commercial concentration** of some of the subsidiaries with certain clients have been defined, establishing collection assurance and independence measures of the projects, to avoid affecting projects.
- A **specific cyber-risk insurance policy has been taken out** to cover the economic impact of an attack on the company's information systems and allow its operational recovery in the shortest possible time.
- Risk management plans **for all projects have been updated**, in order to identify in a more preventive manner possible any events which may jeopardise the outcome of the projects in relation to compliance with deadlines, costs and guaranteed benefits.
- **The risks were analysed in all relevant projects and operations**, and its decisions were taken by the Executive Committee and/or Board of Directors.
- The **risks associated with the company's asset divestment processes** were analysed.
- **The emergency and evacuation plans and all safety level**, terrorism and specific alert monitoring processes have been updated, in relation to those that could have an impact on the assets, operations and staff working in the countries in which we are present, especially in Mexico, the Middle East, South Africa, and North Africa.

The evolution of **Abengoa's risk profile** in the last years is shown below:



## Evolution of the company's risks during 2019

The main risks to which Abengoa has been exposed in its activity during 2019 have been:



### Operational risks

- Risks derived from **intrinsic delays and overheads** of the engineering and construction activity, **due to the technical difficulties** of projects and throughout their execution.
- A significant volume of Abengoa's contracts has been in "turnkey" construction, which are contracts by which a facility is built for a client in exchange for a fixed price and are usually subject to very long construction deadlines in which **unexpected events may occur which make costs higher than expected** resulting in the reduction of profitability.
- Risk of a potential **delay to comply with the agreed upon dates** as a consequence of lower performance than estimated, or due to the occurrence of **unforeseen conditions** which may cause stoppages in construction, such as torrential rain or other adverse weather phenomena, delays in the supply chain, etc. Failure to meet delivery deadlines may result in the payment of penalties set forth in the agreements.
- Risks derived from **the failure to meet the contractual obligations** agreed with clients in terms of guaranteed performance and deadlines. The consequences of these obligations might derive in penalties and claims for damages from the client, as well in the enforcement of performance guarantees requested by clients.
- Risks associated with the **backlog**, as some of the above mentioned projects could be subject to some contingency, such as delays in the start of projects due to delays caused by clients in their financial closing processes or in obtaining the permits required for the execution of projects or as possible unexpected cancellations. Material delays, cancellations and failure to pay could significantly affect Abengoa's business, financial situation and results of operations.

### 03. Responsible Business Model / Risk management

- Risks associated with **managing the supply chain**, derived from the failure to observe the obligations assumed by suppliers, as well as events of force majeure in suppliers' facilities, preventing supply deadlines from being met; integrated management of different suppliers and subcontractors is necessary to mitigate such risks, as well as maintaining the adequate risk transfer level.
- Risks derived from the **association with third parties for the execution** of specific projects. Given the complexity of Abengoa's projects (usually designed ad hoc), or with the purpose of increasing the competitiveness and value created for the client, it is necessary to ensure the participation of third parties specialising in the processes required to perform certain activities associated with these projects, so there is a risk of potential claims between parties and of the incorrect choice of partner in terms of its technical capacity and viability.
- Risks derived **from the rotation in senior management and key employees**, as well as in relation to not hiring the most suitable highly-qualified employees. Most of Abengoa's know-how is in the company's human capital, so Abengoa's capacity to retain and motivate senior executives and key employees and of attracting highly-qualified employees will have a big impact on Abengoa's capacity to conduct business successfully.
- It is possible that **government support** for the development of renewable energy, a key market for Abengoa, may be **reduced**, and a **gradual but significant reduction of premiums and incentives for renewable energy** cannot be ruled out. If this reduction occurs, market participants, including Abengoa, should reduce prices to continue being competitive against other alternatives. If cost reductions and product innovation do not occur or occur more slowly than necessary to achieve price reductions, it may have a significant negative effect on Abengoa's business, financial condition and operational results.



#### Internationalization risk and geopolitical risks

- Abengoa has projects on the five continents, some of them in emerging countries, including diverse locations such as Africa, Latin America, the Middle East, India, Australia, China and North America, and it anticipates expanding operations to new locations in the future. Any **variation in the economic, political, security environment or social conditions** in the different countries in which it operates may affect both economic results and the security of personnel and assets located abroad.

The central focus is on the situation in the Middle East, taking into account that it is the main region in which Abengoa operates, and how the economies in Middle Eastern countries rely on crude oil price variations, meaning that reduced price scenarios and tax restrictions in the country could lead to a high increase in taxes, delays or cancellation of projects and an increase in client default risks.



### 03. Responsible Business Model / Risk management

Additionally, during 2019, geopolitical tensions between Iran and the United States have created an environment of uncertainty both for the security of personnel in the area and in certain restrictions on the supply chain.

Abengoa's risk policy has a **methodology to mitigate geopolitical risks**, consisting of classifying the countries in which it operates based on the level of risk and **to establish certain specific requirements to work in these countries according to the risk**. For example, the obligation to cover country risk through insurance policies which cover scenarios such as political violence, expropriation, nationalisation, confiscation, regulatory risk, lack of transfer of investment-related amounts, dividends, amortisation of credits, contractual breaches by the authorities of the receiving country regarding the insured investment and revolution or war.

Other requirements could be to transfer risk to financial entities through the corresponding financing contracts or other mechanisms; establishing a maximum amount of guarantees on projects and minimum margin requirements; to avoid accumulating

cash surpluses of the activity in those countries and establishes hard currencies, such as USD or EUR, as contract currency, etc. Nonetheless, it is not possible to ensure that these mechanisms ensure full coverage of possible contingencies or full recovery of damages in all cases.

#### Market risks

- **Market risks** arise when Abengoa's activities are mainly exposed to the financial risks derived from variations in the exchange rates and interest rates, as well as its volatility.
- Some risks are derived from the **exposure of the revenues from the electric power plants** to electricity market prices. Despite the company's divestment plan associated with its power plants, some of the revenues from Abengoa's operation and maintenance activities partially depend on electricity market prices and part of the costs are affected by different factors, such as the price of raw materials.

- There are risks arising from the **changes in prices of raw materials**, which may result in higher operational costs. Engineering and construction activities are mainly exposed to changes in materials such as steel, aluminium, copper or zinc, which influence the price of much of the equipment that Abengoa buys from its suppliers, as well as the cost of the price of natural gas or electricity, which are usually consumed during the construction of projects or when operating plants and assets by the company.
- Nonetheless, a price lowering environment for raw materials such as the one experienced in 2019 has caused some investments from mining clients in countries such as Chile and Peru to be delayed.



#### Risks associated with Abengoa's financial restructuring process

Regarding the second financial restructuring carried out by Abengoa in 2019, a series of specific risks have been identified, which could be summarised as follows:

- Risks associated with **delays in the implementation of some of the measures established in the viability plan**, in particular, when closing specific divestment processes, which could have an impact on the estimated operational and investment cash-flow established in the feasibility plan.
- In addition, from the **reputational** point of view, such a long financial restructuring process generates **uncertainty in different stakeholders**, who can request higher guarantees than those established as the market standards. These problems are being solved by creating partnerships with powerful groups with a solid technical and financial structure and by meeting the contractual requirements agreed with clients, which has allowed us to renew the agreements signed with our recurring clients.



### 03. Responsible Business Model / Risk management

## Integration of risk management into the organisation's strategy

Abengoa focuses on its risk management policy which involves the complete **integration of risk management objectives with the strategy** of the company.

The company has determined the activity and target markets according to the risks that can be assumed by the organisation as the criteria used to prepare the Strategic and Feasibility Plan, establishing the priority in known markets, recurring clients, countries with lower risk levels and an activity based on medium-sized third-party projects, which do not require an investment in Capex and with a lower level of risk assumed and less exposure to regulatory risks, leveraged based on Abengoa's own know-how and that of potential partners whose scope extends to countries and activities in which Abengoa has less experience.

In turn, Abengoa's internal approval system implies that the strategic decisions made by senior management and the Board of Directors are supported by the conclusions of the various assessments of the risks to which the company is exposed.

## Due diligence of the highest governance body on risk management

The **senior management** is fully **committed and involved** in risk management.

The Risk Management department reports directly to the executive chairman of Abengoa's Board of Directors, allowing him to monitor the efficacy of the risk management processes through a series of regular fortnightly committee meetings.

*102-30*

Moreover, the director of the Risk Management Department holds a series of fortnightly risk committee meetings with the company's Managing Director.

A committee of each of the business units is held on a monthly basis with the Executive Committee, with the participation of the Risk Management Department. The purpose of these meetings is to identify and analyse the evolution of the main risks affecting each one of these units, the assessment of whether the expected financial, environmental, social and health and safety results are being achieved or not, as well as the potential impacts on this unit and on Abengoa as a whole.

*102-30, 102-31*



03. Responsible Business Model

# 3.5

## Regulatory compliance



6

compliance programmes



5

communications made to employees on regulatory compliance in 2019



03. Responsible Business Model / Regulatory compliance

Goals set forth in the 2019-2023 SCSRP



<p>Consolidate Abengoa's culture of compliance and integrity by reinforcing the training tools and safeguarding the procedures already in place.</p>	<p>85 %</p>
<p>Obtain UNE-ISO 19601 certification.</p>	<p>20 %</p>
<p>Progressively extend Abengoa's compliance culture to suppliers and subcontractors.</p>	<p>20 %</p>
<p>Coordinate the implementation of legal compliance requirements in areas such as tax, labour and the environment.</p>	<p>20 %</p>

Abengoa is a company committed to **professional development in an ethical and responsible manner**, in all the activities and countries where it operates, as well as in relations with all stakeholders.

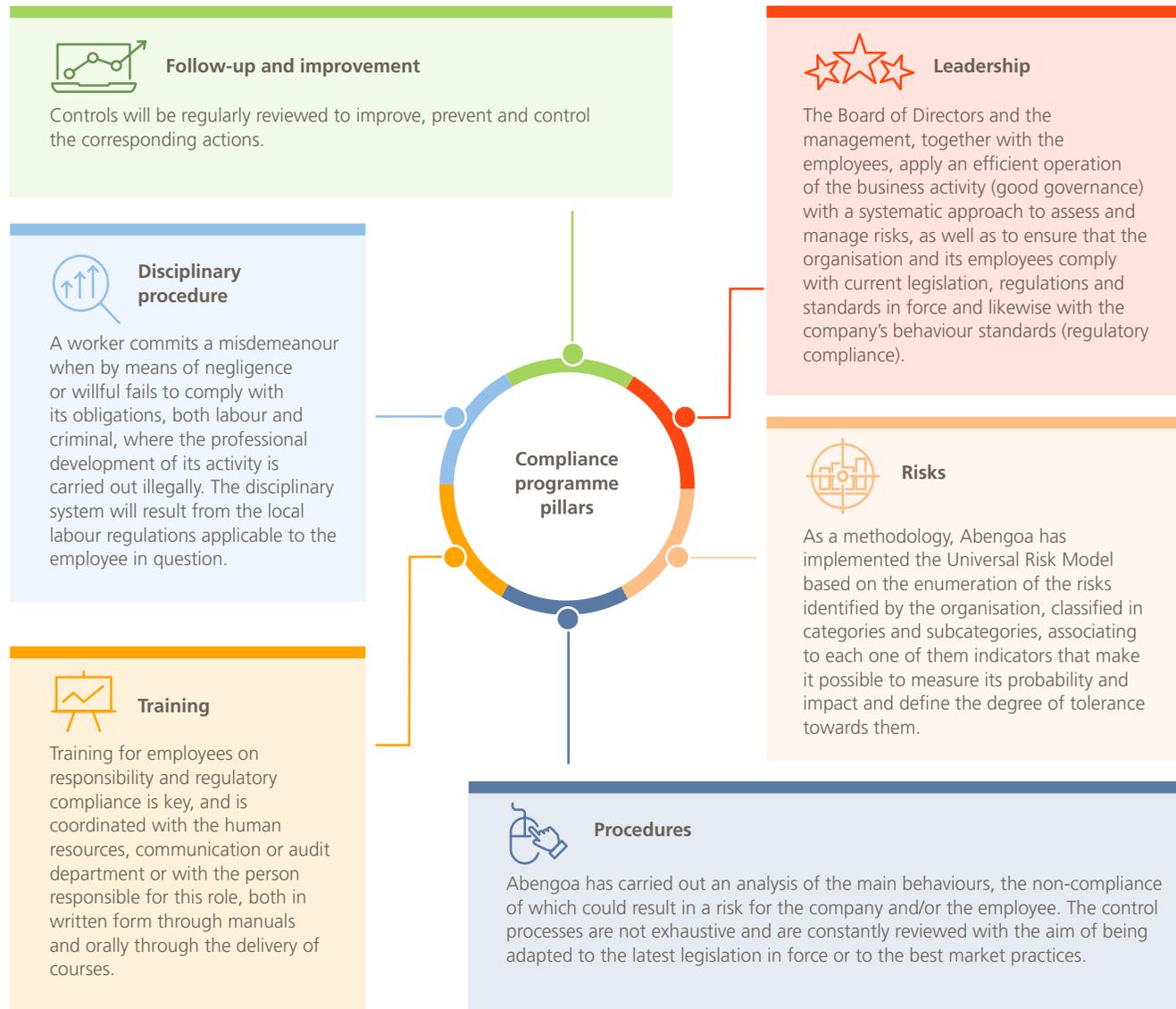
Therefore, it has a **Corporate Compliance Programme (CCP), aimed at preventing, detecting and sanctioning conduct that could result in the liability of the company or its employees**, and which includes **programmes of self-regulation adopted voluntarily** by the company to adapt to legal requirements, showcase its ethical aspects and prevent or detect illegal conduct.

The CCP was created to **promote the consolidation in Abengoa of an ethical culture** that marks **the behaviour of all employees, as well as those agents with whom the company establishes contractual relationships**. In this regard, the programme has **efficient instruments** that oversee conduct in the performance of the activity, as well as disciplinary measures, in accordance with applicable local legislation, which punish those conducts contrary to the company's standards or self-regulatory policies.



03. Responsible Business Model / Regulatory compliance

The six pillars on which the programme is articulated are:



The CCP along with the specific programmes **are directly integrated into the company's management model through the code of conduct**, the rules of good corporate governance and a specific risk analysis, in addition to their implementation through training and supervision in a process of continuous improvement

Led by Abengoa's **Corporate Compliance Officer (CCO)**, the CCP is articulated on the recommendations and model covered by the Open Compliance and Ethics Group, (OCEG) as a concept of excellence in the management of key corporate governance processes, risk management and compliance, integrated into the Governance, Risk and Compliance (GRC) model.

**Code of professional conduct**



Abengoa is fully committed to conducting its activities with honesty, integrity and pursuant to the laws, whether in the relationship with its employees or with other stakeholders. These behaviour guidelines are reflected in the **Code of Conduct**, a fundamental and mandatory standard for directors, managers and employees, integrated into the Management Common Systems under the premise of zero tolerance. It includes the principles and **values which should guide the behaviour** of employees, as well as suppliers, customers, distributors, external professionals and representatives of public administrations.

**No action contrary to it shall be tolerated and it formally expresses its condemnation of any form of corruption and its firm commitment to compliance with the law.**

Abengoa Code of Conduct

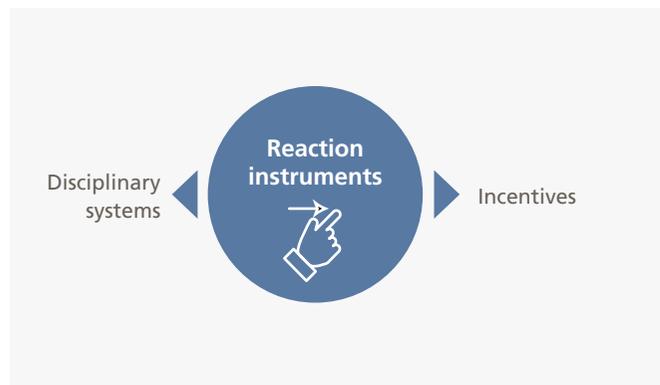
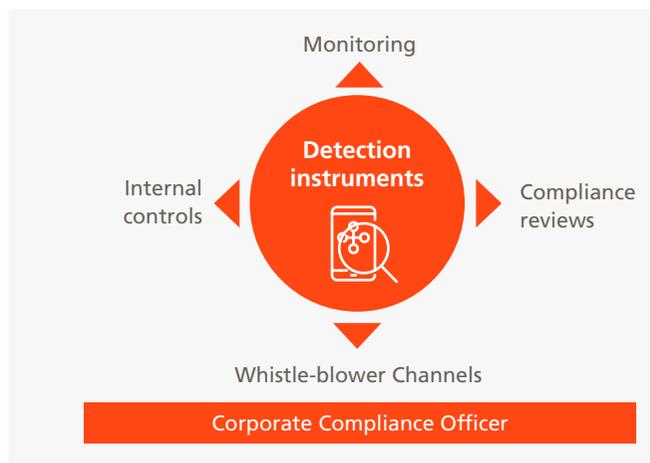
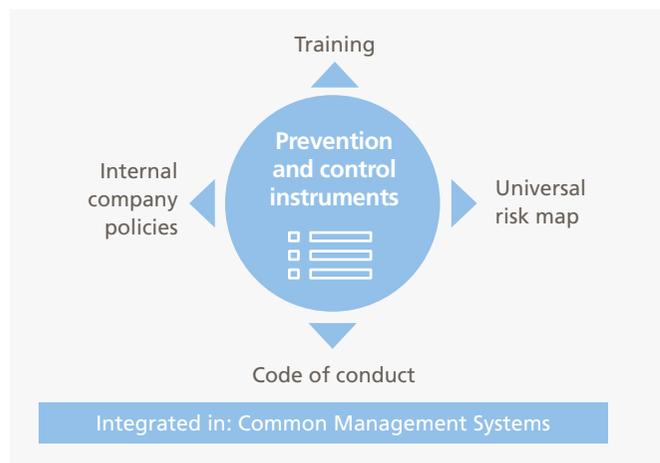
03. Responsible Business Model / Regulatory compliance

## Key instruments of the regulatory compliance programme

The CCP is articulated through the **control processes implemented** by the organisation to avoid any unlawful conduct that may occur. In this regard, the CCP constitutes an **element integrated and compatible with the rest of the internal policies and controls** and is coordinated, among others, with the universal risk map, the SAP controls and the internal authorisation management.

Taking into account the set of internal rules and the diversity of activities carried out by the company, **the non-compliance risks** which may be incurred are analysed, weighing the importance with the probability of its occurrence, **thus obtaining a risk map.**

This process of continuous improvement, which periodically receives feedback through supervision, audit and review, is shared with the organisation's employees through training, which serves to inculcate and consolidate the corporate culture of legality.



## Geographic and functional scope

The compliance programme is applicable in, **all the companies controlled by Abengoa, regardless of the countries or the activities carried out**, including employees, middle managers, senior management and third parties acting on behalf of or on direct and express account of the organisation or its managers. All the above mentioned should comply with the regulations adopted by the company and non-compliance with them may result in economic or administrative sanction, civil or criminal liability or damages to its reputation.

This **programme** is the result of Abengoa's commitment to applying trustworthy conduct in its businesses and professional in the three CSR areas: economic, social and environmental. It is **inspired by the ethical and responsible criteria set out in the professional Code of Conduct**, has been updated and complemented throughout these years with new regulatory developments regarding good governance and good practices in each of the CSR dimensions.

Currently, the scope of the programme is gradually being extended to suppliers, collaborators and other stakeholders.



03. Responsible Business Model / Regulatory compliance

## Self-regulatory programmes adopted

Abengoa has the following self-regulation programmes voluntarily adopted to showcase its ethical aspects and prevent and detect any illegal conduct.



- 🔗 Compliance Guide on antitrust
- 🔗 Compliance Guide on data protection
- 🔗 Compliance Guide on anti-corruption
- 🔗 Compliance Guide on criminal matters
- 🔗 Guide to the Compliance Programme on prevention of money laundering and terrorist financing
- 🔗 Whistleblowing channel and compliance officer data
- 🔗 Guide to the Compliance programme on conflict minerals

## Geographic and functional scope

Abengoa implements the principles established by the U.S. Foreign Corrupt Practices Act, (FCPA) by means of the Code of Conduct and internal manuals for employees when entering into agreements with third parties.

Likewise, the company subscribes to each of the points of the **United Nations document against corruption**, approved by the UN General Assembly on 31 October 2003. Its objectives are as follows:

- Promotion and strengthening of measures to prevent and fight corruption efficiently.
- Promotion and support of international cooperation and technical assistance in the prevention and fight against corruption, including asset recovery.
- Promotion of integrity, accountability, and proper management of public affairs and property.

Taking into account all of the above mentioned and with the aim of ensuring the trust of customers and authorities, Abengoa requires all its employees to **comply with applicable anti-corruption regulations, thus protecting their businesses from any breach and liability it may incur, thus safeguarding its reputation.**



## 03. Responsible Business Model / Regulatory compliance

## Programme for the regulation of competition, consumers and markets

Abengoa is a company which operates in a freely competitive market with transparent conditions in each of the jurisdictions in which it operates.

The whole workforce, without exception, is responsible for compliance with applicable standards in this area and **may in no case carry out, authorise or tolerate any conduct which violates antitrust rules** or Abengoa's policy in these regards.

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

## Money laundering and terrorist financing programme

Abengoa voluntarily assumes the principles and obligations established by the **applicable regulations on the prevention of money laundering and terrorist financing**<sup>1</sup>.

Likewise, it takes into account the obligations in force in each country for economic transactions carried out abroad and or with non-residents.

This mandatory programme for all employees, as well as its supervision and control by managers, without exception, is **aimed at developing procedures and controls that verify, prevent and deter collaboration with people who carry out money laundering activities** or are used by them for such purposes.

## Criminal enforcement programme

At Abengoa, all employee actions should be governed by rigour, order and responsibility. Under this internal standard, both the company and the natural person may be liable for crimes that are perpetrated.

This programme was developed with the aim of **identifying, preventing and punishing those forbidden conducts that violate the law** that could lead to any type of liability for Abengoa and it includes the self-regulation programmes to which the company voluntarily adheres in order to adapt to legal requirements and showcase the ethical aspects that characterise it, as well as to prevent and detect any unlawful conduct that may occur.

This standard is mandatory for all employees. In the same way, ensuring its implementation is the responsibility of management and directors, without exception.



<sup>1</sup> Directive 2005/60/EC of the European Parliament and of the Council; Commission Directive 2006/70/EC; EEC Regulation No 1781/2006 of the European Parliament and of the Council; Law 10/2010 of 28 April, and Royal Decree 304/2014 of 5 May of the Regulations of the previous law, both of the Kingdom of Spain, and other similar laws such as Law 27693 of 2002 of Peru; the Money Laundering Control Act of 1986 of the United States of America; the United Nations Convention against Illicit Traffic in Narcotic Drugs and Controlled Substances, among others.

03. Responsible Business Model / Regulatory compliance

### Data protection programme

Abengoa adopted its internal regulations in 2018 in compliance with the European regulation on personal data protection.

The data protection programme was created in order to inform all its employees and the environment of its business compliance policy in this regard, **promoting lawful behaviours and avoiding and investigating any actions or omissions** that may imply non-compliance and the resulting liability.

All employees are required to act in **full compliance with data protection laws** to ensure that Abengoa maintains the **trust of customers and authorities**, to protect their businesses from any breach and the resulting liability and, thus, increase its reputation.

Due to this programme, the appointment of a Data Control Officer or person responsible for data protection control was included.

### Conflict minerals prevention programme

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. In case of originating from there, or in case the origin cannot be established, in order to market these products in compliance with current legislation, the origin and the chain of custody should conform to due diligence, in order to guarantee that the purchase or sale of said minerals did not benefit any armed group.

The scope of application is all the partnerships of the company with manufacturing capacity which incorporate these minerals into their chain, either directly or indirectly in products that are subsequently distributed to third parties.

### Internal organisation and resources

The ethics management and the criminal prevention model are entrusted to the Chief Compliance Officer through the Appointments and Remuneration Committee of the Board of Directors.

The duty of the above mentioned officer is to develop, implement and supervise regulatory compliance and the execution of the criminal prevention model. Likewise, the officer should **have full knowledge of the applicable legal regulations** at Abengoa, in addition to **promoting upright conduct** of all company employees, disseminating the necessary knowledge in legal matters among those to whom it applies

However, **each area is directly responsible for compliance** with the rules applicable to them in their activity (tax, labour, QA, etc.).

The CCO **reports directly to the Chief Executive Officer, Directors** and reports quarterly to the Appointments and Remuneration Committee, and half-yearly to the Board of Directors.

The **Board of Directors** is the body that guarantees the actions of all employees, through each level of command or management. To control this, it expressly approves the CCP, **intervening in the definition of the scope and content of each area and the control of the common management systems**. It is also responsible for setting an example and transmitting the same values to its subordinates, supervising their application in the development of the activity.

The cross-cutting nature of the subject matter and its repercussion on the company’s activity requires support and collaboration with other departments that serve as tools for control, prevention, detection, monitoring and dissemination or training.



## 03. Responsible Business Model / Regulatory compliance

## Evolution of the corporate governance system in 2019

### Development of the compliance procedure in tax matters

As set forth in the objectives of the CSR Strategic Plan regarding coordinating the implementation of legal compliance requirements in areas such as tax, Abengoa is establishing a **tax programme** adapting the internal rule of mandatory compliance **to the validity requirements as criminal evidence**, based on the content of UNE 19602 on the management of tax compliance systems.

The **internal tax management and consolidation standard** has been revised under various premises, among which the identification of tax obligations, risks associated with non-compliance, methods of preparing tax returns and their controls or reviews, and reporting to the council on tax policy should be noted.

The process is being carried out in several phases:

- Identification of **applicable laws**.
- Identification of the **decision-making process** in tax matters in Abengoa.
- Identification of **conducts of assigned personnel** who could violate the regulations (aggressive tax policy, improper application of standards, etc.); risk analysis and weighting.
- Identification and updating of **existing controls**.
- **Traceability of the entire process**, including the preparation of information to the Board, for its subsequent approval.
- Preparation of **internal training newsletters** in the form of precise instructions (accounting, offer treatment proposals, country risk, related operations, etc.).
- Inclusion of **tax misconduct** in the **whistleblowing channel**.

### Improvement of the anti-corruption system

**Update of anti-corruption procedures**, especially in geographies with high activity, with the aim of **implementing a zero tolerance criterion for corruption**. The main improvements are described as follows:

- Optimisation of internal controls and authorisations regarding business collaborations.
- Identification and financial, commercial and legal analysis of third parties in collaboration agreements.
- Creation of a specific questionnaire (KYC - Know Your Client) for the analysis of potential partners (consortia, UTEs, etc.).

In Argentina and Peru, an analysis was carried out with a local office regarding those elements of local law not included in Abengoa's compliance system, with a view to implementing it.

## Objectives and Action Plan Action 2020

In 2019, Abengoa carried out a **detailed review of its compliance system** to adapt its tools to the requirements of the standard and the recommendations of the international standards regarding compliance, **with the aim that in 2020 the system be certified under the UNE 19601 standard**, for criminal compliance management systems.

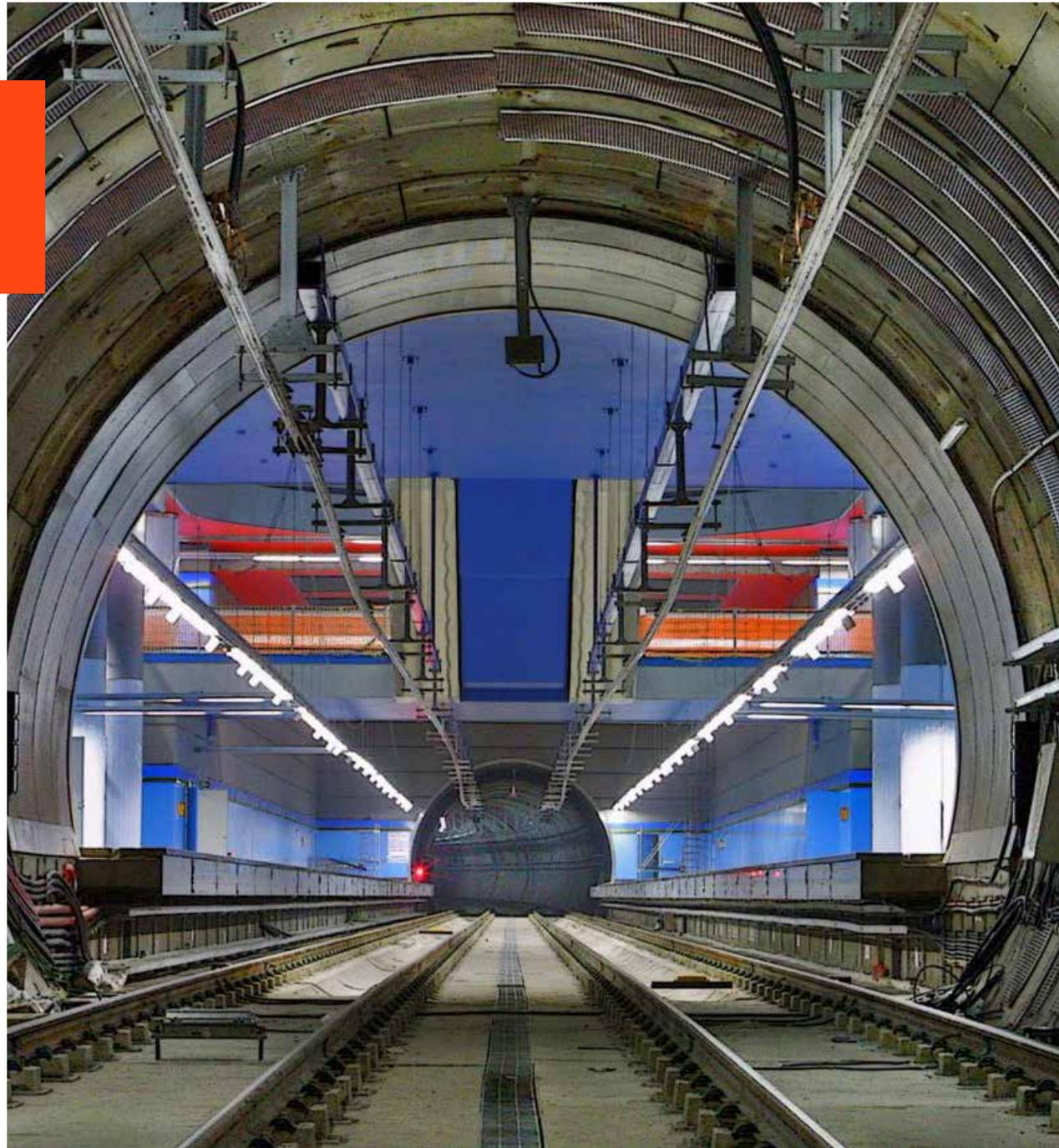
In parallel, an IT **management tool called CMS (Compliance Management System) has been implemented** to facilitate the monitoring and reporting of the actions associated with compliance.



# 4

## Commitment to stakeholders and creation of shared value

- 4.1 Financial value
- 4.2 Industrial value
- 4.3 Human value
- 4.4 Value for the customer
- 4.5 Value in the supply chain
- 4.6 Social and relationship value
- 4.7 Environmental value



04. Commitment to stakeholders and creation of shared value

# 4.1

## Financial value



Increase in listed price compared to 2018

A Share

31 %

B Share

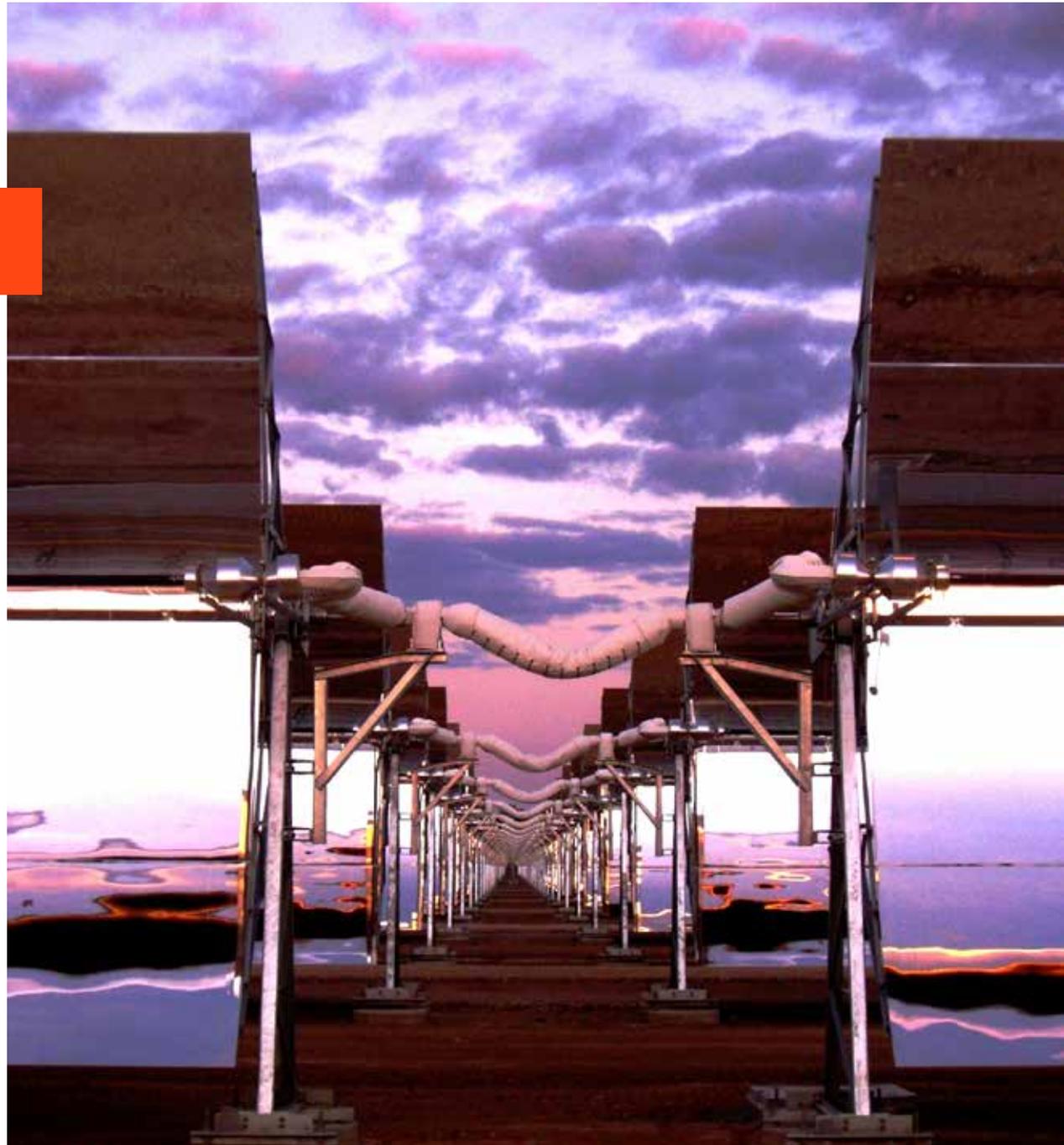
179.4 %



Silver Ecovadis Award



Investor Day Celebration



04. Commitment to stakeholders and creation of shared value / Financial value

Goals set in the SCSR 2019-2023



Prepare and disseminate materials that show the company's positioning and respond to the needs of institutional investors who value the commitment to sustainable development.

50 %

Recover presence in sustainability indices, FTSE4Good, CDP, Robecosam, etc.

25 %

Following the two financial restructurings (in 2017 and 2019), Abengoa reinforced its capital structure, becoming an attractive company at global level in the EPC business and reorienting its strategy.

However, the economic impact of COVID-19 has obliged the company to change its future perspectives.

For these reasons, and bearing in mind the performance of the company in 2019 and the delay in certain milestones of the Viability Plan such as the sale of certain assets and other monetisations, the company has opted to revise its financial projections and publish an Updated Business Plan.

In order to restore Abengoa SA's equity balance and ensure compliance with the Updated Business Plan, the company has set into motion a series of measures including:

- requesting a new line of liquidity to financial entities amounting to €250 million for a term of five years, guaranteed by the ICO,

- requesting new revolving guarantee lines amounting €300 million to cover business needs until the end of 2021, requesting the extension of the maturity dates of the current ones until 2025 and improving their conditions,
- closing agreements with suppliers and other creditors with overdue debts, which will allow the Company to deconsolidate the debt from the Abengoa Abenewco 1 perimeter, in exchange for certain preferential rights over the materialisation of certain assets, and
- amending certain debt conditions with creditors of the NM II, Reinstated Debt, A3T Convertible Bond and Old Money (SOM and JOM) debt that may imply debt write-offs and capitalisation.

The foregoing measures require amendments to the financial instruments to which they affect for which agreements with the financial creditors must be reached.

Abengoa has continued working throughout 2019 on **actions to ensure viability** in the short and medium-term. Among these actions, the signing of a **new financial restructuring process** allowing the company to **continue its activity in a competitive and sustainable way in the future stands out.**

This main effects of this restructuring were:

- alignment of the capital structure with the business profile,
- conversion of Old Money debt into mandatory convertible bonds,
- receipt of new liquidity (€97 million),
- receipt of new lines of guarantees (€140 million),
- and the closing of the A3T financing.

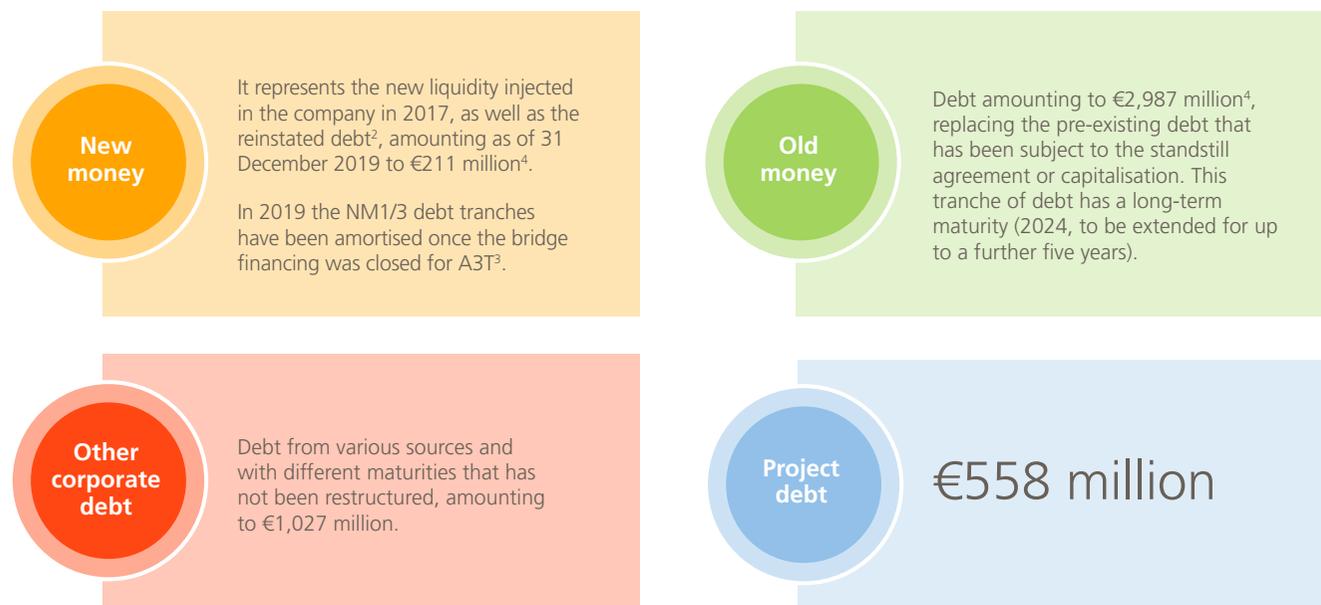


04. Commitment to stakeholders and creation of shared value / Financial value

## Abengoa's financing model

The financial restructurings completed in March 2017 and April 2019 involved a significant change in the capital structure, shareholding composition and medium-term financing model. At the end of 2019 there was an increase in Gross Financial Debt, up by 5 % compared to December 2018. This results from recognising New Money <sup>2</sup>, Reinstated Debt and Old Money at nominal value following the Event of Default triggered by the equity imbalance of the parent company Abengoa S.A.

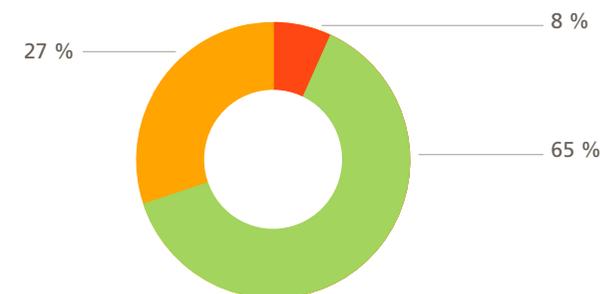
The financial debt at 31 December 2019 amounted to €4,783 million<sup>1</sup> and, in relation to the financial restructuring, is classified in the following categories:



Depending on the type of financial instrument, the €4,783 million of financial debt is classified as:

- **Loans with credit institutions** consisting of new loans signed mainly with credit institutions for "New Money" and "Old Money".
- **Capital markets** consisting mainly of new bonds issued under the headings "New Money" and "Old Money".
- **Other borrowing:** Mainly includes non-recourse financing for projects, guarantees and executed guarantees.

Percentage of financing



<sup>1</sup> For more information, check the financial statements available at <http://www.abengoa.com/web/en>. This figure excludes €1,165 million corresponding to debt of projects classified as held for sale.

<sup>2</sup> **Reinstated Debt** corresponds to new debt recognised in favour of certain creditors as a consideration for taking part in the restructuring transaction.

<sup>3</sup> Non-recourse financing in process. It will qualify as temporary until the final loan is executed.

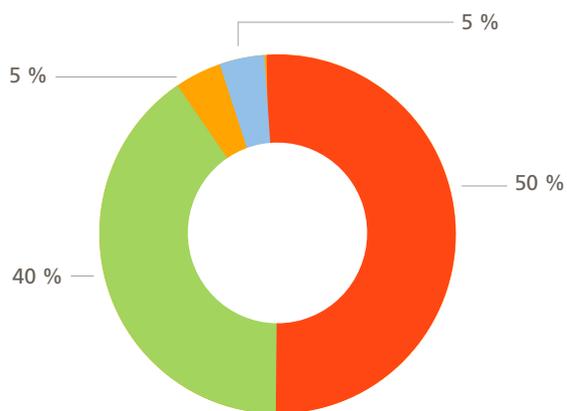
<sup>4</sup> Amounts expressed at nominal value.

04. Commitment to stakeholders and creation of shared value / Financial value

## Ownership structure

The new ownership structure resulting from the March 2017 financial restructuring was as follows: [102-5](#), [102-7](#)

- New Money Investors
- Old Money Investors
- New Guarantees
- Shareholders before the restructuring



<sup>5</sup> Data as of 20 June.

<sup>6</sup> Class A shares: shares that have one hundred votes per share.

<sup>7</sup> Class B shares: shares that have one vote per share.

<sup>8</sup> Spanish Stock Market Interconnection System (SIBE): an electronic platform for trading national stock exchange equities that provides real-time information on the activity and trend of each security.

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

- Secretary of State for Trade – Ministry of Economics, Industry and Competitiveness with 3.152 %<sup>5</sup>.

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

- 1,621,143,349 Class A shares<sup>6</sup>, with an individual nominal value of €0.02, which individually confer one hundred votes.
- 17,214,975,951 Class B shares<sup>7</sup>, with an individual nominal value of €0.02, 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 Stock Market Interconnection System (Continuous Market)<sup>8</sup>. The class A shares have been accepted for trading since 29 November 1996 and the class B shares since 25 October 2012.

## Share trend

The stock market evolution of Abengoa’s shares during 2019 has been determined by the implementation of the restructuring process completed in March 2017 and April 2019.

In accordance with the data provided by the Spanish Stock Markets (Bolsas y Mercados Españoles or BME), in 2019 a total of 2,354,159.667 of shares class A and 54,847,247.940 of class B shares were traded. This represents an average subscription of 9,231,999 daily class A shares and 215,087,247 daily class B shares. The average traded volume was €0.2 million daily for class A shares and €2 million daily for class B shares.

The last trading price for Abengoa shares in 2019 was €0.019 in class A shares, up 31 % compared to the end of 2018, and €0.0095 of class B shares, up 179.40 % compared to 2018.

Since it started trading in the Stock Market on 29 November 1996, the company’s value has been devaluated 6 % compared to its initial value. During this same period, the selective IBEX-35 has been revaluated up to 105 %.



04. Commitment to stakeholders and creation of shared value / Financial value

## Transparent communication

102-34, 102-44

Transparent and responsible information is essential for Abengoa, since it allows all stakeholders to have **all the information required** to carry out **a comprehensive analysis of the economic-financial, social and environmental performance** of the company.

For this purpose, Abengoa is making an effort **to improve and enrich the information provided**, offering **content that is increasingly more comprehensive and appropriate to their demands and circumstances**, thus building better relationships while perfecting the channels of dialogue in order to offer a greater flow of information.

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

In 2019 the usual activity in communication with investors continues to be clearly marked by the financial crisis of the last four years. In these extraordinary circumstances, no road shows have been held. However, more than four years later, Abengoa held once again its Investor Day, in Madrid on 15 October.



<https://twitter.com/Abengoa/status/1184010018053591040>

Throughout the year the **quarterly market presentations** were maintained and **individual meetings with institutional investors** were held, in order to re-establish the dialogue regarding the business and the future of the company. Moreover, in 2019 **regular meetings were held with groups of individual shareholders**.

 **Telephone conferences:**

- Carrying out four conference calls through telephone and the website for the presentation of quarterly or half-yearly financial results.
- Conference call through telephone and the website to explain the proposed new financial restructuring carried out on 20 March.

 **Institutional investors and shareholders:**

- Several meetings with key institutional investors to obtain the necessary consent for execution of the company's strategy, in accordance with the terms of the New Money
- Two meetings with shareholders.

 **Shareholders' website:**

- Number of visits to the shareholders website: 114,521 visits, equivalent to 17 % of the total number of visits received through [www.abengoa.com](http://www.abengoa.com)

Throughout this time, the company has continued the efforts that started in 2016 to keep its investors, creditors and shareholders informed of the progress of the financial restructuring and to explain the details thereof and the economic impact it would have on their investments in Abengoa. Therefore, the following actions have been carried out:

 **Shareholders mailbox:**

- Management of around 2,600 requests through the shareholders' mailbox.

 **Telephone help desk:**

- Phone service to all those shareholders, bond holders and entities holding bonds with any doubts regarding the restructuring processes or other matters.

 **Analysis agencies:**

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

## 04. Commitment to stakeholders and creation of shared value / Financial value

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

- **Effect of the new April 2019 restructuring for investors:** exchange of debt instruments for new convertible instruments.
- 10-year **viability plan** published.
- **Financial results** throughout the year.
- Progress in the **sale of assets:** A3T cogeneration plant in Mexico.
- Information on the various **consents requested from financial creditors for the ongoing financial restructuring.**
- **Performance of the warrants** (share purchase rights) freely given to shareholders in March 2017.

The **shareholders and investors section** of Abengoa's website is the most visited, followed by the home page, with approximately **17 % of the visits**. In this section, you will be able to find a large amount of relevant information, the most prominent of which is as follows:

- Sections devoted to financial restructurings in 2017 and 2019.
- Relevant facts and other communications to the CNMV (Spanish Securities and Exchange Commission).
- Economic information.
- Annual report.
- General Shareholders' Meeting and Shareholders' Forum.
- Presentations.
- Share information.
- Fixed income and bonds.
- Investors' agenda.
- Structure of governing bodies.

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

## Socially responsible investor market

The affinity Abengoa has with socially responsible investors, also known as environment, social and government (ESG) investors, serves as guarantee for the company's long-term growth.

The company's financial recovery is starting to show in the sustainability indicators Abengoa is reattaining.

In 2019, the company was awarded the Ecovadis medal as a token and recognition for its CSR policies.



In addition, Abengoa is working towards returning to being part of the renowned CDP (Carbon Disclosure Project) index in 2020, having obtained the highest ratings before the crisis.



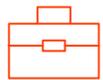
04. Commitment to stakeholders and creation of shared value

# 4.2

## Industrial value



€1,493 million  
Sales



€1,514 million  
Portfolio



€1,107 million  
Contracting



€24,682 million  
Pipeline

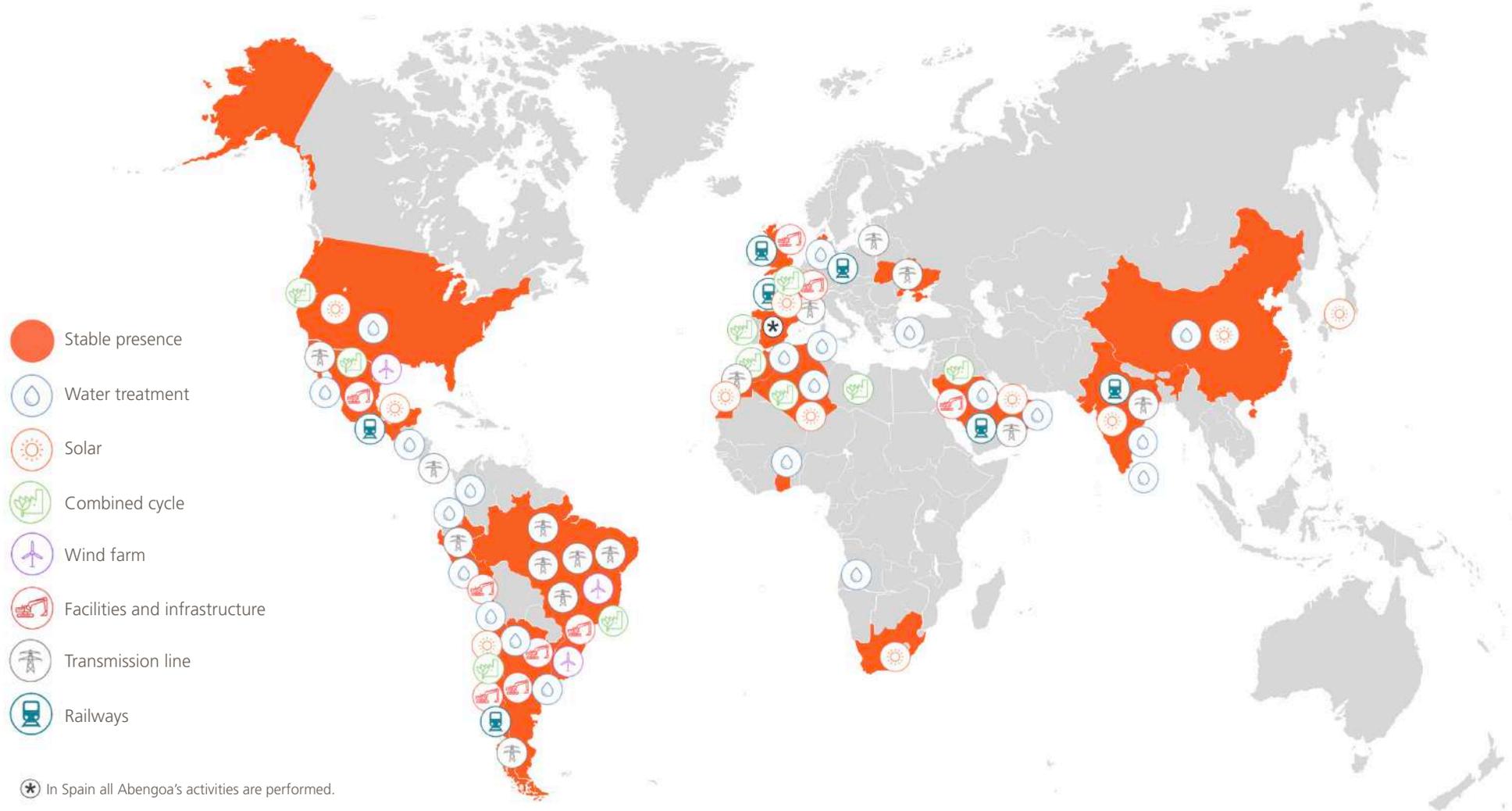


04. Commitment to stakeholders and creation of shared value / Industrial value

## Projects in which the company works

Abengoa is an international company that undertakes its main activity of engineering and construction around four areas (water, energy, transmission and infrastructure and services) in the various geographical areas in which it is present and which are of a strategic nature.

These are **South America** (Argentina, Brazil, Chile, Peru and Uruguay), **North America** (United States and Mexico), **Europe** (Belgium, Denmark, France and the United Kingdom), **Africa** (Algeria, Ghana, Kenya, Morocco and South Africa) and **the Middle East** (Saudi Arabia, United Arab Emirates, Oman and Qatar).



04. Commitment to stakeholders and creation of shared value / Industrial value

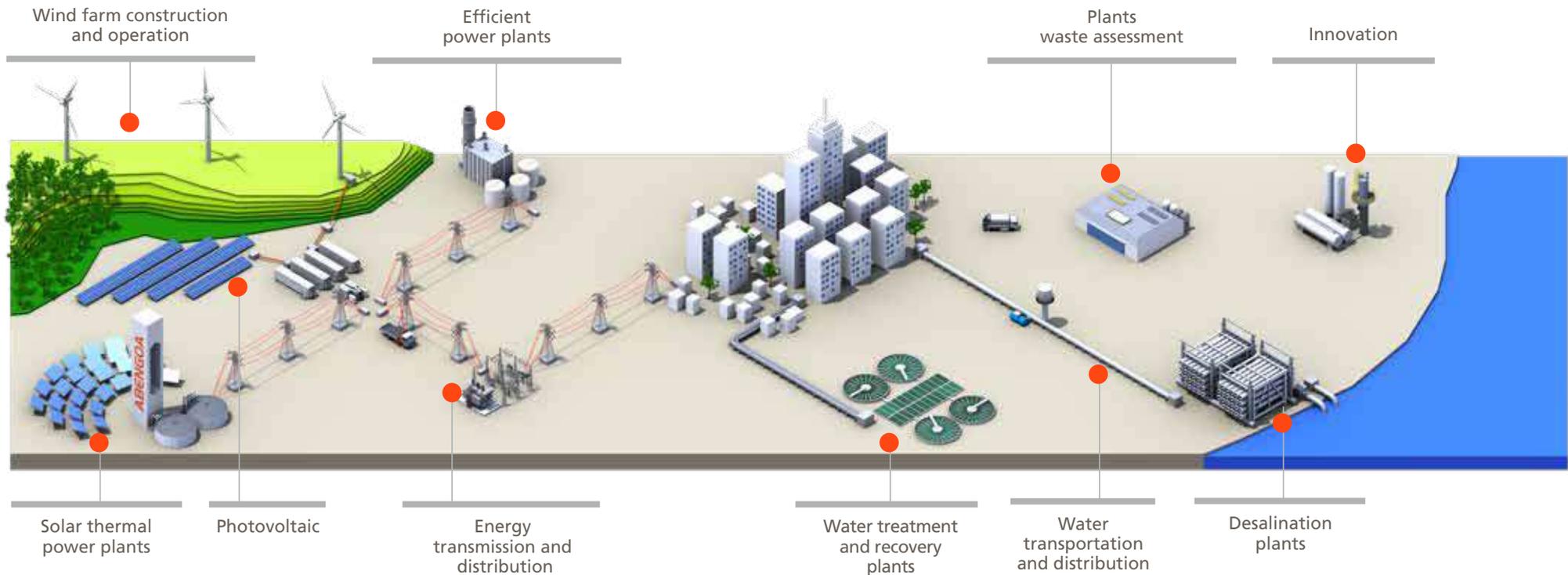
## Projects by area of activity

Abengoa focuses its activity on the development of turnkey projects including engineering, supply and construction for third-parties in four main areas: energy, water, transmission and infrastructure and, lastly, services, pushing for R+D to drive differentiation of our services and products.

 Energy	 Water	 Transmission and infrastructure	 Services	 Innovation
<ul style="list-style-type: none"> <li>▶ Generation of conventional and renewable energy (solar thermal, photovoltaic and wind).</li> <li>▶ Storage.</li> <li>▶ Waste to energy.</li> </ul>	<ul style="list-style-type: none"> <li>▶ Desalination.</li> <li>▶ Water treatment.</li> <li>▶ Hydroelectric infrastructure.</li> <li>▶ Industrial water.</li> <li>▶ Water management.</li> </ul>	<ul style="list-style-type: none"> <li>▶ Transmission and distribution.</li> <li>▶ Railways.</li> <li>▶ Installations and infrastructure.</li> <li>▶ Auxiliary manufacturing.</li> <li>▶ Engineering.</li> <li>▶ Manufacture of metal structures.</li> </ul>	<ul style="list-style-type: none"> <li>▶ Operation and maintenance.</li> <li>▶ Engineering and plant optimisation services.</li> </ul>	<ul style="list-style-type: none"> <li>▶ Hydrogen.</li> <li>▶ Aerospace and defence.</li> <li>▶ Power electric systems.</li> <li>▶ Solar thermal.</li> <li>▶ Railways.</li> </ul>



04. Commitment to stakeholders and creation of shared value / Industrial value



1 Desalination



Abengoa is an international benchmark and **leader in the global desalination rankings**. In 2019 Abengoa was awarded the construction of the world's largest reverse osmosis desalination plant in Taweelah, in the United Arab

Emirates which will have a capacity to produce 909,000 m<sup>3</sup> of water per day. In 2019, Abengoa also held the inauguration of the desalination plant Shuaibah in Saudi Arabia, executed for ACWA Power, with a capacity of 250,000 m<sup>3</sup>/day. In addition, it continued the construction of the desalination plants of Rabigh, in Saudi Arabia, of Salalah, in Oman, of Susa, in Tunisia, and of Agadir, in Morocco.

2 Water treatment



With a global capacity to produce 2.2 million m<sup>3</sup>/day of drinking water and treating more than 1.5 million m<sup>3</sup>/day of waste water, Abengoa has **extensive experience in water treatment**, in purification, treatment and reuse of waste water

of urban origin. In 2019, Abengoa has continued working on the construction projects of two waste water treatment plants and their corresponding sanitation networks in the central are of India, particularly in Nasrullaganj and Maheshwar.

3 Water infrastructures



Abengoa has over **75 years of experience in the construction of water infrastructure** for public and private institutions, such as pumping stations (over 40 stations) and large water supply pipes for regulation and transport infrastructure (over 1,100 km).

In this context, Abengoa is executing a watering network for a surface of 13,600 ha, corresponding to the desalination plant Agadir, in Morocco. This is a unique project since it is the largest desalination plant designed and conceived to be used jointly for drinking and irrigation water.

04. Commitment to stakeholders and creation of shared value / Industrial value

4 Industrial water



Abengoa specialises in providing state-of-the-art **technological solutions associated to process water, reusing, waste water and zero liquid discharge (ZLD)**. In this area, it has rolled out projects in different industrial sectors, exceeding

500,000 m<sup>3</sup>/day of treated water throughout its over **25 years of experience**. In 2019 the works for the reverse osmosis desalination sea water plant of the world's largest aluminium manufacturer, Emirates Global Aluminium, located in Jebel Ali, with a capacity of more than 41,000 m<sup>3</sup>/day of drinking water were started.

5 Solar thermal



Abengoa is a **leader in the development, construction and operation of solar thermal power plants across the world**, with a global installed capacity that exceeds 2.3 GW, representing approximately 34 % of the global installed

capacity. In 2019, the manufacturing and assembling of the last heliostats of the solar plant of Cerro Dominador were carried out. It is the first solar thermal tower in Latin America, under construction by Abengoa in Chile for EIG. Furthermore, Abengoa has continue the works on the solar complex Mohammed bin Rashid Al Maktoum Solar Park, owned by DEWA.

6 Conventional generation



As for conventional generation plants, **Abengoa has an installed capacity of more than 9 GW**. In 2019, Abengoa officially inaugurated the efficient cogeneration plant A3T, the first own development carried out by Abengoa in Mexico, as well as the second

cogeneration plant in the country. Furthermore, Abengoa is the **first company in hybridising solar and gas energy in a commercial scale project**. In 2019, in Saudi Arabia the construction works for the largest plant of this type, Waad Al Shamal went on. It will have a total output of 1,440 MW of energy, due to a combined cycle of 1,390 MW and a solar field of cylindrical-parabolic collectors of 50 MW.

7 Wind



Abengoa has been **participating in projects related to wind energy for 33 years**, since 1985.

It has accumulated experience in over 480 MW across the world over these past 33 years. We offer services for the entire project life cycle, from the study of the resource, optimisation and selection of turbines, to detailed engineering, logistics, construction and operation of the wind farm.

8 Photovoltaic



Abengoa **designs, builds and operates power plants**, optimising their design according to the characteristics of the land, using high, low or zero

concentration panels, as well as thin-film panels. **Currently, Abengoa has close to 400 MW built**. In 2019, the company continued the operation and maintenance works of the photovoltaic plant of Cerro Dominador, of 100 MW, built in Chile, among other works.

9 Waste to energy and biomass



Abengoa **specialises in the design and integration of smart solutions**, building and operating innovative facilities to **transform any type of waste and biomass** into energy, generating renewable and sustainable

energy in the form of heat, cold, electricity or fuel. In 2019, Abengoa continued the construction works of the first plant that will produce fuel for the aviation industry from municipal solid waste in the United States.

10 Storage and technology hybridisation



Abengoa specialises in providing **manageability and stability solutions for energy generated from renewable sources through the hybridisation of technologies and storage systems**. The current commercial operating capacity of this

thermal energy storage systems using molten salts exceeds 6,000 MWh and more than 4,000 MWh are under construction.

11 Innovation



Abengoa keeps driving **technological development as the main competitive advantage to carry out high value-added projects**, thus improving current products and services and the acquisition of new skills. The

innovation area is divided into three big areas: Hydrogen, Aerospace and defence and Power electrical systems.

12 Energy transmission & distribution



Abengoa has more than **70 years of experience in engineering, industrial and infrastructure construction and maintenance** in the sectors of energy, industry, environment, transport and communications, taking on the

development of electrical transmission and distribution lines, railway electrification, facilities and infrastructure of all kinds of plants and buildings, as well as auxiliary electrical, electronic and metallic structures manufacturing.

04. Commitment to stakeholders and creation of shared value / Industrial value

By areas of activity, these are the main milestones achieved by the company in 2019.

 Energy



► Abengoa’s experience in renewable and conventional plants both in the construction and installation stages accumulates more than 12.8 GW.

Abengoa **specialises in the energy sector** due to the use of conventional and renewable energy technologies. It thus builds combined cycles, cogeneration plants, solar thermal and photovoltaic plants, wind farms and waste to energy and biomass that, jointly, exceed 12.8 GW both installed and under construction.

Furthermore, the company has **extensive experience in energy storage systems**, guaranteed by its storage capacity of more than 6,000 MWh in molten salts thermal solar plants in operation (700,000 tonnes of molten salts installed in the whole world), as well as 4,000 MWh under construction. This allows it to have a high design and hybridisation capacity among generation technologies and offers solutions for optimal management and decarbonisation to their customers.



► Thermal solar plants of Xina Solar One and Kaxu Solar One.

Abengoa **develops turnkey projects, applying its experience in the whole value chain**, not just in the development and engineering stages, but also in the purchasing and construction stages, as well as the commissioning, operation and maintenance of the largest plants.

► Conventional generation



► A3T efficient cogeneration plant, in Mexico.

With an installed capacity of more than 9 GW in conventional generation plants, of which 1.4 GW are under construction, Abengoa has an extensive experience in the construction of simple and combined cycles, converting simple cycles into combined cycles, motor and cogeneration power plants.

In 2019 **Abengoa officially inaugurated the A3T efficient cogeneration plant**, the first proprietary development executed by Abengoa in Mexico, as well as the second cogeneration plant in the country. The plant, which has been in operation since December 2018, is located next to Nuevo Pemex’s gas processing complex in Centro (Villahermosa, Tabasco) and has a guaranteed capacity of 220 MW (266 MW of maximum power). Together with Nuevo Pemex’s cogeneration plant, also built by Abengoa, they are the most efficient cogeneration plants in the whole of Mexico.

04. Commitment to stakeholders and creation of shared value / Industrial value

► Solar energy

Abengoa is an **international leader in the development of electric generation plants using the sun** through photovoltaic and solar thermal technologies, in which it has its own technologies. In the case of thermal solar technologies, Abengoa has constructed 34 % of the installed capacity worldwide.



► One of the cylindrical-parabolic collectors of the solar field of stage IV of Al Maktoum Solar Park.

**Solar thermal tower 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.

Abengoa also develops plants based on **solar thermal parabolic trough technology, where energy is captured through a collector** that allows the heating of a heat transfer fluid for the use of the heat in a conventional thermal cycle. With this technology, Abengoa has more than 1,600 MW in operation and 650 under construction.

Adapting to the needs of strategic sectors requiring reliable alternatives to decarbonisation, Abengoa has developed its **own technology** to answer the heat and steam requirements of heavy industry processes at high temperatures worldwide, **using solar thermal parabolic trough energy with integrated thermal storage**.

In 2019, the manufacturing and assembling of the last heliostats of the solar plant of Cerro Dominador were carried out. It is the first solar thermal tower in Latin America, under construction by Abengoa jointly with Acciona in Chile for EIG Global Energy Partners. This 110 MW plant will add to the photovoltaic plant of 100 MW already built by Abengoa which has been in commercial operation since August 2017. The thermal solar and photovoltaic plants will be joined by a battery storage system of 4 MWh,

which will create a renewables complex with a total capacity of 210 MW. It will be the first combining these three technologies in the world. This project will enable generating clean energy that can be managed 24/7 and with 17.5 hours of thermal storage in molten salts.

In China, Abengoa has successfully synchronised the turbine of the Luneng Haixi 50 MW solar thermal tower, in which it has taken part as technology supplier. In the province of Gansu, it has completed the construction of the Royal Tech Yumen 50 MW solar thermal parabolic trough plant where it was in charge of technology and engineering.



► Solar thermal tower plant of Luneng Haixi.

## 04. Commitment to stakeholders and creation of shared value / Industrial value

Therefore, also in 2019, in the Arab emirate of Dubai, Abengoa continued the construction of the solar field consisting of 3 x 200 MW parabolic troughs, with 12 hours of storage capacity in molten salts. It will be part of the 4th stage of the world's largest solar complex, named Mohammed bin Rashid Al Maktoum Solar Park, owned by DEWA (Dubai Electricity and Water Authority).

In 2019, Abengoa also broke records with Xina Solar One, its third solar thermal plant built in South Africa, following the completion of the output tests guaranteed in a record time: only 16 months. Xina Solar One, developed, designed, built and operated by Abengoa since 2017, with a capacity of 100 MW, provides clean sustainable energy, even in hours without solar radiation due to its storage system in molten salts for more than five hours and a half. **More information on this plant on page 65.**

Abengoa has been the **first company in hybridising solar and gas energy in a commercial scale project.** In 2019, in Saudi Arabia Abengoa continued with the construction works of what will become the largest plant of this type in the world, Waad Al Shamal, which will have a total output of 1,440 MW of energy, thanks to the combined cycle of 1,390 MW of power and a solar field of 50 MW parabolic trough collectors.

Abengoa has made innovation advances within the solar thermal sector and achieved excellent results in the new generation of parabolic trough collectors that Abengoa has developed in plants such as Xina Solar One and that of DEWA, which provide the largest opening currently installed in the market. This has resulted in international recognition in the sector, with awards such as the **CSP Technology Innovation Award 2019** which it received in China. It is an annual award granted within the scope of the CSP Plaza 2019, which recognises companies which have achieved important advances in innovation and the application of technology in the previous year.

### ► Waste to energy and biomass



► The Fulcrum plant is the first one to produce biofuels for aviation purposes from solid urban waste as raw material.

Abengoa, in its on-going search for sustainable solutions to fight against climate change, the elimination of waste and the reduction of the use of fossil fuels, designs and integrates smart solutions and builds and operates innovating facilities to recover all kinds of waste and biomass, for obtaining renewable sustainable energy in the form of heat, cold, electricity or fuels.

In this field, in 2019 Abengoa continued advancing in the construction of a plant that will allow 10 million gallons of fuel to be obtained for aviation purposes from solid urban waste in the United States. This plant will be a benchmark in the sector, since it will be the first of this kind in the country.

The main challenge Abengoa faces in the energy sector is continuing its international trajectory in the development of innovative solutions to combat climate change, decarbonisation and sustainable development, due to its unique skills as technology supplier, developer of EPC (Engineering, Procurement and Construction), and expert in the operation and maintenance of conventional and renewable energy generation plants, such as solar thermal and photovoltaic plants, wind farms and storage. Abengoa has its own technology that allows to provide innovative designs based on the hybridisation of technology, adapted to the needs of any specific industry.

04. Commitment to stakeholders and creation of shared value / Industrial value

 Water



► Abengoa is leader in the water industry thanks to its large water desalination, purification and infrastructure. In the image, the works in the desalination plant of Rabigh (Saudi Arabia).

Abengoa is **leader in the water sector**, providing sustainable solutions both for the scarcity of water resources with **large-scale desalination and purification plants and water infrastructure**, to the protection of the environment

with the construction of urban and industrial waste water treatment plants. It **specialises in all the development stages of turnkey projects**, from design and supply, to construction and commissioning, becoming worldwide leaders in desalination.

► Desalination



► Abengoa is constructing in Agadir (Morocco) a desalination plant with a capacity of 275,000 m<sup>3</sup>/day.

Abengoa is internationally renowned for its **leadership in the desalination sector**, in which it is ranked in first position among the main construction companies for its capacity of contracted desalination since July 2018 and in fourth position since 2008, according to the IDA Water Security Handbook 2019-2020 and the magazine *Global Water Intelligence*. It has developed large benchmark projects in Spain, Africa, Latin America, the Middle East and Asia for obtaining drinking or industrial water through advanced membrane processes, which have a capacity to produce more than 1.7 million m<sup>3</sup>/day of desalinated water. It is currently building plants in Morocco, Tunisia, Oman, Saudi Arabia and United Arab Emirates which may produce a further 2.6 million m<sup>3</sup>/day.

Following its successful bid in 2019, Abengoa has started **construction of the largest reverse osmosis desalination plant in the world** in Taweelah, United Arab Emirates, which will have the capacity to treat 909,000 m<sup>3</sup>/day of seawater and will guarantee the water supply to the city of Abu Dhabi throughout the year.

04. Commitment to stakeholders and creation of shared value / Industrial value

The works in the **sea water reverse osmosis desalination** of the industrial complex of the largest premium aluminium manufacturer in the world, Emirates Global Aluminium, were awarded in 2019 too. The site is located in Jebel Ali and will have capacity to produce more than 41,000 m<sup>3</sup>/day of drinking and industrial water.



► Abengoa's desalination under construction in Salalah, Oman, will work with reverse osmosis technology.

In 2019, the desalination construction projects developed by Abengoa moved forward in Saudi Arabia (Rabigh, of 600,000 m<sup>3</sup>/day), Morocco (Agadir, of 275,000 m<sup>3</sup>/day), Oman (Salalah, of 114,000 m<sup>3</sup>/day) and Tunisia (Susa, of 50,000 m<sup>3</sup>/day).

The participation of Abengoa in the Agadir desalination project awarded the company with the **recognition in the International Desalination Association (IDA) awards**, granted annually to recognise those companies that are an "example of collaboration and creativity", in the category of Best Public-Private Partnership.

In 2019, Abengoa also held the inauguration of the desalination plant Shuaibah in Saudi Arabia, executed for ACWA Power, with a capacity of 250,000 m<sup>3</sup>/day. This project, which will guarantee stable and quality supply for the cities of Mecca, Jeddah, Taif and Al-Baha, will be in commercial operation 21 months after the construction works were started, which was a challenge given the characteristics and size of the plant, evidencing Abengoa's good performance in the execution of large projects all around the world.

At the beginning of the year, the desalination plant built and managed by Abengoa in Ténès (Algeria) reached 200 m<sup>3</sup> of drinking water produced, another important milestone proving the company's success in the desalination sector both in the engineering and construction and the operation and maintenance of plants. The Ténès plant, which uses inverse osmosis technology and has a capacity to produce 200,000 m<sup>3</sup>/day of drinking water, came into commercial operation in February 2015, the year when the company took charge of operation and maintenance for 25 years.

► Water treatment



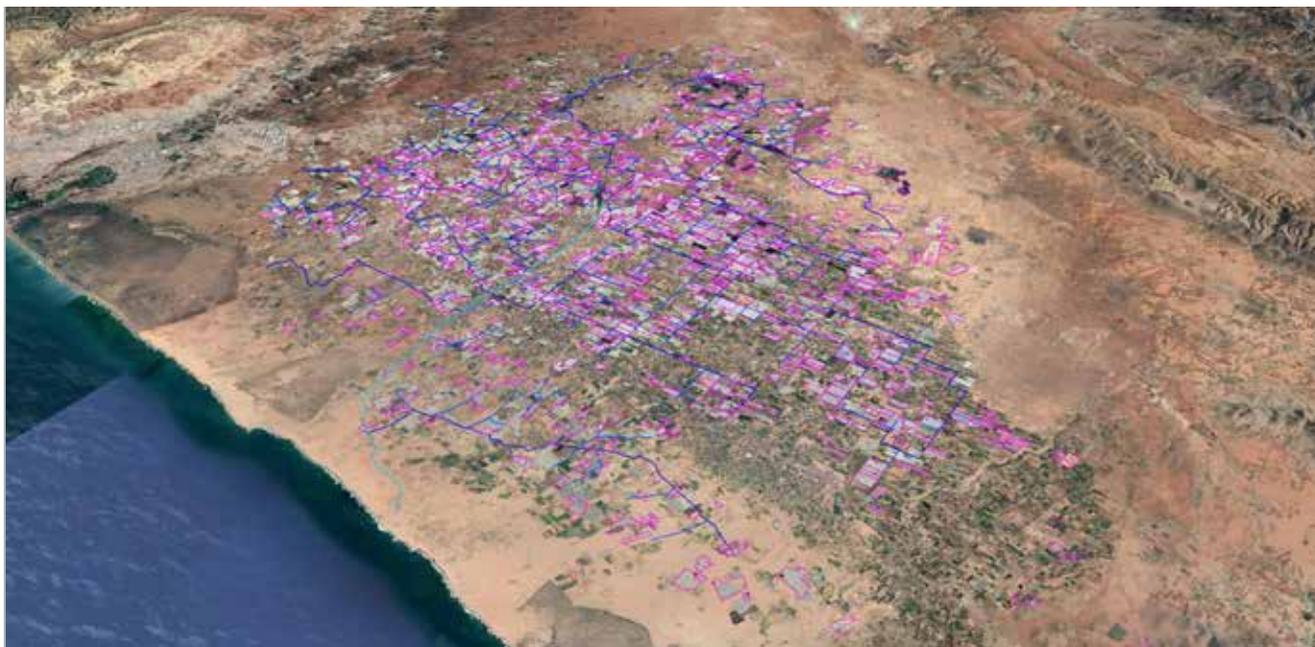
► Abengoa stands out worldwide for its work on purification plants.

Abengoa is an **international benchmark in water purification**, and has a global capacity to produce 2.2 million m<sup>3</sup>/day, and in **the treatment and reuse of urban waste water**, with more than 1.5 million m<sup>3</sup>/day of purified water. In order to do so it uses physical-chemical and biological processes, including treatments for the digestion and recovery of waste.

In 2019 Abengoa continued working on construction projects for two waste water treatment plants and their corresponding purification networks in the central area of India, particularly Nasrullaganj and Maheshwar. These projects will have a global capacity to treat approximately 10,000 m<sup>3</sup>/day which will improve the sanitation system of a total population of close to 55,000 inhabitants.

04. Commitment to stakeholders and creation of shared value / Industrial value

► Water infrastructure



► The Agadir desalination plant, in Morocco, will have an irrigation network for a surface of 13,600 hectares.

**Abengoa has over 65 years of experience in water infrastructure.** During this time, it has carried out projects both for public and private customers, such as pumping stations (40), large water supply pipes for regulation and transport infrastructure (over 1,100 km) and distribution of water (supply to more than 4 million inhabitants), installation of irrigation systems and irrigation (more than 500,000 ha), or the construction, improvement and upgrade of hydroelectric power plants (more than 400 MW installed).

In this context, Abengoa is executing a watering network for a surface of 13,600 ha, corresponding to the desalination plant Agadir, in Morocco. This is a unique project since it is the largest desalination plant designed and conceived to be used jointly for drinking and irrigation water.

► Industrial water



► Abengoa continues the construction in Mexico of a process water treatment plant and a waste water plant for the combined cycle plant Norte III.

In industrial water, it has diversified its range of activities, developing projects in sectors such as power generation, steel production, paper and pulp industry, leachate, oil and gas, petrochemical, pharmaceutical, mining and food, among others. With more than **25 years of experience and more than 500,000 m<sup>3</sup>/day of water treated**, the company has used the most advanced technological advances in water treatment, purification and reuse of waste water, and for obtaining zero liquid discharge (ZLD).

In the sector of energy generation, in 2019 Abengoa has continued the construction of a process water treatment plant and a waste water plant for the combined cycle plant Norte III in Mexico, with a capacity of 1,700 m<sup>3</sup>/day.

In 2020, Abengoa will face the challenge of maintaining the high number of contracts signed and the good execution of large projects it is currently developing and place it at the top of the global water sector. Its continued promotion of innovation, extensive experience, as well as its specialised and competitive know-how, are the key to its success.

04. Commitment to stakeholders and creation of shared value / Industrial value



## Transmission and infrastructure



► Abengoa has been in charge of all the electromechanical installation in the Lagoh shopping centre in Seville.

The start of the vertical Transmission and Infrastructure (T&I) activities go back to the first steps of Abengoa in the 40s, when it carried out engineering, construction and maintenance works of energy, industry, environmental, railway and telecommunication facilities and infrastructure.

They comprised all products of electrical transmission and distribution, electrification and conventional and high speed railways, and infrastructure for all kinds of industrial and building plants, as well as the auxiliary manufacturing of electronics and metallic structures.

### ► Transmission and distribution

In **Spain**, it has continued with the electrical network for the Güeñes-La Jara and Belesar-Lomba transmission lines, both of 220 kV, in which meteorological and orographical difficulties required the use of helicopters. Furthermore, works for other operators have been carried out. The Alonsotegui -Ortuela high tension line for Iberdrola and the Teso Santo evacuation substation for Solaria's photovoltaic facilities in Salamanca stand out.



► Transmission line connecting Alonsotegi with Ortuela, in Biscay.

## 04. Commitment to stakeholders and creation of shared value / Industrial value

In **France**, Abengoa has been working for 20 years on an on-going basis for the electrical transmission network operator, for which it has done engineering, construction, assembling and disassembling of high tension lines, both aerial and underground, as well as substations within the high tension framework agreement, renewed periodically since 2003.

In **Ukraine**, the construction works for the 750 kV Zaporizhzhia-Kakhovska high tension line have continued.

In the **Emirates**, two new projects for the high tension operator have been started. They cover several locations in the coastal areas in the regions of Abu Dhabi, North-east and West, as well as the 400 kV line between the Shahama and Taweelah substations.

In **Oman**, the whole project for the two 132/33 kV GIS substations, Samad and Sinaw, and the high tension line connecting them have been successfully completed. The works were completed on time with the best quality and zero accidents. The company has been recognised by the local government and the customer Oman Electricity Transmission Company (OETC) for its "excellent performance" achieved in the work completed for two substations in the country.

### ► Railways

In **Spain**, Abengoa has continued working for its customer Adif in the maintenance of the high speed lines of Antequera-Granada, Madrid-Zaragoza-Barcelona-French border, Madrid-Alicante, Madrid-Córdoba-Málaga-Seville, Madrid-Toledo and Madrid-Valladolid. In addition, the works for the electrification of the high speed Madrid-Levante line in the tranche up to Murcia are ongoing, as well as those in the installation and maintenance of protection, safety and telecommunication systems in the Pajares tunnel.

In the **United Kingdom**, as part of the multi annual contract to upgrade the railways in the Great Western and Anglia regions, the T&I vertical attained a highly important milestone when the electrification between London and Cardiff was successfully completed. This will see a significant increase railway traffic between the two cities.

In **France**, the traction substation works for the French railway operator have been resumed.

In **Lithuania**, the company has signed a contract for electrifying the Vilnius-Klaipeda railway corridor, consisting of the electrification of more than 730 km and connecting the country from east to west. This project will allow the circulation of electrical trains from the borders in Belarus to the Klaipeda port, one of the main goods circulation hubs between Baltic countries and a strategic goal for developing the railway sector in Lithuania. Large socio-economic benefits are expected due to the reduction of pollution after removing the current diesel engines.

In **Saudi Arabia**, the high speed railway electrification works joining Mecca and Medina were completed. This railway is already under restricted operation, and the pre-operation commercial and maintenance works are already in motion.



► Pajares tunnel, where Abengoa's works in its protection, safety and telecommunications have continued.

04. Commitment to stakeholders and creation of shared value / Industrial value

► Installations and infrastructure



► In Spain, Abengoa has taken part in important infrastructure project all around the peninsula. In the image, the new headquarters of Universidad de Loyola in Dos Hermanas (Seville).

In **Spain**, the company has successfully completed the electromechanical installations of the shopping centre and family leisure centre Lagoh in Seville, which has been open since September. Moreover, Abengoa is in charge of the comprehensive maintenance works of said facilities.

The mechanical installations in the new campus of Universidad Loyola de Andalucía have also been successfully completed, which allowed the academic year 2019-2020 to start on the expected date.

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

In addition, the company continues working in low tension installations for Airbus in the factory in Puerto Real, while these have been completed in Seville.

The voice and data installation works corresponding to maintenance and opening of logistics centres and stores of one of the largest supermarket chains in Europe are continuing, as are electrical maintenance and instrumentation works for the electrical energy generation plants in Almaraz and Trillo. Lastly, in 2019, Abengoa has also continued with electrical maintenance in the Sabcic factory in Cartagena.

With regards to new projects, the T&I vertical initiated last year the reform and extension of the terminal building of Seville Airport, of the new building for the assistance and administration centre of Mutua Universal in Malaga and the construction of the Campanar II health centre for the Generalitat Valenciana, the specialities centre, paring and delivery electrical energy centre within the Campanar – Ernest Lluch health complex in Valencia.



► Commencement of the works (cementation) of Mutua Universal in Málaga.

Lastly, the works with new telecommunications operators in Navarra have started and the roll-out of mobile, radio and optic fibre phone services, telecommunications structures and GSM-R is continuing.

In **Belgium**, the company continues the execution of the works corresponding to the mechanical installations of the hospital centre in Liège.

In **Denmark**, we have continued working in the electrical-mechanical facilities in the new hospital complex located in Herlev.

In **France**, Abengoa participates in the design and installation works of two 400/22 kV substations within the ITER (International Thermonuclear Experimental Reactor) complex located in Cadarache.

04. Commitment to stakeholders and creation of shared value / Industrial value

► **Manufacture of metal structures**



► A tower of our own design for the 132 kV San Agustín (Zaragoza) line manufactured by Eucomsa.

Abengoa's Transmission and Infrastructure vertical, through its Eucomsa manufacturing centre in Utrera (Seville), is responsible for the design, manufacture and testing of lattice towers for airlines and telecommunications, as well as structures for electrical substations and solar power generation (parabolic trough collectors and heliostats). In addition, it has a test station, designed to test the strength of these structures.

During 2019, its main milestones have been:

**In Spain:**

- The manufacture of 220 kV towers and supports for the substation of the photovoltaic plants of Picon I, II and III in Ciudad Real has been completed.

- Eucomsa's own design towers have been manufactured for the following lines:
  - El Tesorillo, of 66 kV (Seville).
  - San Agustín, of 132 kV (Zaragoza).
  - Guillena – Salteras, of 220 kV (Seville).
  - Evacuación PV La Cabrera, of 220 kV (Seville).
- Red Eléctrica de España (REE) towers have been manufactured for the following lines:
  - Villaverde, of 400 kV (Madrid).
  - Baeza - Caparacena, of 400 DKV.

- Encompassed within the framework contracts in force with electrical companies, supports have been manufactured for:
  - REE (220 kV y 400 kV).
  - Iberdrola (30 kV, 45 kV, 66 kV and 132 kV).
- The production of telecommunication towers has continued for the following customers: Adif (GSM-R system), and Cellnex and Telxius for mobile telephony operators.

**In Germany:**

Se ha completado la fabricación de las torres para la línea de 380 kV Altheim – St. Peter para Tennet.

Construction of the towers for the 380 kV Altheim – St. Peter line has been completed for Tennet.

**In Ireland:**

The company continues with the construction of 38 kV, 63 kV and 132 kV supports, as well cross arms encompassed in the existing framework contracts with the Electricity Supply Board (ESB), the electricity company operating in Ireland.

**In Peru:**

Anchors for the 220 kV Tintaya – Pumiri line have been manufactured.

**In Dubai:**

The supply of support structures for parabolic trough collectors at the Mohammed Bin Rashid Al Maktoum solar complex plant has begun.

**In Chile:**

Manufacturing of heliostats support structures for the Cerro Dominador solar thermal plant has been completed.

04. Commitment to stakeholders and creation of shared value / Industrial value

► Auxiliary electric and electronic manufacturing



► Some of the electronic components are manufactured by Abengoa.

During 2019, Abengoa has achieved important milestones in auxiliary manufacturing:

- Manufacture and upgrade of Power Distribution Boxes (PDB), including control electronics and protection modules for the UK Ministry of Defence armoured vehicles. These works include the integration of electrical equipment and accessories, busbars, power and control wiring, electronics management, wiring and connection of the system, as well as functional tests and trials.
- Manufacture of urban traffic control devices and equipment for the national and international markets.
- Access control machines and associated electronics manufacture for Metro Madrid and Euskotren.
- Manufacture of monitors for control consoles and control for frigates.

- Manufacture of distribution and control cabinets and power converters for the European Organisation for Nuclear Research in Switzerland (CERN), including the supply of mechanical, electrical and electronic components, integration, wiring, system connections and functional testing as well as CE marking (European Community).
- Manufacture of inclinometers to control the positioning of the heliostats in the Cerro Dominador, Dewa and Luneng thermosolar plants and of remote control stations for the DCS and solar farm of the Cerro Dominador complex solar platform.
- Harness manufacture for the central channel of the high speed Talgo trains.

► Engineering



► Mecca-Medina high speed line track.

In 2019, some very significant engineering milestones have been achieved:

■ T&D Projects:

- Belesar-Lomba 220 kV high voltage line engineering.

- Engineering for the expansion of the Santiz booster substation (220/30 kV - 75 MVA).
- Engineering supervision of 132 kV high voltage lines.
- **Railway projects:**
  - Engineering for the Egly traction substation 20 kVac/ 1,500 Vdc.
  - Electrical traction simulation project for the Mecca-Medina project (Haramain) performed with our own ALIS simulation software .
  - Catenary engineering for the electrification of the high-speed La Meca – Medina line.
  - Catenary engineering 1,500 Vcc for the station Perrache Lyon Part Dieu.
  - Catenary engineering for the electrification of the Monforte del Cid - Murcia high speed line.
  - Catenary Engineering UK (Wales & Borders Electrification Project).

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Services



► Labour work and maintenance work on a transmission line.

Regarding services, Abengoa is responsible for predictive, preventive and corrective integral operation and maintenance (O&M) in the energy and water transmission and renewable and conventional power generation sectors. The main objective of this vertical is to achieve optimum manageability and increase production and efficiency of plants.

Almost 20 years of experience support the company, which works in all stages of the project: from development to operation, through conceptualisation, financing and construction. It is the world leader in solar thermal O&M (with almost 1,700 MW of

commercial experience in operation and maintenance), combined cycles, solar and gas hybrid plants and desalination plants, with the largest amount of m<sup>3</sup> operated in the last of these.

Abengoa adapts its O&M services to the particularities of each client, technology and project. To this, it adds its extensive experience in this field, which enables it to offer alternatives of shared risk in the operation of projects. This balances the risk profile that each project or customer requests with the offer.

In addition to the above, Abengoa offers other specific services:

- Predictive techniques: ultrasound, single-platform data analysis and processing, thermography, vibration and electrical quality, and active health technical reporting.
- Plant O&M Engineering.
- Optimisation and rehabilitation of desalination plants.
- Optimisation of facilities manageability.
- Optimisation of O&M and plant performance contracts.
- Optimisation of solar farms for solar thermal technologies.
- Solar farms works.



► Operation and maintenance work on a solar plant.

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In addition, it has contributed its experience during the maintenance of the 50 MW solar thermal parabolic trough plant in Nagalapuram, in the state of Andhra Pradesh, India, for the company Megha Engineering & Infrastructures Limited, also has worked on the maintenance and optimisation of the Shams solar plant in Abu Dhabi (UAE).

In addition, the Services vertical provides specialised technical operating personnel to the Cerro Dominador solar thermal plant, an activity that began in 2019 and will continue in 2020. This plant, owned by EIG Global Energy Partners, has solar thermal technology and molten-salt energy storage and, although it will begin its operation in 2020, activities related to the mobilisation and training of personnel have already been performed.

Abengoa is also responsible for the operation and maintenance of the 100 MW photovoltaic plant in the Cerro Dominador complex, which has more than met the production targets since its operation began in 2017.

In 2019, the Abengoa Services vertical also supported the O&M of the plants built by the company in both the United States and South Africa through the know-how of its service personnel.

Finally, this year an O&M services contract with Ence Energía has been closed to carry out the operation and maintenance of the 50 MW Termollano solar thermal parabolic trough plant in Puertollano (Ciudad Real) over the next few years.



► The Abengoa Services vertical was awarded in 2019 the operations and maintenance of the Termollano solar thermal plant of parabolic trough collectors in Puertollano (Ciudad Real).

Moreover, the plants that Abengoa maintains and operates have faced the following challenges in 2019:

- Planned downtime: pressure tests have been carried out on steam generators and solar farm loops, as well as major inspections at different plants, always with positive results. During these downtimes, the predictive maintenance equipment of the electrical system has been installed.
- Repair, consultancy and optimisation works for solar plants in the United Arab Emirates and India.

In 2020, the main challenge of the vertical will be to grow as a technological supplier of solar thermal plants under construction and already operating. In addition, Abengoa will need to look for ways to acquire new contracts and expand its market geographically.

Abengoa will also continue its current works in plants under construction and the services provided at the A3T efficient cogeneration plant in Mexico. It will also continue to optimise the efficiency and availability of its plants within and outside Spain.

04. Commitment to stakeholders and creation of shared value / Industrial value

## Abengoa's presence

Abengoa's activity during 2019 was carried out mainly in the following geographical regions.

### Argentina



► During 2019, Abengoa has continued to make significant progress in the execution of its project at the 25 de mayo transformer station.

The economic and financial crisis in Argentina, which began in 2018 and which has continued throughout 2019, has once again postponed the country's major electric transport works. In spite of this, Abengoa has continued to advance and win new contracts, such as the construction of the 13.2 kV power distribution lines for the Minera EXAR lithium extraction plant in northwestern Argentina.

Furthermore, significant progress has been made in the implementation of significant projects such as the works of the Altiplano (345 kV) and 25 de mayo (500 kV) transformer stations.

In addition, Abengoa's subsidiary in Argentina has succeeded in reactivating the construction of the Vivorata substation (500 kV), which has been stopped since 2018.

For 2020 the company aims to remain a benchmark in the Argentine electricity sector, in addition to consolidating, within the current framework of the country, the confidence of the market and thus be awarded new contracts. In addition, the company is considering managing opportunities in new locations such as Paraguay, in projects of double circuit lines at 500 kV.

### Brazil



► Map of Abengoa's presence in Brazil.

Abengoa has been present for more than 20 years in Brazil, a country in which it has developed a large number of projects in the transmission and infrastructure sectors.

The year 2019 has been of great importance and has meant a turning point for Abengoa in Brazil, since country, since its financial restructuring (Judicial Recovery) process has successfully completed and execute construction projects again in addition to continuing with its maintenance activities of the construction activity.



► Subestación de 500 kV en Brasil.

Brazil is an attractive market since it is the economic power of the region, which is showing recovery signs and where the energy sector plays an essential role with great opportunities.

Therefore, 2020 will again be a year of vital importance for the company in the country, since it will execute construction projects again in addition to continuing with its maintenance activities of the transmission assets and rental of equipment, all this with the aim of being again a benchmark in the electric transmission sector in the country.

04. Commitment to stakeholders and creation of shared value / Industrial value

Chile



► Interior view of the technical building built for the European Southern Observatory.

With a presence in Chile since 1987, the company has led the development of construction projects of more than 1,900 km of power lines and 50 substations, as well as electromechanical and structural assemblies for important local and international companies.

One of Abengoa's main clients in the country over the past year has undoubtedly been the National Copper Corporation of Chile (Codelco), for which the following projects have been developed:

- Completion of the electromechanical assembly of the Humos Negros project in the Chuquicamata division.
- Also in Chuquicamata, the works related to power supply in 2020 are expected to be completed in 13.8 kV of pumping stations, mitigation wells and others of Tranque Talabre, which will allow the mitigation of leaks from the waste containment dam.
- Completion of various works (civil, electric and piping) in the Valparaiso region, at various points in the mining plant site for the Andean division.
- Completion of the construction of the technical building for the European Southern Observatory (ESO) in Paranal, being an achievement for the company in contributing to the development of aerospace observation.



► A transmission line that allows the energy of the Los Condores hydroelectric generation plant to be discharged into the national interconnected system.

- In the Libertador Bernardo O'Higgins region, the project for the replacement of the 110 and 13 kV conductors of the substation that supplies the mining plant site for the El Teniente division was completed.

The following projects have also been completed:

- Reinforcement of the 2 x 220 kV line for Transelec located in Caserones, Atacama region.
- High-voltage transmission line connecting Los Condores hydroelectric generation plant with the Ancoa substation in the Maule region for the client Enel Generacion.
- Relocation of the 23 kV power line, transfer pipes to copper and refining solution processing plant (500 mm) of approximately 1.8 km and relocation of the pumping station (EB3) for Minera Centinela, located in the Antofagasta region.
- A 140 kilometre high-voltage transmission line linking the Los Changos and Kimal substations, as well as different improvement works at each substation.

Additionally, throughout 2019, the maintenance of the electrical system of lines 3 and 6 of the Santiago de Chile metro has continued, in which Abengoa's performance stands out in the recovery of the damaged lines by the demonstrations in the city at the end of October.



► Work on the transmission towers in the vicinity of the Arauco biomass generation plant.

During 2020, the company will carry out projects that will consolidate its presence and leadership in electric projects with presence in Chile, being these:

- Switching substation with three 220 kV lines in Malleco, Araucania region, for Transelec.
- Four 13.8 kV transmission lines in Antofagasta for Minera Escondida.
- Connection through two substations and a 220 kV line from the Arauco biomass generation plant owned by Celulosa Arauco to the Chilean National Electrical System.
- Electrical substation that will be connected with two 220 kV diagonals to existing transmission lines in Ancud for Transelec.
- New 220 kV switching substation Nueva Chuquicamata, a 2x220 kV line between this substation and the Calama substation, and expansion of the latter for Engie.
- Expansion works for the Quebrada Blanca mine, one of the country's main copper deposits, through the construction of five 220 kV substations. In addition, Abengoa will continue to build the transmission lines that will distribute the energy inside the mine.

## 04. Commitment to stakeholders and creation of shared value / Industrial value

## United States



► Fulcrum Sierra Biofuels plant, which will allow, once operational, the production of 11 million gallons of renewable synthetic crude.

Abengoa in North America focuses its activity on the west coast of the American territory, in sectors in which innovation and technology are essential parts of the development of energy infrastructure projects and where the company's experience over the last decade is a guarantee of success in the execution of turnkey projects.

With more than 800 MW of renewable energy installed in the United States in recent years, Abengoa continues to work with developers and utilities companies to promote solar power generation projects and, in particular, in solutions that combine generation with energy storage. In the country, about 20 % of

electricity generated comes from renewable energy and is a rising trend, supported by federal and state policies in favour of the use of these technologies, as well as reducing the costs on equipment and components that are part of the systems.

The company continues the construction of the biofuels plant from Sierra Biofuels in Reno, Nevada. Once in operation, the plant will be able to produce 11 million gallons of *Syn crude* (renewable synthetic crude) by processing urban solid waste. Construction works are expected to be completed during the second half of 2020 and the plant is expected to be operational by the end of the year.

In 2020, Abengoa in North America hopes to realise some of the opportunities presented for turnkey execution of photovoltaic plants, as well as capitalising on the experience acquired at the Fulcrum biofuel plant, supporting other developers behind similar projects as a technology partner.

04. Commitment to stakeholders and creation of shared value / Industrial value

Mexico



► Despite the difficulties that both Abengoa and the country experienced in 2019, the company remains a leader in transmission.

Abengoa completed 38 years in Mexico in 2019, a year full of challenges, both because of the situation of the company and because of the macroeconomic and sectoral situation of the country after the change of government and the cancellation of projects.

Despite the difficulties, Abengoa remains a leader in the electricity transmission sector and a benchmark in power generation.

The company continues to prospect the private market to offer turnkey projects in its main business lines: transmission and distribution, conventional and renewable energy generation, electromechanical and installations construction and water (desalination plants, treatment and water infrastructure). All this without leaving aside the public sector, with the Federal Electricity Commission (CFE), Petroleos Mexicanos (Pemex) and the National Water Commission (Conagua) as main actors.



► A3T 220 MW efficient cogeneration plant.

In this past year, Abengoa has completed two important projects and has generated new portfolios with private clients, maintaining its accident frequency index from low to zero. Also, in the particular case of Abengoa Mexico S.A. de C.V. (Abemex), the company is out of bankruptcy and has agreed with its creditors a restructuring of its debt through an Amendment Agreement to the Insolvency Agreement, which is subject to judicial approval. Therefore, the company has taken an important step to restart its activity in the country and consolidate its viability plan.

Regarding the projects completed in 2019, Abengoa officially inaugurated the A3T (220 MW) efficient cogeneration plant in May, a project developed and built entirely by Abengoa. This key asset in Abengoa's restructuring started its commercial operation in December 2018 and is governed under the legacy self-supply regime.

In March Abengoa obtained the provisional acceptance of a transmission project for the CFE. This project consisted of the execution of four transmission lines and two substations in Ciudad Juarez, Chihuahua, to evacuate the energy produced by the North III combined cycle power plant, built by Abengoa.



► In 2019, Abengoa received the provisional acceptance of project 283 for the CFE in Mexico.

Additionally, Abengoa in Mexico has developed various engineering and studies for private clients.

In addition to the commercial activity, Abengoa Mexico's involuntary bankruptcy situation was terminated and an amendment agreement to the insolvency agreement signed between the company and most of its creditors was presented to the Court.

As for the metallic structure factory Comemsa, it increased its sales by 4 % over the previous year and diversified its business to other Latin American countries.

For 2020, Abengoa's main challenge in Mexico will be to obtain judicial approval of the amendment agreement to the insolvency agreement and the generation of a new portfolio focused on EPC projects for private and public clients. In this sense, to initiate the reactivation of the fourth train project (combined cycle A4T located next to the A3T efficient cogeneration) will play an important part.

Another important matter will be to obtain a favourable agreement regarding the Zapotillo aqueduct following the resignation without liability presented in 2017.

Finally, in the A3T case, the challenge will be to complete the sale of the asset.

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Middle East



► Inauguration of the Shuaibah desalination plant in Saudi Arabia.

Abengoa is increasing its presence in the Middle East in countries such as Saudi Arabia, Kuwait, United Arab Emirates (UAE), Oman, Qatar, Bahrain and Egypt.

One of the major milestones reached in 2019 has been the start-up in time and form of the Shuaibah III 250,000 m<sup>3</sup>/day capacity desalination plant in Saudi Arabia. In this project, Abengoa has worked in consortium with the Italian company Fisia Italmimpianti. Desalination water is being supplied to the state-owned Saudi Water Partnership Company (SWPC).

Also in Saudi Arabia, Abengoa, in partnership with SIDEM of the Veolia group and SepcoIII, is making progress in the construction of the Rabigh III reverse osmosis desalination plant, with a capacity of 600,000 m<sup>3</sup>/day.



► Desalination plant in Salalah, Oman, which will operate with reverse osmosis technology and will have a capacity of 114,000 m<sup>3</sup>/day.

In 2020, Abengoa expects to complete the construction of the world's largest hybrid solar gas plant Waad Al Shamal.

In the United Arab Emirates, Abengoa has consolidated its presence in the country with the execution of three projects.

In particular, in 2019 it continues with its main partner Shanghai Electric Group Co. Ltd. on the construction of the world's largest solar thermal project in Phase IV of the Mohammed bin Rashid Al Maktoum Solar Park in Dubai. The plant is being developed by DEWA (Dubai Electricity and Water Authority) in collaboration with ACWA Power.

Additionally, at the end of 2019, Abengoa, together with its partners SepcoIII and partners ACWA Power, began construction works of the largest reverse osmosis desalination plant in the world, which will be located in Taweelah, Abu Dhabi, and will produce about 909,000 m<sup>3</sup>/day. The water will be supplied to the authority in Abu Dhabi, EWEC (Emirates Water and Electrical Company). The plant will involve the installation of a solar photovoltaic plant to be carried out by SepcoIII.



► Recreation of the world's largest reverse osmosis desalination plant in Taweelah, Abu Dhabi.

Additionally, Abengoa is in the advanced phase of the 41,000 m<sup>3</sup>/day plant for drinking and industrial water that it is developing along with SepcoIII at the Emirates Global Aluminum (EGA) industrial complex in Dubai.

In Oman, Abengoa continues to work on Salalah III the largest desalination plant in the Dhofar region, which is expected to be started up by the end of 2020.

With these projects, Abengoa continues its strong presence in this geographic area, where it has a broad portfolio that includes projects in reverse osmosis desalination, conventional and solar generation.

Abengoa continues to work constantly to maintain its current business and continue to contribute to the growth of this area. Additionally, it is trying to expand its portfolio with new products that the Middle East is starting to demand, such as *Waste to Energy* and *Waste to Biofuels*, sectors in which the company has great worldwide recognition.

[More information about Energy Projects on page 89](#)

[More information on water projects on page 92](#)

04. Commitment to stakeholders and creation of shared value / Industrial value

Peru

Abengoa has had a permanent presence in Peru for more than 25 years, during which it has been focused on the construction of projects for the mining, energy and infrastructure sectors. The company also operates and maintains high-voltage transmission systems for mining and energy customers.

In fact, during the past year, Abengoa consolidated itself as a company specialised in providing comprehensive solutions in these sectors, also being awarded new and important projects.



► Transmission line project from the port of Marcobre to the Mina Justa substation for Techint.

Regarding transmission systems, Abengoa has been awarded the engineering and construction of a 46 km 22.9 kV distribution line for the company Marcobre's Mina Justa mining project, located in the Ica region; a 30 km 22.9 kV transmission line and the 138 kV/22.9 kV exit bay of the San Gaban III hydroelectric plant in the Puno region; the final section of the 14 km 138 kV transmission line of the 8 de Agosto hydroelectric plant in the Huanuco region; and the detail engineering and permit management of the 60 kV transmission line of the mining company Poderosa's Chacparrosa project, located in the La Libertad region.

Furthermore, regarding infrastructure and mining projects, Abengoa has been awarded the civil works associated with the modernisation project of the desalination plant of the Talara refinery, owned by Petroperu, located in the Piura region.



► Abengoa's works on the Incapuquio project in Toquepala.

Similarly, Abengoa has been awarded the construction of a retention dam of more than 50,000 m3 of reservoir capacity for the mining company Southern Peru Corporation, as well as the water management system of the tailings impoundment for the Cuajone copper mine. These works will be carried out at an altitude of 3,500 metres.

At the same time, Abengoa will be in charge of the construction of five new workshops and transport and logistics facilities in an area currently in operation in the expansion of the Toquepala mine.

Finally, and also for Southern Copper Peru, it will be responsible for the repair of the water drive line in the Incapuquio project in Toquepala.

Maintenance for various electrical and instrumentation projects were contracted for Shougang Hierro Peru, located in the Ica region.

Apart from the awards, Abengoa achieved several milestones in the country during 2019, such as the construction of the above mentioned dam which positions the company in Peru as an integral mining solutions company. In addition, it has incorporated the BIM methodology (Building Information Modelling) for the execution of mining infrastructure projects.

For 2020, Abengoa is considering consolidating itself as a specialist company in integral solutions for the mining sector.

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South Africa

Abengoa has been present in South Africa since 2009. In 2019, the company continued to carry out the O&M of the three solar thermal plants that developed in the country under the Renewable Energy Independent Power Producer Programme (REIPPP), launched in 2011 by the South African government.

These are three of the most important projects of this type in the country, each one with characteristics that make them pioneers for different aspects:

- (i) **KaXu Solar One**, which was the first solar thermal plant to enter into commercial operation in the country with parabolic trough collector technology;
- (ii) **KHI Solar One**, the first and, for the time being, the only solar thermal plant built in South Africa with tower technology and heliostats; and,
- (iii) **Xina Solar One**, in which Abengoa used for the first time a new large-opening parabolic trough collector, whose design improves the optical efficiency of the solar field while optimising its thermal losses, reducing both the number of collectors and the steel weight ratio per reflective surface.

O&M execution of three thermosolar plants of two different technologies (parabolic trough collectors and tower and heliostats) with combined installed power of 250 MW, in addition to the three with energy storage (two by molten salts and the third by steam) makes Abengoa an outstanding leader in this activity in South Africa.

In addition to O&M, the remaining obligations of the respective EPC construction contracts of the plants have continued to be met, since all three were still in warranty at the beginning of 2019.

It was already indicated in the 2018 report that, at by end of November of that year, Xina Solar One passed the guaranteed



► The imposing KHI Solar One tower is reflected in one of the plant's heliostats.

production test. The achievement of this important result has been officially confirmed in August 2019, following the corresponding analysis carried out by the technical advisor of the financing banks and their subsequent agreement.

In addition, the plant, with parabolic trough collector technology, 100 MW of power and 5.5 hours of molten salt storage, has completed that goal at the end of the first 16 months of operation since the Practical Completion Date (PCD) was reached on 1 August, 2017, which has undoubtedly been a record among solar thermal projects developed by any promoter in South Africa so far. Reaching the guaranteed level of production is a fundamental commitment associated with the EPC construction contract of the plant, which must be supported by a good performance of the operator during the warranty period in order to fulfil it successfully.



► View at dusk from the Xina Solar One plant.

Furthermore, at Kaxu Solar One, with parabolic trough collector technology, 100 MW of power and 2.5 hours of thermal energy storage using molten salts, Abengoa received in 2019 the Certificate of Final Competition, the final acceptance of the construction contract in EPC mode, after passing the corresponding guaranteed production test in October 2018 and finishing the warranty period in October 2019. This is a very important achievement, since this is the first Final Completion obtained by a solar thermal plant in South Africa.

At KHI Solar One, with tower and heliostats technology, 50 MW of power and thermal energy storage through steam, an agreement was successfully reached in October 2019 that will allow the optimisation of the plant's performance, by implementing certain improvements, some of them not even contemplated in the original design. These actions will have to be performed over the next two years, with a deadline of January 2022.

Regarding production levels, the three plants remain in the same line as those achieved in 2018, when they achieved excellent results, since in that year both Kaxu Solar One and Xina Solar One passed the guaranteed production test. The 2019 results do not in any way downplay those of 2018 in any of the three plants.

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► General view of the large air condenser of Kaxu Solar One.

Thus, since the commercial operation of these facilities began, in 2019 Khi Solar One has reached the maximum value achieved in a calendar year for the ratio of actual versus guaranteed production, and in both Kaxu Solar One and Xina Solar One 2019 has been the year of the highest gross energy production.

All of the above was done by maintaining an excellent performance in the Health and Safety area, thus fully responding to Abengoa's strategic commitment in this area. In all three installations, no incidents occurred during 2019 involving the injury of any Abengoa employee.

The protection of the environment has also been one of the pillars of Abengoa's activities in South Africa during 2019, in accordance with its corporate strategy and with the commitments acquired in projects adhering to the REIPPP.

In this respect, the degree of compliance measured in the extensive external environmental audits to be performed periodically at the plants has improved, with water consumption per Mwh being significantly reduced, among other things.



► Colony of meerkats established next to the access road to Khi Solar One.

Finally, during 2019, social, economic and business development programmes have continued to be promoted for the benefit of communities close to the sites where the plants are located, where approximately €1.3 million have been invested in 2019.

The actions put in place have focused on: assistance to disadvantaged groups (soup kitchens, construction of dwellings for later donation); (promotion of education and personal development (training programmes for young people in new technologies and in other aspects such as *curriculum vitae* preparation, recruitment of supply teachers in rural schools, grant of scholarships, both for university studies as paid practices in the centres); and enterprise development (agricultural development programme with the ultimate objective of creating a social agricultural enterprise in the medium term, support to micro-enterprises of the area with donation of tools and other diverse material).

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Uruguay

Since 1980, Abengoa has been present in Uruguay through its Abengoa Teyma subsidiary. Since then, it has developed engineering, construction and industrial services projects, among others. We also provide services linked to the forestry sector, urban hygiene and waste management activities and operation and maintenance activities.

During 2019, a rehabilitation project of 327 km of railway tracks was continued, in which track laying has been completed and the reinforcement of bridges continued. As early as December, 70 % of railway bridge superstructure reinforcements had been performed.



► Construction process of the sanitary landfill in Rio Negro.

Additionally, the construction of the sanitary landfill for the Rio Negro administration has also continued, with 90 % progress being made in December, and the start of the operation phase of the landfill is expected in the first months of 2020. This project consists of a sanitary landfill with a capacity of 30,000 tons, and the operating service for up to 12,500 tons of urban solid waste from the city of Fray Bentos, in Rio Negro department.

Furthermore, last year was marked by the start of new works and the achievement of new awards. In June, for example, with the presence of the minister of the A ceremony took place with Mr. Victor Rossi, Transport

and Public Works, and Mr. Alberto Díaz, the president of the National Port Administration, among other authorities, for the commencement of the Puerto Capurro fishing terminal works. The works consists of the executive project and construction of approximately 1,000 metres of dock for industrial fishing vessels, with their corresponding access, mooring and protection works. In addition, an area of about 3.3 hectares will be filled, paving, drains, distribution of water and fuel energy works, as well as the dredging of the corresponding dock and its final disposal in geocontainers, innovative technology to be used for the first time in Uruguay.

Also in June the contract was signed for the turnkey construction of a parking building in downtown Montevideo. The works include the executive project and the construction of a parking lot with a capacity for 95 cars and 19 bike spaces, distributed on a semi-basement level, a ground floor level, a mezzanine level, eight upper levels and, finally, the deck level.

In September 2019, the contract with UTE (National Administration of Power Generation and Transmission Facilities) was signed for the construction of a high voltage transmission station of 150 kV with GIS technology (Gas Insulated Switchgear) in the Jose Ignacio locality, Maldonado department, Uruguay.

At the end of the year, one of the most important contracts of the year for Abengoa in Uruguay was signed. This is an award for the Ministry of the Interior of the country that will consist of the construction of the new Scientific Police building in the city of Montevideo. This project will involve the execution of the executive project and the turnkey construction of a building of approximately 3,000 m<sup>2</sup>, developed on six levels, in which the departments of Forensic Ballistics, Road and Labour Accidentology, Expert Inspection, Forensic Informatics, Photography and Acoustics, Planimetry, Facial and Jewellery Identification, Criminal Identification Informatics, Fingerprints, Biological Laboratory, Forensic Science School and the National Registry of Genetic Footprints.



► Puerto Capurro fishing terminal.

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► Building in which the Parking Florida will be located in Montevideo centre, which will have capacity for 95 cars and 19 bikes.

Another milestone of the year occurs in December, when the inauguration of the second stage construction of Tower Five of the Military Hospital takes place. In these works, Abengoa has been in charge of the project and construction, finishes and installations of a seven-level building (3,618 m<sup>2</sup>), six of them destined for hospitalisation and one level for the cardiological intensive care unit.

Also in December, the inauguration of the new effluent treatment plant in the city of Acegua in the Cerro Largo department takes place. This works consisted of the installation of more than 9,000 meters of networks by gravity, 1,000 meters of delivery pipes to transport liquids, two pumping stations with their drive lines and the waste water treatment plant with its corresponding pipeline.

In November 2019, Abengoa handed over to the UTE (National Administration of Power Generation and Transmission Facilities) the works of the 150 kV station called Tacuarembó B and connected it to the transmission network. The scope of the works included the construction of a 150 kV switchyard with four manoeuvring sections, the construction of the 150 kV station building, the supply and assembly of medium voltage cells, the execution of ground-grid consisting of 15 km of cables, the execution of shielding against atmospheric discharges, installation of protection and control systems, lighting systems, security and works required to connect the new station to the existing UTE communications network.

During 2020, in the framework of a change of national government, many challenges will be faced. Regarding contracting, essentially associated with the revitalisation of the private sector, it will be necessary to continue to increase business volume, maintaining a profitable and diversified portfolio. Regarding execution of works, the significant advances foreseen for the works of the Puerto Capurro fishing terminal stand out, as well as the completion of the construction phase and the subsequent start of the Sanitary Landfill operation phase of Fray Bentos.

Another major challenge will be to further improve occupational health and safety indicators in the various sectors in which the company operates.



► Tacuarembó B power station with a capacity of 150 kV.

04. Commitment to stakeholders and creation of shared value / Industrial value

# Innovation

Objectives established in **SCSRP 2019-2023**



Maintain and place value in the existing technological development of the company, and try to reach strategic agreements that allow us to opt for EPC and conventional projects, thanks to the knowledge and intellectual property acquired so far.



► Abengoa continues to bet on technological development as the main competitive advantage.

Abengoa continues to bet on technological development as the main competitive advantage to carry out projects of high added value, thus improving the benefits of current products and services and the acquisition of new skills.

### Main figures

	2019	2018	2017
<b>Investments in R&amp;D and Innovation (thousands of €)</b> 	1,597	1,420	621
<b>Personnel</b> 	20	19	25
<b>Cumulative patents granted since 2008</b> 	280	342	395

Abengoa's innovation area is divided into three major fields: Hydrogen, Aerospace and defence, Electrical power systems, Solar thermal and Railway.

## 04. Commitment to stakeholders and creation of shared value / Industrial value

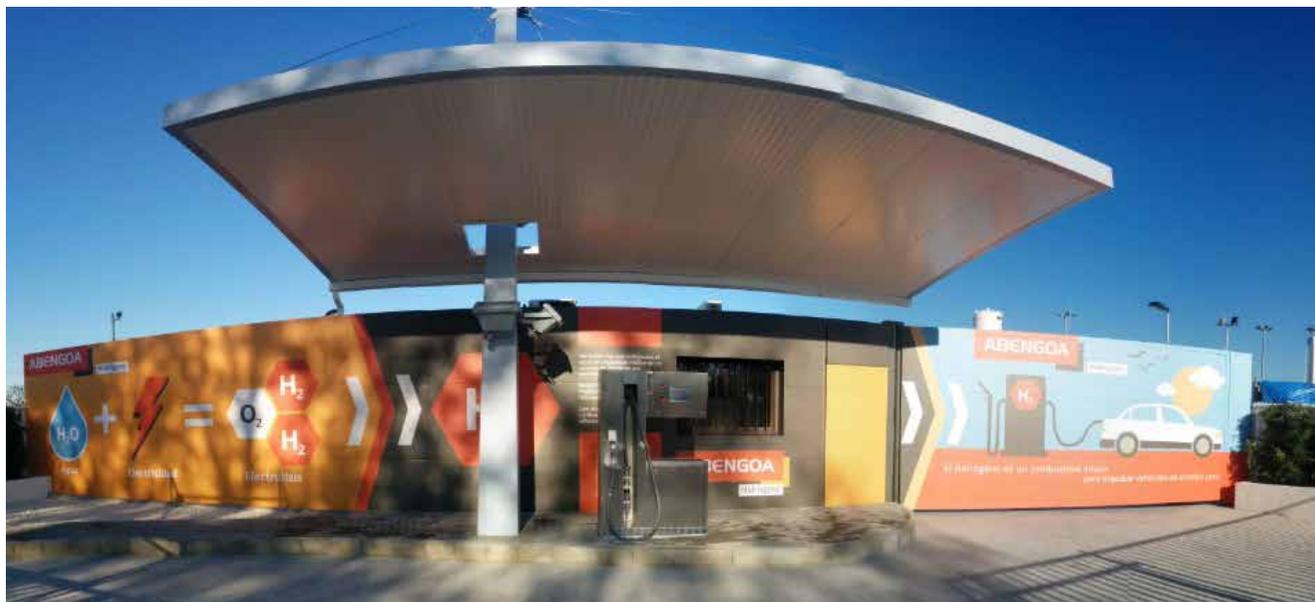
### Main lines of technological development

#### ► Hydrogen

Abengoa offers innovative solutions related to hydrogen and fuel cell production technologies, ranging from product-specific development to engineering, procurement and construction (EPC) projects, in which, in collaboration with key industry technologists, the hydrogen vector is integrated into the company's decarbonisation products. These are:

- I. Green hydrogen production plants by electrolysis integrated with renewable energies.
- II. Hydrogen production plants using natural gas vapour and liquid fuels (e.g. methanol and ethanol) for specific applications such as the maritime sector.
- III. Fuel cell-based power generation systems, both low- and high-temperature.
- IV. Hydrogen service stations for hydrogen powered vehicles.
- V. Energy storage based on hydrogen technologies through the combination of electrolysis production, compression, storage and power generation.
- VI. Special projects in the defence and aerospace areas.

In 2019, within the framework of the Grasshopper project (GA No. 779430), the design milestone has been completed and the manufacturing of a 100 kW power plant based on PEM fuel cells (Proton Exchange Membrane) has begun. This demonstration plant will allow the validation of project developments in different areas, mainly in fuel cell stacks, with the ultimate objective of achieving a modular design at MW scale of a new commercial generation of this type of power plants, with more competitive costs and highly flexible and scalable electricity production.



► Hydrogen service station.

The start-up of the Grasshopper 100 kW pilot plant will be in 2020 at the test facilities in Abengoa's Innovation Area in Torrecullar (Seville), which will be moved at the end of the year to its final location in Delfzijl (Netherlands), where the operation will be validated in a representative industrial environment, using the hydrogen by-product from the Nouryon chemical park for power production.

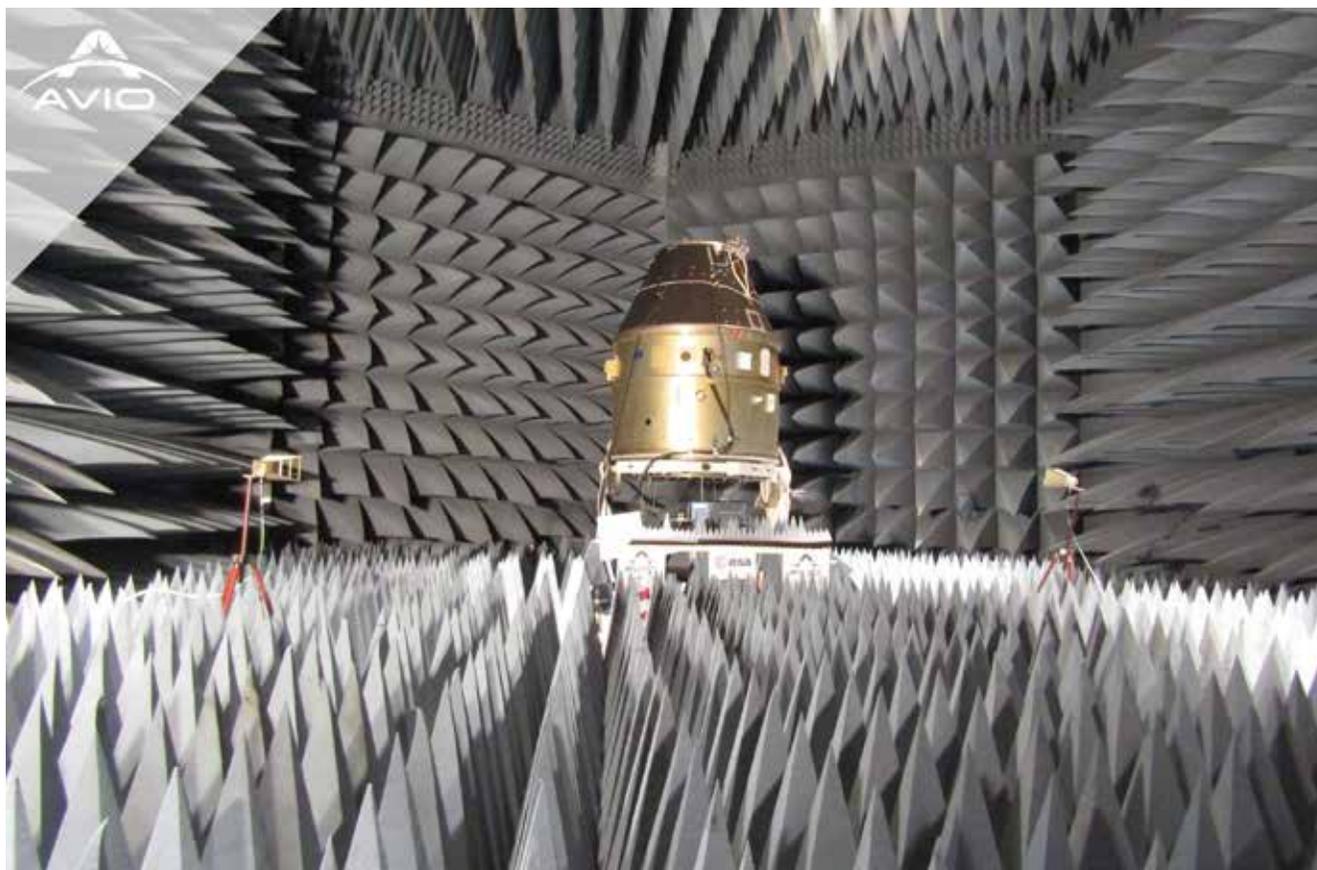
During 2019, the Hydrosol- beyond project (GA No. 826379) was also started, in which Abengoa participated in the implementation feasibility analysis of an advanced control system for the solar hydrogen production plant, which will be completed

in 2020. During this year, the life-cycle and technical-economic analysis studies of the process will begin.

The consolidation of Abengoa as an international benchmark company offering solutions for decarbonisation through hydrogen technologies, in combination with other types of technologies, as well as the establishment of alliances with strategic suppliers, are presented as main challenges for the year 2020.

04. Commitment to stakeholders and creation of shared value / Industrial value

► Aerospace and defence



► Tests on the VEGA-C launcher of the European Space Agency (ESA).

During the 2019 financial year, Abengoa has strengthened its commitment to the defence sector. Based on a relevant experience in the space sector, in which it has participated with electronic monitoring systems, control and power distribution in the main European projects for the development of launchers and satellites of different types, it has begun to transfer this knowledge and experience to participate in the main defence programmes.

The last financial year has posed a major challenge in implementation and recruitment given the current political context, which has slowed the start of new programmes and activities. Nonetheless, Abengoa has expanded its defence activity and maintained its position in space.

Thus, in 2019, the first contracts with Navantia have been secured, for the supply of power distribution units, and with the Belgian company John Cockerill, for the development of positioning sensors, both projects for defence systems.

In addition to these first contracts, partnerships have been made with international companies such as John Cockerill, with which a *Memorandum of Understanding (MoU)* has been signed to participate in the new developments, manufacture and representation of its products in Spain, Portugal and Latin America.

In space, the company has won new contracts in the development line of the European Space Agency (ESA) known as *In-Site Resources Utilisation*, which works on the utilisation of natural resources that exist on other planets and satellites (such as the Moon) to create a life-friendly environment. In addition, it has delivered important systems for the European space industry, such as the test system being used for the qualification of the new VEGA-C launcher, and has won new customers like INTA, for whom it will develop and manufacture a new monitoring and control system for the satellite tracking antennas in Maspalomas (Gran Canaria), Villafranca del Castillo and Torrejon de Ardoz (Madrid).



► Moment in which the agreement between Abengoa and John Cockerill was signed.

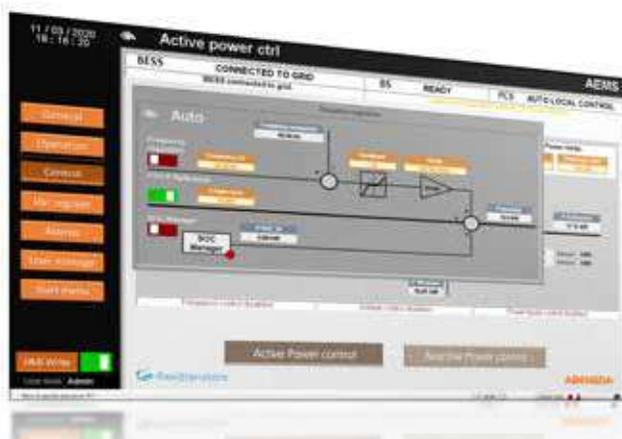
04. Commitment to stakeholders and creation of shared value / Industrial value

► Electrical power systems

Abengoa works on innovative energy control and storage technologies to improve the safety, quality and flexibility of the electrical system, favouring greater integration and manageability of renewable energies.

In 2019, a fundamental technological milestone was reached within the company's strategic plan for energy storage: **the development of the energy control and management platform Abengoa Energy Management System (AEMS).**

This platform has been integrated into the Flexitransstore project, successfully tested in the Innovation laboratory Area of Abengoa Innovación in Torrecullar. This system will be implemented in Cyprus and will provide network services at a transmission/distribution substation.



► Abengoa Energy Management (AEMS) platform for energy management.

In addition, the company has established strategic alliances with important battery suppliers, both of lithium batteries, with the most immediate present in mind, and of flow batteries, in the longer term, both keys to a better market positioning and greater competitiveness.

► R&D and innovation in the solar thermal area

Abengoa continues to develop solar technology as a strategic product in the energy market. The manageability that concentration technology allows, with thermal storage, places it as a key product among the renewable hybrid solutions that lead the company's energy portfolio.



► 3D model of the Sun-to-Liquid plant project (commercial scale).

04. Commitment to stakeholders and creation of shared value / Industrial value

Renewable hybrid solutions

Abengoa continues to develop custom-designed hybrid products that allow the integration of low-cost renewable technologies, such as wind and photovoltaic, with concentration technology (and its thermal storage capacity) to ensure the full manageability of the offered solution.

For hybrid configuration optimisation, throughout 2019 work was done for the integration of emergent energy storage technologies with full integration of electric batteries, optimised thermal storage systems in molten salts and electric heaters of molten salts for the reduction of solar field dumping.

Similarly, work is being done to develop new applications of solar thermal technology in the heat production process field, with the design of solutions adapted to the need of strategic sectors such as mining and the chemical and petrochemical industries. Abengoa has also developed a solution adapted to the decarbonisation strategy of traditional thermal plants, allowing the use of their thermal cycles powered by renewable sources.

Among the major milestones that began in 2019 is **the development of the GEA platform**, a software application for modelling and simulating hybrid thermal and/or electrical power plants. GEA is an ongoing development in which Abengoa highlights the value of having its own renewable energy technology and/or integrating it all over the world, which offers the company a competitive advantage over the rest of the companies in the sector, consolidating our leadership in technology and as specialists.

In particular, the GEA platform allows custom modelling of the hybrid solution, incorporating the production model of the solar thermal plant into photovoltaic field production, facilitating the integration of auxiliary equipment such as batteries and electric heaters with thermal storage. This allows Abengoa to offer the different configurations and hybridisations required by the market today.



► GEA graphical interface.

The models have tools to respond to the entire life of the plant, from a first phase of optimisation and parametrisation in the offer phase to a technical and detailed model in the production phase. GEA allows to model each of the involved systems in detail in the final configuration of the plant, thus allowing solutions to be simulated with real and very specific configurations and strategies, moving away from commercial generic models.

Component optimisation

Abengoa continues to seek to reduce the costs of key components of solar thermal technology. To this end, it continues to work, in the Solucar R&D platform, on the validation and optimisation of solar field components. The area has three locations for trials on a different scale:

- Pontones platform, for evaluation and testing of new heliostats with cutting-edge technology optimisation.
- Repow platform, to test parabolic trough collectors and their components. Optical validation of new designs.

- Solnova platform, for validation of parabolic trough collector modules.

In 2019, tests have been performed for the optical, structural and operational validation of solar field components, both for new optimised designs based on the learning curve as market leader of the solar thermal market with 34 % of the current plants, as for supplies or equipment to be installed in commercial plants currently under construction (Cerro Dominador and DEWA).

Platform tests also allow the assembly and operational procedures to be optimised for field components in commercial plants, increasing their operational reliability.

Finally, at the component level, the continuous optimisation of start-up operations and point operations in the field should be highlighted where, in 2019, development has continued of new control algorithms in heliostat parks, flow map simulations and surface temperature simulations of the pipes of the receiver. This development has been validated in the PEM of the project recipient Lungg Haixi and work is performed in PEM techniques for the Cerro Dominador project.



► Detail of heliostats in Pontones.

04. Commitment to stakeholders and creation of shared value / Industrial value

Long-term strategic lines

Finally, Abengoa continues to bet on solar thermal technology for high-temperature industrial heat and the production of renewable fuels as solutions for the future. In this line, we highlight the three H2020 projects that have continued to be developed this year:

■ H2020 project: Sun-to-Liquid



► Sun-to-Liquid project participants.

Throughout 2019, the H2020 Sun-to-liquid project has demonstrated the technical feasibility of aviation kerosene production using concentrated solar energy as an energy source. During this period, Abengoa has directed the efforts of the consortium members to maintaining these developments within the technical possibilities of solar thermal technology. The project has celebrated a milestone: the validation of the downscaled pilot process in a novel solar thermal tower plant that provides the energy needed to produce fuel from water and CO<sub>2</sub>.

The solar park has been designed to meet the demanding technical specifications of the solar reactor that requires operating temperatures of up to 1,500 °C, with solar radiation flows exceeding 2,500 kW/m<sup>2</sup>, which means concentrating more than 2,500 times the radiation received directly from the sun on the earth's surface. The solar reactor absorbs incident energy of 50 kW on a porous ceramic material of CO<sub>2</sub>, which is oxidized and reduced by alternative thermal cycles. During the reduction stage, the porous material releases oxygen and in the oxidation

stage it is reoxidized by reacting with a mixture of CO<sub>2</sub> and H<sub>2</sub>O, resulting in the production of synthesis gas which is subsequently pressurised and sent to a catalytic reactor where liquid fuels are generated by a Fischer-Tropsch (F-T) process.

■ H2020 project: Solpart



► Pilot plant of the Solpart project.

Abengoa's participation in the Solpart project has allowed the company to continue to lead the way in the development of particle receptors, knowing first hand all the problems encountered at the pilot plant installed and operating in Odeillo, France. For this project, Abengoa focused its efforts on the integration of equipment at industrial level, providing simulations of heliostats fields compatible with the requirements of the partners.

The project has successfully validated, on a pilot scale, a high-temperature (800-1,000 °C) solar particle receiver with a 24-hour operation, suitable for the treatment of non-metallic particles typical of mineral industries with high energy consumption.



► Family photo of Solpart consortium members.

■ H2020 project: Scarabeus

Abengoa also continues to work on the next generation of high-efficiency solar thermal technology. In April 2019, the H2020 Scarabeus project began, with the objective to integrate supercritical CO<sub>2</sub> cycles in solar thermal technology.

Throughout the year, Abengoa has participated with this consortium updating the state of art CSP technology and interacting with the other partners, thus allowing for a better view of the real possibilities for integration of this technology. Abengoa is responsible for the integration of the solar thermal plant into the commercial solution to be developed.



► Members of the Scarabeus consortium.

04. Commitment to stakeholders and creation of shared value / Industrial value

► R&D and innovation in the railway area

Abengoa has continued its work on numerous innovation projects in the railway area during 2019. Details of some of them are given below.

■ The Railway Innovation Hub



► Members of the railway cluster during their participation in the Innovation Meeting on Railway Mobility, organised by The Railway Innovation Hub in Málaga.

Since 2016 Abengoa has participated in this railway cluster based in Málaga, currently serving as its vice president and being one of its founding companies. The Railway Innovation Hub objective is to become a benchmark for rail innovation at both national and international levels through support to the sector. The Railway Innovation Hub already has more than 90 partners covering the entire value chain, including reference entities in innovation (universities and technology centres) and advancing in the incorporation of high-tech companies that can bring technological solutions to rail mobility.

Additionally, in the promotion of the association agents as important as Adif, Renfe, Metro de Madrid, Metro de Sevilla, Fundación Once and even the Junta de Andalucía and the Technological Park itself are involved.

During 2019 the Railway Innovation Hub has launched more than 20 innovative projects or initiatives, subdivided between these technological challenges, strategic lines or R&D&i projects.

To give some example of the most significant projects on which the members of the Railway Innovation Hub are currently working, we can highlight projects to improve accessibility and inclusiveness of the stations for people with some kind of disability through the development of robots, guidance systems and user assistance avatars. In addition to this, we are currently working on projects for the intermodal parcel service between rail transport sectors and the utilisation of existing infrastructures and services, or even on projects for the implementation and standardisation of the BIM methodology in the rail sector, or projects for the standardisation of Hyperloop systems, which has already been presented as a unified proposal to the European Union.

■ Broken Track project

This is a real-time rail track breakage detection system on high-speed lines, designed and executed by Abengoa. The company continues performing tests and trials of the system while negotiating its possible marketing with Adif.



► Abengoa continues to innovate in the railway sector with projects such as Broken Rail for the detection of breakages in rail tracks in real time.

■ Development of the BIM tool for railway environments

Currently, the BIM tool is still in development. This tool aims to automatically redesign catenaries and substations, as well as modelling systems in a way that is fully integrated into a workflow.

All of the above will allow a 3D vision of the railway project as well as cross sections per pole, extraction of measurements of the materials to be used in the project and automatic generation of project modification logbooks.

In other words, the BIM tool aims to integrate all information from a railway project into one digital model to facilitate its development. This software is expected to be ready in 2021.

#### 04. Commitment to stakeholders and creation of shared value / Industrial value

##### ■ Alis project

This project consists of a comprehensive simulation tool for electrification, safety and energy efficiency in railway systems.

The tool is currently in the commercialization phase, which gives Abengoa a great competitive advantage in the international railway market, allowing intelligent designs of railway electrification systems at the mechanical and electrical levels. Additionally, it will substantially improve the study of safety both for facilities and workers and travellers, optimising the design and execution processes of railway infrastructure.

Abengoa is currently developing traction and power demand simulations for the La Meca-Medina project, as well as pantograph-catenary interaction simulations for clients such as NetworkRail, and even efficient running simulations for Metro de Granada, among other works.



► The MICRail project is being developed with the BIM tool.

04. Commitment to stakeholders and creation of shared value

# 4.3

## Human Value



4 %

staff increase



5.2 %

voluntary turnover rate



8.1 %

overall satisfaction



2 %

increase in women managers



53 %

indefinite hiring



11.3 %

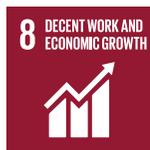
frequency Rate with Sick Leave reduction from 2018



04. Commitment to stakeholders and creation of shared value / Human Value

Objectives set in **2019-2023 SCSR**

Occupational health and safety and well-being



Spreading the company's culture in Health and Safety, ensuring a global reach at all levels and all areas.	100 %
Keep accidents with special severity at 0.	0 %
Achieve the progressive reduction of the frequency rate with sick leave.	100 %
Promote a healthy lifestyle amongst the company's employees.	100 %

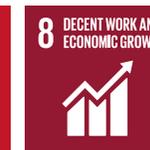


Equal opportunities and diversity



Ensuring that at least 30 % of the members of the Board of Directors are women by 2020.	47 %
Ensuring that one of the committees of the Board of Directors is chaired by a woman by 2023.	100 %
Ensuring that at least 12.5 % of the members of the Executive Committee are women.	48 %
Ensuring that at least 25 % of the members of business committees are women	Due to the restructuring process there is no comparison between verticals
Ensuring that at least 25 % of women on the Management Committee are women.	44 %
Ensuring that at least 30 % of all managers are women, out of the total number of employees.	55 %
Ensuring that the number of women in the workforce is at least 35 %.	77 %
Conduct internal salary audits in all regions.	(Planned for 2020) 0 %
Implement work-life balance measures that help achieve the goals of the SCSR.	100 %

Talent



Achieve a score of at least 7 out of 10 in the climate surveys, conducted every two years.	100 %
Prepare and implement action plans on the results of the climate surveys. (The survey was launched in January 2020, and the design and launch of the same was performed in 2019)	20 %
Maintain the annual performance appraisal programmes.	100 %
Establish medium-term employee retention plans.	100 %
Foster training (40 h/employee) and professional development.	75 %
Foster internal mobility.	100 %
Maintain and implement work-life balance measures to make Abengoa a great place to work for and a socially responsible company.	100 %
Foster social dialogue.	100 %
Foster the spirit of entrepreneurship and collaboration the base of all management approaches.	100 %

04. Commitment to stakeholders and creation of shared value / Human Value

Abengoa has continued to advance its process of recovering normality during 2019, a year in which the company has faced demanding and complex financial and structural challenges, all of which have been successfully overcome.

Abengoa is firmly committed to its professional team: their knowledge and commitment constitute its true competitive advantage. Without the human team, both the strategic plan and the feasibility plan would fail.

In 2019, two milestones of great importance have been achieved: first, Abengoa is again **generating opportunities and employment** for the second consecutive year, as a result of the award of new projects and the development of its project portfolio. Second, after more than five years, the company has recovered a process as closely linked to people as is the **Climate Survey**, from which Abengoa has obtained information of high qualitative value regarding its employees' perception of the company and its management, allowing the company to concentrate its efforts on improving working conditions and meeting new challenges with a cohesive and committed team.

Additionally, Abengoa achieved lower staff turnover rates this year than in 2018, which were already below many of the companies in the sector in which it operates.

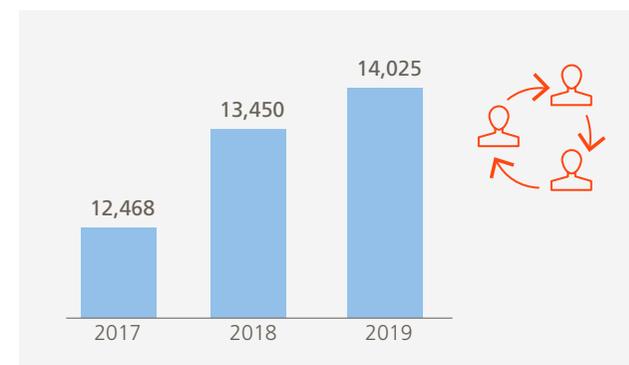
Despite the adversities that the company has faced in recent years, Abengoa's capacity has remained unchanged and it continues to have **an excellent team of motivated, committed and capable professionals**, whose contribution is and will continue to be the company's differentiating element and the basis on which it will build its future.

Currently, Abengoa is a **much more flexible and collaborative company**, with a future vision that **drives its responsible management model**.

## The team in figures

During 2019, Abengoa has generated employment again for the second consecutive year.

Abengoa's workforce has grown by 4 %, from 13,450 in 2018 to 14,025<sup>1</sup> in 2019. *102-7*



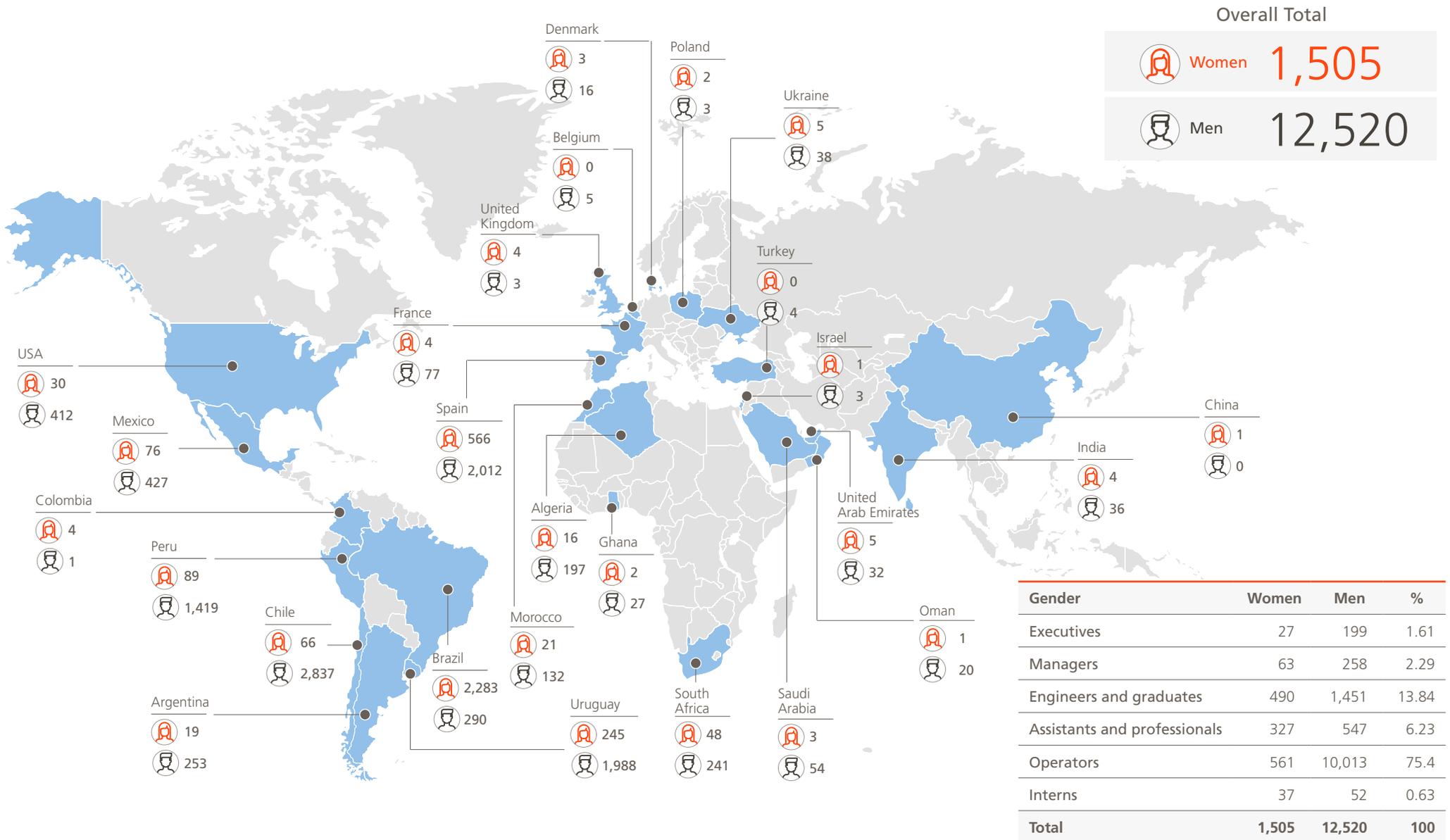
The distribution of workforce by gender and professional category is as follows: *102-8, 405-1*

Professional Category	Men			Women		
	2019	2018	2017	2019	2018	2017
Executives	199	192	242	27	25	27
Managers	258	691	753	63	145	168
Engineers and graduates	1,451	1,056	1,349	490	455	508
Assistants and professionals	547	624	1,335	327	351	479
Operators	10,013	9,284	7,182	561	553	396
Interns	52	47	17	37	27	12
<b>Total</b>	<b>12,520</b>	<b>11,894</b>	<b>10,878</b>	<b>1,505</b>	<b>1,556</b>	<b>1,590</b>

<sup>1</sup> As of 31 December 2019. Total staff, including interns.

04. Commitment to stakeholders and creation of shared value / Human Value

Abengoa's workforce is currently distributed across 26 countries. 18 % of the workforce is in Spain, while 82 % is abroad.



Gender	Women	Men	%
Executives	27	199	1.61
Managers	63	258	2.29
Engineers and graduates	490	1,451	13.84
Assistants and professionals	327	547	6.23
Operators	561	10,013	75.4
Interns	37	52	0.63
<b>Total</b>	<b>1,505</b>	<b>12,520</b>	<b>100</b>

04. Commitment to stakeholders and creation of shared value / Human Value

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

Type of contract	Men			Women			Total		
	2019	2018	2017	2019	2018	2017	2019	2018	2017
Indefinite	6,397	6,282	6,218	1,047	1,106	1,097	7,444	7,388	7,315
Temporary	6,071	5,565	4,643	421	423	481	6,492	5,988	5,124
Interns	52	47	17	37	27	12	89	74	29
<b>Total</b>	<b>12,520</b>	<b>11,894</b>	<b>10,878</b>	<b>1,505</b>	<b>1,556</b>	<b>1,590</b>	<b>14,025</b>	<b>13,450</b>	<b>12,468</b>

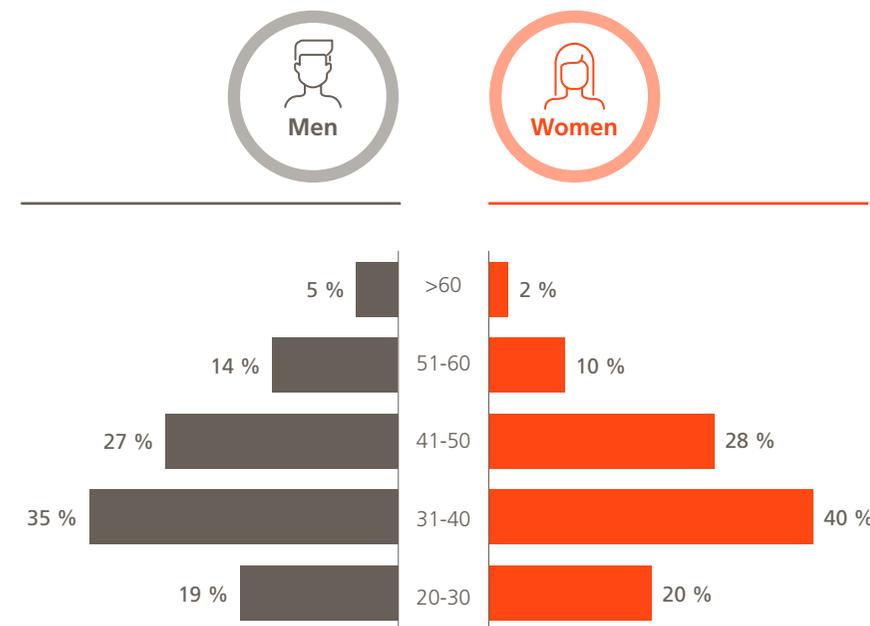
Although Abengoa's activity is focused on the execution of construction projects, which employment is affected by its seasonal nature, **53 %** of the workforce has **an indefinite labour relationship, reaching 75 % in the employees segment**. In Spain, the indefinite workforce is 80 %.

With regard to gender, at the end of 2019, the percentage of women with a fixed contract is 72 %.

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

Age range	Men			Women			total		
	2019	2018	2017	2019	2018	2017	2019	2018	2017
20-30	2,342	2,281	2,212	300	300	315	2,642	300	315
31-40	4,402	4,285	3,994	605	652	732	5,007	652	732
41-50	3,415	3,122	2,768	420	411	385	3,835	411	385
51-60	1,757	1,570	1,384	143	140	122	1,900	140	122
>60	604	636	520	37	53	36	641	53	36
<b>Total</b>	<b>12,520</b>	<b>11,894</b>	<b>10,878</b>	<b>1,505</b>	<b>1,556</b>	<b>1,590</b>	<b>14,025</b>	<b>1,556</b>	<b>1,590</b>

Gender % by category



The representation by age and gender regarding the total number of staff is as detailed below.

Age range	% Men			% Women		
	2019	2018	2017	2019	2018	2017
20-30	88.64	88.38	87.53	11.36	11.62	12.47
31-40	87.92	86.79	84.51	12.08	13.21	15.49
41-50	89.05	88.37	87.79	10.95	11.63	12.21
51-60	92.47	91.81	91.9	7.53	8.19	8.1
>60	94.23	92.31	93.53	5.77	7.69	6.47

04. Commitment to stakeholders and creation of shared value / Human Value

## Equal opportunities

Abengoa maintains **its commitment to equal opportunities and non-discrimination** on the basis of gender, race, colour, religion, opinion, nationality or any other circumstance. This commitment is expressly stated in the various policies of the company, such as recruitment, selection, training, performance measurement, promotion, remuneration, working conditions, work-life balance or prevention of harassment, among others.

For the purpose of ensuring these values, Abengoa created in 2008 and updated in 2019 its **Framework Equality Plan** and the Equal Opportunities and Treatment Office, based on the UN Global Compact and within the framework of its Occupational Social Responsibility (OSR) policy, whose commitment 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, the company has a **complaint protocol** to report harassment at work in order to address any situation likely to be considered discriminatory.

Additionally, in February 2019 the Board of Directors approved the **Strategic CSR Plan** for the years 2019-2023, with a specific strategic line which main objective is **to promote gender diversity and equal opportunities** in the company by promoting, among others, measures that contribute to the increase of women in management and executive positions, as well as those that guarantee the non-discrimination and labour market integration of persons with disabilities.

### EOTC Commission

Within the Framework Plan for Equality, Abengoa has a **specific Equal Opportunities and Treatment Commission (EOTC)** whose goal is to comprehensively monitor matters related to gender equality across the organisation.

After the exceptional situation that the company has experienced in recent years, Abengoa has resumed this Commission in 2019 to ensure compliance with the commitments and policies regarding diversity and equality and to work actively toward the objectives established in the Strategic CSR Plan.

Coordinated from CSR, and chaired by the Human Resources Director (member of the Executive Committee), the Commission is made up of directors from the different business areas and verticals and representative departments that know the different peculiarities of the regions or activities.

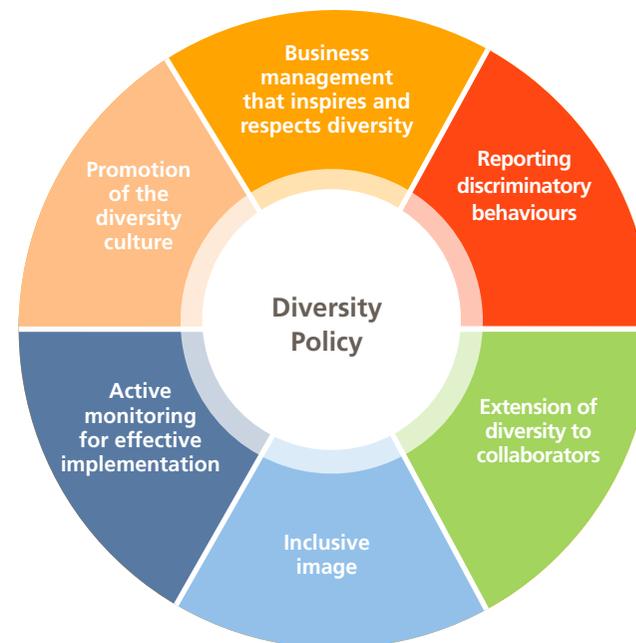
During the Commission, the conclusions of several studies on equality, gender diversity and the wage gap in companies with experience at the national and international level, relevant data and indicators of Abengoa in all regions are analysed and an action plan is established with concrete actions that allow the objectives established in the Strategic Plan to be met.

Some of these actions include proposing new flexibility measures based on the circumstances of each work centre, including equality and diversity indicators in the scorecards for their presentation to the steering committees, incentives related to equality objectives, improving visibility and highlighting the role of women managers and engineers, etc.

### Diversity Policy

Advancing with the company's commitment to equality issues, in October 2019 the Board of Directors approved the **Diversity Policy**, which starts by placing the person at the centre of the company and is based on the conviction that people deserve the highest consideration and dignity, regardless of race, gender, religion, nationality, culture, age, sexual orientation or different physical or mental abilities.

Based on these principles, the company undertakes to ensure the following actions:



04. Commitment to stakeholders and creation of shared value / Human Value

Proof of Abengoa's commitment to diversity, the company adheres to the **Spanish Diversity Charter** and, more recently, to the **Eje&CON Code of Good Practices for Talent Management**.



Adhering to the Charter since 2018 through the Alares Foundation, Abengoa undertakes to promote a socially respectful, economically sustainable and legally rigorous environment.



Abengoa joined the Eje&CON Code of Good Practices for Talent Management in 2019. Adhesion to this code facilitates the adoption of concrete measures to improve the competitiveness and results of the company, as well as women's access to positions in senior management and on the Boards of Directors, while reaffirming Abengoa's commitment to equal opportunities and cultural diversity.

The presence of women in executive and management positions during 2019 was as follows: **405-1**

Women in executive and management positions

	2019	2018	2017
Women executives and managers	90	170	195
%	16.45	16.14	16.39
<b>Total executives and managers</b>	<b>547</b>	<b>1,053</b>	<b>1,190</b>

## Social inclusion and the creation of opportunities for people with disabilities

The social inclusion of persons with disabilities and, therefore, equal opportunities for this group are a firm commitment of Abengoa, which goes beyond meeting a mere legal requirement and which forms part, in a main way, of the corporate culture.

At the end of 2019, the number of employees with different capacities greater than or equal to 33 % in Spain was 42.

In order to comply with the Social Integration of Disabled Persons Act (LISMI), Abengoa has launched alternative procedures such as the application of exceptionality to cover the legal requirements by visiting recognised centres of special employment, for example for cleaning service or front desk staff, thereby contributing to promoting and encouraging the integration of disadvantaged groups.

In terms of management, the company is concerned about adapting roles and workplaces to assist its employees with different abilities. Similarly, procedures are available to address any new adaptation that an employee or new employee requires.

## Employee commitment and satisfaction

Once the financial restructuring was completed, **Abengoa relaunched the Climate Survey** in 2019, with the objective of analysing the level of satisfaction of the workforce, an essential step in the company's human resources management. This analysis allows the company to directly understand the opinion and perception of its employees on key issues, which allows opportunities for improvement to be identified and new initiatives to be implemented.

81.9 % of the workforce participated in the survey, averaging 8.1 in terms of overall satisfaction and 9 in commitment, on a scale of 1 to 10. More than 90 % of employees recommend working at Abengoa.

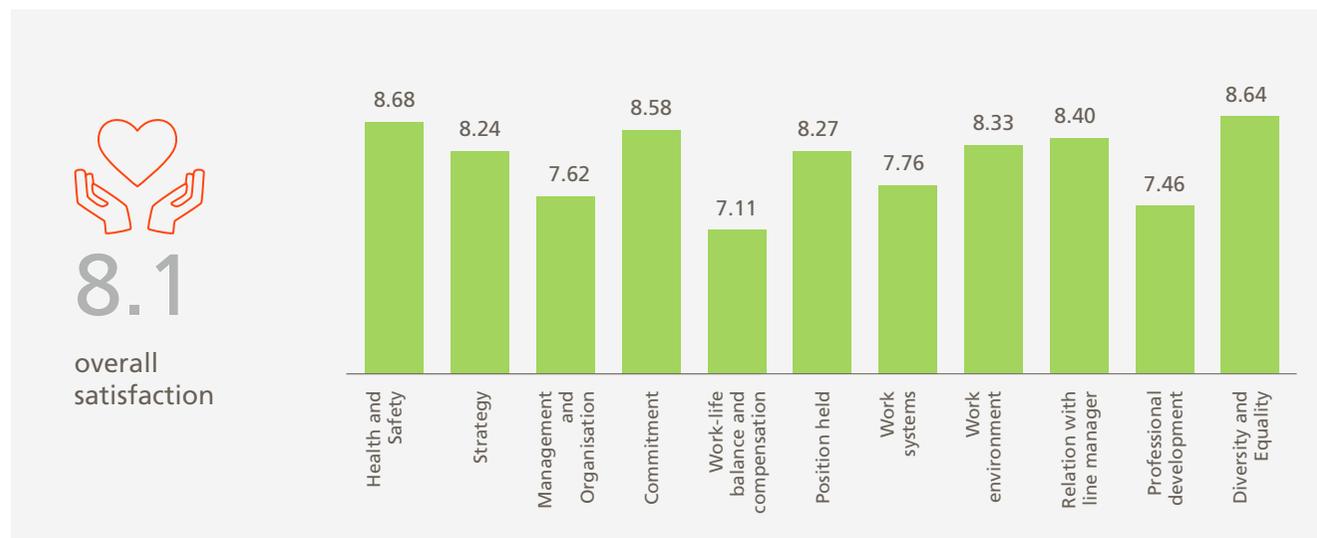
The results have shown that Abengoa is considered by its own employees as an orderly, aligned, participative and collaborative company, with a very good environment and a high degree of commitment.



2,058 answers about

2,512 Surveys

04. Commitment to stakeholders and creation of shared value / Human Value



## Remuneration policy

Abengoa’s remuneration system ensures **objectivity, equal remuneration, treatment and opportunities** between men and women, establishing no differences in any professional category or region, in compliance with the current regulations and with the commitments and principles defined in the company’s policies.

Employee remuneration takes into account the current salary brackets and legal regulations of the regions in which Abengoa operates, among other factors, but is always equal to or higher than the Minimum Inter-professional Wage (or similar indicator) of each country. [202-1](#)

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



Categories	Men	Women	%
Executives	90.0	85.1	5.5
Managers	60.9	58.7	3.6
Engineers and graduates	34.5	34.5	0.1
Assistants and professionals	16.1	15.3	5.3
Operators	15.8	16.4	(4.2)

<sup>2</sup> Includes fixed and variable remuneration and remuneration in kind.

<sup>3</sup> This information corresponds to 94 % of the workforce (employees and operators) as of 31 December 2019, excluding those corresponding to the Brazilian company Abengoa Bioenergia Brazil, which was undergoing a judicial rehabilitation process with no reliable information about the process being available, and the members of the Executive Committee and Management Committee.

04. Commitment to stakeholders and creation of shared value / Human Value

Age range	Gross annual salary (k€)
20-30	15.5
31-40	20.4
41-50	24.4
51-60	24.2
>60	22.3

In the climate survey, the concept of compensation has been placed at 6.5 points of satisfaction, a result below the global average, but that must be put into context since, apart from being one of the aspirational themes par excellence, there were not only a few sacrifices made by the workforce throughout the restructuring phase. However, employee satisfaction over their pay has improved by 5.2 % over the results obtained in the previous survey.

The average remuneration received by management in the financial year 2019, including fixed, variable and in-kind salaries, is 267.6 thousand euros.

The Managing Committee has an average remuneration of 197 thousand euros and 186 thousand euros, respectively, for men and women, representing a 5.9 % difference.



## Attracting and retaining talent

For Abengoa, business success is closely linked to the development and retention of the best talent. For this reason, it is essential to have a **performance appraisal and measurement process that ensures the establishment of actions aimed at improving employees' development.**

Each employee has an individualised career plan with training customised to their needs, concerns and expectations and which, each year, is adapted to their development and situation. The challenges and goals of our professionals are limited solely by their creative capacity.

### Skill management

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

Measuring performance based on skills and behaviours is a key process in managing people and teams within an organisation, since it allows employees' potential, strengths and areas for improvement in their performance to be identified and development actions to be proposed.

The process is performed annually and during the financial year 2019, 99.1 % of the employees who are subject to appraisal have participated.

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

Through the **Management Incentive Plan (MIP)**, Abengoa 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 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 2019, voluntary turnover was 5.2 %, compared with 7.69 % in 2018. 401-1



Voluntary turnover		2019	2018	2017
Gender (%)	Men	5.17	7.83	8.37
	Women	5.28	7.33	9.6
Age (%)	20 - 30	6.44	24.83	2.37
	31 - 40	6.18	47.59	4.97
	41 - 50	4.11	20.34	8.14
	51 - 60	3.98	5.52	9.49
	> 60	3.31	1.72	2.86

04. Commitment to stakeholders and creation of shared value / Human Value

The voluntary rotation rate by region was as follows:

2019	Rotation rate %
Spain	4.19
Europe	24.43
South America	4.33
North America	28.04
Africa	2.59
Asia/Oceania	8.43
<b>Total</b>	<b>5.20</b>

Emerging from the uncertainties inherent in restructuring, along with good business results and implemented initiatives, are clearly indicated in the rotation rate. The Abengoa project generates and projects strong confidence, as perceived and stated by the employees themselves through the evaluations of the climate survey in all its chapters.

Portfolio generation

Abengoa considers training grants to be the best route to attract young talent and develop future professionals and to promote a young talent pool that makes the model sustainable 16 % of the company. This idea is materialised in its **international internship programme**, among other initiatives.

This programme is supported by many prestigious academic institutions, universities, business schools and vocational training institutes, and attracts students from all over the world, making it an ideal gateway for the professionals of the future. The Abengoa talent pool, trained in business disciplines, remain a key part of the growth and renewal of the teams.

In the financial year 2019, the number of internships increased by 20 % and collaboration agreements with training institutions were increased by 22.

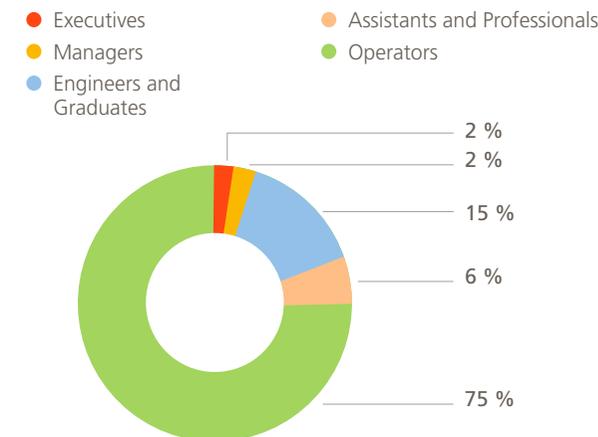
Training

Abengoa operates in a competitive industry, where the knowledge and capabilities of the employees must be continuously reinforced with specialised training for achieving professional objectives and meeting business needs. Additionally, it is also aware of the role of training as a tool to motivate, retain and improve the skills of its employees, which in turn constitutes a lever to strengthen the company’s competitiveness. Despite the lack of resources in 2019, Abengoa has continued to manage its training by giving priority to Health and Safety and essential training.

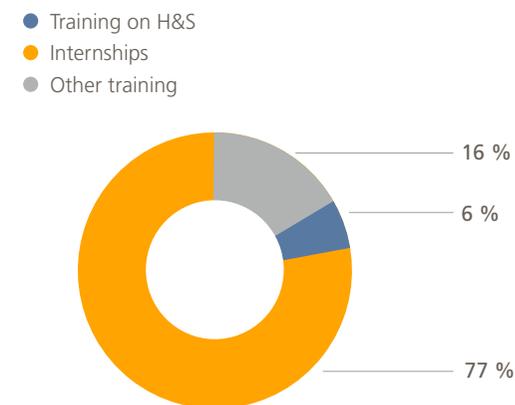
The number of training hours given over the previous year has decreased by 11 %, reaching a total in 2019 of 435,477 hours for 14,025 employees, compared to 480,018 hours for 13,437 employees in 2018.

Training	2019	2018	2017
Training hours	435,477	480,018	249,164
Internships	85,932	66,627	73,557
Variation in training hours (%)	(11)	93	115

The breakdown of training by professional category and by typology is as follows:



Training by typology:



Abengoa’s training policy ensures that all staff have the knowledge and skills necessary for the development of their functions, keeping them highly trained and qualified.

04. Commitment to stakeholders and creation of shared value / Human Value

## Protection of human rights

Abengoa maintains a firm commitment to respect and the protection of human rights, both internally and in its area of influence.

To ensure this, all persons who are part of the company are covered by the labour corporate regulations mentioned above, regardless of the nature of their activities or the countries in which they are carried out.

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*

In 2019, 95.01 % of employees were subject to with collective bargaining agreements, as detailed in agreements



Country	Total	Agreements exist for Collective Bargaining (Yes/No)
Saudi Arabia	57	-
Algeria	213	213
Argentina	272	272
Belgium	5	5
Brazil		2,573
Chile	2,903	2,903
China	1	-
Colombia	5	-
Denmark	19	19
United Arab Emirates	37	-
Spain	2,578	2,578
France	81	81
Ghana	29	-
India	40	40
Israel	4	4
Morocco	153	153
Mexico	503	-
Oman	21	-

Country	Total	Agreements exist for Collective Bargaining (Yes/No)
Peru	1,508	1,508
Poland	5	5
United Kingdom	7	7
South Africa	289	289
Turkey	4	-
Ukraine	43	-
Uruguay	2,233	2,233
USA	442	442
<b>Overall total</b>	<b>14,025</b>	<b>13,325</b>

In the event of any organisational change occurring in the company, the entire staff has the basic labour right to be informed beforehand, through their supervisors or representatives, as the case may be, established by law and according to the collective agreements that apply. *402-1*

The commitments resulting from the adhesion to the United Nations Global Compact, as well as Abengoa's own Code of Conduct, inspire the **Occupational Social Responsibility policy of the company**, which establishes a social responsibility management system aligned with the SA8000 model.

No complaints were received during 2019 in relation to human rights through any whistleblowing channel. *102-17, 419-1*

04. Commitment to stakeholders and creation of shared value / Human Value

## The importance of work-life balance and labour flexibility

201-3, 401-2

Abengoa has a high commitment level with the establishment of initiatives that contribute to improve the work-life balance of its staff's working and personal lives. Creating a **nice work atmosphere and achieving a good work-life balance** are essential to ensure employees trust in the company and to create a mutually beneficial relationship with them.

A proper work-life balance results in greater motivation and commitment of the teams, and thus in greater productivity and competitiveness of the company.

To this end, it offers different measures that help them achieve a good work-life balance, which are highly valued by the employees, making Abengoa an ideal place to work.

- Flexibility in entry and exit times throughout the day;
- Available free time;
- Reduced workday on Fridays all year;
- Flexibility in vacation enjoyment;
- Improved workday reduction models;
- Restaurant;
- Gym;
- Medical coverage in all workplaces with more than 300 people.

## Occupational health and safety

At Abengoa, the first and most important thing is the people and, therefore, **the commitment to the Health and Safety of all its personnel is of the utmost** importance, including the personnel of subcontractors. Working safely, regardless of country, project type, plant or customer, has become a necessary condition for its activity, an aspect fully integrated into the corporate culture.

This strong commitment regarding prevention is easily detectable in all locations where the company has activity, ensuring that an adequate health and safety operational control is available and that it serves as a strategic lever for the fulfilment of contractual, legal and internal objectives.

In order to properly mitigate any potential risk in the Health and Safety area, the company has developed a Health and Safety Policy, which is based on **five fundamental pillars** and applies throughout the company, without exception:



04. Commitment to stakeholders and creation of shared value / Human Value

2019 has been the third year since the company has consecutively had a **Health and Well-being Plan**, the purpose of which is to launch initiatives to promote and disseminate themes related to the health of the employees (encouraging

physical activity, healthy eating, prevention of cardiovascular risks, specific training campaigns, etc.), as well as having tools to allow measurement, evaluation and review of work centres so they become more and more healthy.

In order to promote **the continuous improvement of the health and safety management model**, the company has focused on the behavioural improvement of its personnel regarding prevention, periodically developing specific behavioural workshops, led by senior management, in order to keep the entire staff aligned in this sense, and to strengthen the visible leadership and integration of Health and Safety within the company.

**The zero accidents objective** continues to be Abengoa's priority in the Health and Safety area. Additionally, the company continues to be interested in improving the detection and systematic recording of unsafe acts and conditions, since it strongly believes in the benefits of the practical application of Bird's Safety Pyramid, promoting foresight in the investigation of unsafe acts and conditions that may be recorded in the workplaces, with an in-depth causal tree analysis, and setting up the relevant action plans, in order to reduce the possibility of damage to persons or facilities actually occurring.

**Review by management**

Given the importance of prevention in the company's management, Health and Safety is the first aspect that is addressed in all sessions of the Executive Committee and Management Committee. In the same way, and in order to provide detailed monitoring of preventive matters at activity level, specific Health and Safety committees are held with the different businesses and locations. *403-1*

At corporate level, the company also has Health and Safety committees led by senior management, which meet monthly to monitor activities and meet the objectives defined in this field, alerting on those aspects that may pose risks to workers' safety at work, and establishing the relevant action plans for the proper management of these risks.

During 2019, 137 Health and Safety Committees were held in the various locations where the company operates.

**Monthly journal with content** for health promotion by Abengoa's medical management team, distributed in the different work centres.



► July 2019.



February 2019. Cardiovascular Risk Prevention.

**Launch of activities with Mutua Universal**, seminars held at the different Abengoa centres.



► Keys to good stress management. 3 June 2019. Palmas Altas Campus. Seville



**Dissemination of all safety alerts** of incidents classified as significant in order to notify about the lessons learned, in all work centres and in monthly reports.

04. Commitment to stakeholders and creation of shared value / Human Value

## Accident rate evolution

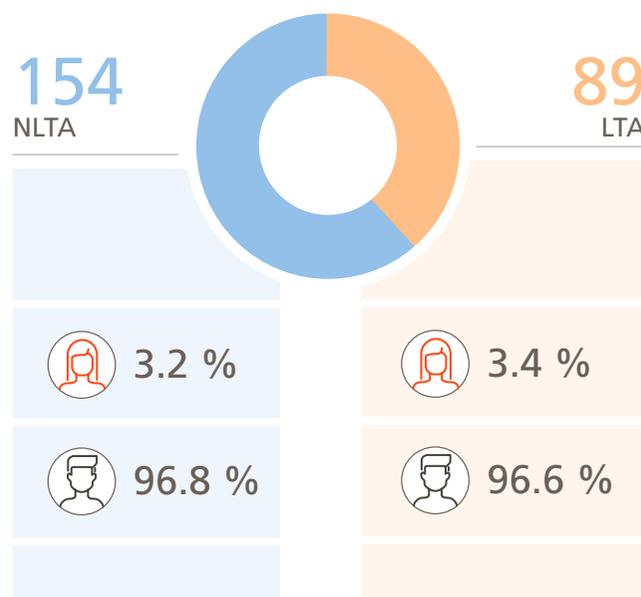
The Safety and Health area has focused its efforts in 2019 on promoting health among workers and contractors and has activated health **plans and specific awareness campaigns, on topics such as road safety**, acting against stroke or emotional well-being. During 2019, work has been done to improve accident rates, leading to a 0.36 reduction in the Frequency Rate with Sick Leave (FRSL) at year close.

A fatal accident occurred in a project in the financial year 2019, so the current objective of “zero fatal accidents” on-site could not be met. *403-2*

Personnel	2019	2018	2017
Own	1 (male)	-	-
Subcontracted	-	-	-

A summary of accidents of own employees broken down per gender has been included below:

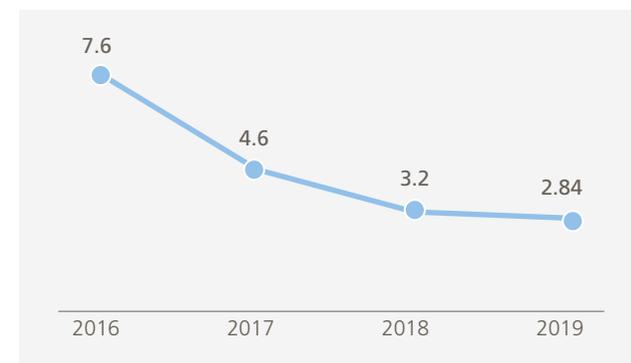
### Accidents of own employees



Abengoa places special attention on reducing the accident rate in all its work centres. 2019 closed with a **significant decrease in accident rates**, with a reduction of 0.36 points in the Frequency Rate with Sick Leave (FRSL) with respect to the value for the previous year (2.84 vs. 3.20).

Year	FRSL <sup>(1)</sup>	Severity rate <sup>(2)</sup>
2019	2.84	0.05
2018	3.2	0.07
2017	4.6	0.08

### Accident rate



<sup>(1)</sup> Frequency Rate with Sick Leave (FRSL) = (number of accidents with sick leave/ number of hours worked) \* 106

<sup>(2)</sup> Severity Rate (SR) = (Number of Work Days Lost/Hours Worked) \* 1,000

04. Commitment to stakeholders and creation of shared value / Human Value



The accident rate of the company's own personnel, broken down by gender, is as shown below:

Gender	General frequency rate	Severity rate	Number of LTA and NLTA
Men	9.52	0.06	235
Women	2.76	0.01	8

Own Staff	IFG	IFCB	IG	LTI
2019	8.81	3.2	0.06	89
2018	10.88	4.9	0.11	126
2017	13.3	6.6	0.12	173

Personnel subcontracted	IFG	IFCB	IG	LTI
2019	4.77	2.3	0.03	47
2018	3.4	1.1	0.01	24
2017	3.1	1.6	0.02	27

Global	IFG	IFCB	IG	LTI
2019	7.09	2.8	0.05	136
2018	7.5	3.2	0.07	150
2017	9.3	4.6	0.08	200

There has also been a reduction in work accidents with sick leave and the Overall.

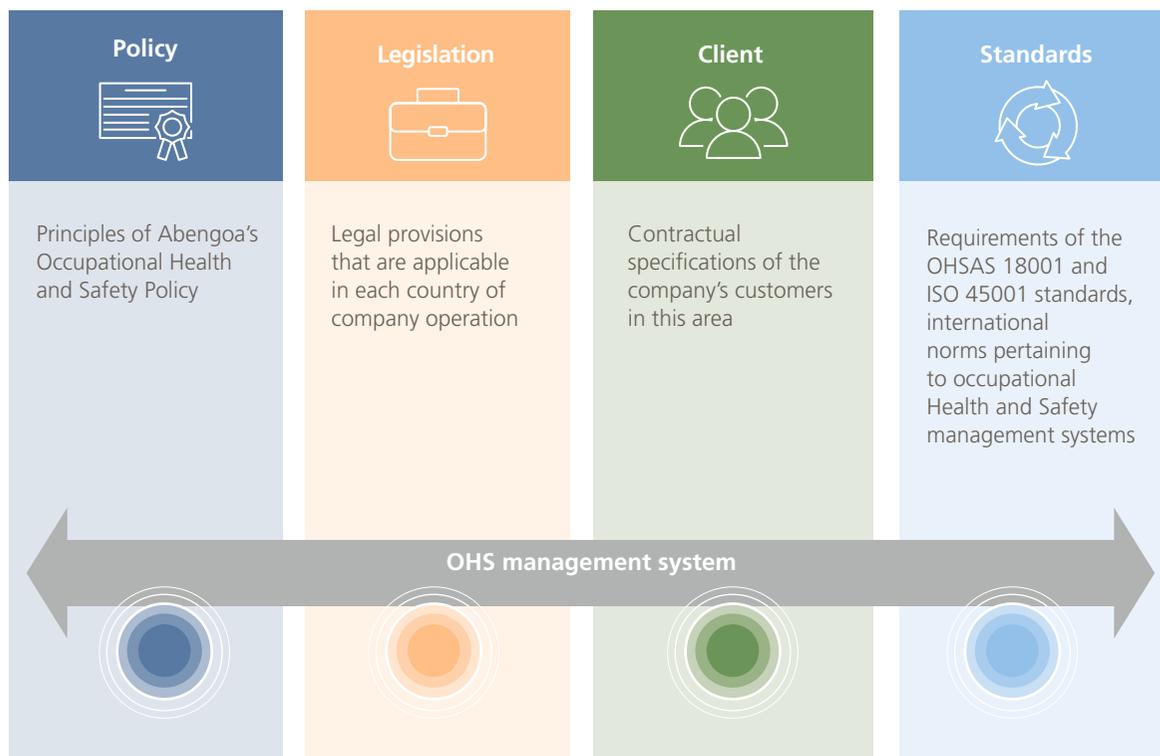
Year	Overall frequency rate (1)	Number of LTA
2019	7.09	136
2018	7.5	150
2017	9.3	200

(1) Overall frequency rate (OFR)= (Number of LTA+NLTA/Number of hours worked) \* 1,000,000

04. Commitment to stakeholders and creation of shared value / Human Value

Occupational Risk Prevention Management system

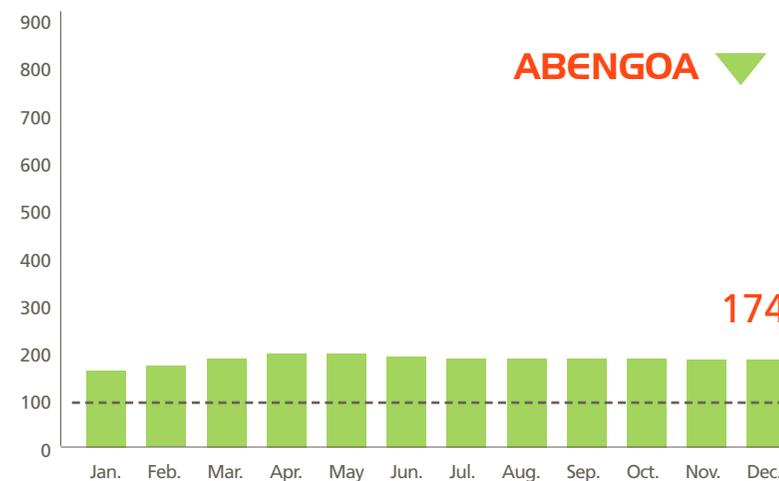
Abengoa implements its occupational risk prevention management system in all its activities. This system covers four basic needs:



This **management system** and its implementation at project level **is regularly audited by authorized entities** which certify their degree of alignment with legal regulations and efficiency level. Additionally, during 2019, **70 internal safety and health audits** were performed in the company's various companies and projects.

To proactively detect possible events that could result in an accident, the Total Recordable Deviation Rate (TRDR)\* was established, an indicator by which near misses and unsafe acts and conditions are recorded in the Abengoa Incident Report (AIR) computer tool.

At year end, 8,322 deviations had been recorded, with a TRDR of 174 globally, achieving 100 % of the target.



\*TRDR (Total Recordable Deviation Rate) = (No. near misses and unsafe acts and conditions/ hours) \*1,000,000

04. Commitment to stakeholders and creation of shared value / Human Value

## Achievements in Health and Safety management

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

- Five years with no work accidents requiring sick leave at the Ecija and Extremadura (Spain) solar power platforms and at the Ain Beni Mathar (Morocco) hybrid solar-gas plant.
- Two years with no accidents requiring sick leave at the solar platform in Castilla La Mancha (Spain) and desalination plants in Almeria (Spain), Chennai (India) and Skikda (Algeria).
- One year with no accidents requiring sick leave at the Kaxu Solar One and Khi Solar One (South Africa) solar power plants and the El Carpio (Spain) solar power platform.
- One million hours with no accidents requiring sick leave at:
  - Humos Negros Project (Chile).
  - Salalah Project (Oman).
  - Shuaibah Project (Saudi Arabia).
  - Agadir Project (Morocco).
  - Los Cóndores Project (Chile).

### Awards received by third parties:

- Received the Safety Partner Trophy – Breca Mining Division, in recognition of Abengoa Peru's best performance in Occupational Health and Safety in 2018 in its operations for Marcobre.
- Received the Gold Medal Award at the 9th edition of the Sabic European Contractor Safety Award.
- Recognition for the operations and maintenance personnel of the Kaxu Solar One plant by Atlantica Yield for their commitment to Health and Safety.
- Abengoa Chile awarded by Mutual de Seguridad for its low occupational accident rate.



04. Commitment to stakeholders and creation of shared value

# 4.4

## Value for the client



1,107

€M in contracts



35 %

reduction in claims with respect to 2018



7.1 %

increase in pipeline



130

quality professionals



125

process indicators



115

Internal audits



04. Commitment to stakeholders and creation of shared value / Value for the client

2019 has been a year marked by the recovery of the business, which has been reflected in a positive increase in the pipeline thanks to the trust, understanding and loyalty shown by clients during this period.

Although the company's circumstances over the last few years for the company have been complex, its **eight decades of experience** in creating innovative technological solutions for sustainable development and a **great human team** have allowed Abengoa to normalise its activity with the highest quality standards.

One of the **main strengths** it has is its **strong portfolio of collaborators** around the world, which allows it to remain positioned as a **world leader** in the engineering and construction, energy and comprehensive water solutions sectors.

To meet client demands and expectations, improve management and minimise impacts on all projects while maintaining a high satisfaction level, Abengoa has strengthened the tools that allow the company to meet the needs of its clients by maintaining a **fluid and transparent bidirectional communication**. It is also worth mentioning that project managers follow a personalised management approach in each region, offering their assistance to clients at all times throughout their relationship with the company.

### Focus on the client

Abengoa is a company that has a solid business strategy, oriented to its clients and aligned with the values of excellence in **health and safety, integrity, transparency, reliability, client focus, innovation, respect for the environment and professional rigour**, which constitute its identifying traits. *102-2, 416-1*

The company makes its technology and expertise available to its clients in the projects in which it participates.

Type of contract	Capabilities	
	Know-how	Technology
EPC	✓	✓
Engineering and supply	✓	✓
Operation and maintenance	✓	✓
Technological license	✓	✓

### Abengoa's contribution to sustainable development

Energy and water markets are currently undergoing a profound transformation process.

The energy market faces significant challenges, approaching an **increasingly decentralized energy landscape** and with an imminent increase in **renewable energy production**, in order to meet the reduction objectives established in the National Energy and Climate Plans (NECPs).

The drivers of this new trend are mainly **the changes in energy prices** (reduction of solar and wind energy prices and increase in fuel prices) and the increase in **social and business awareness**.

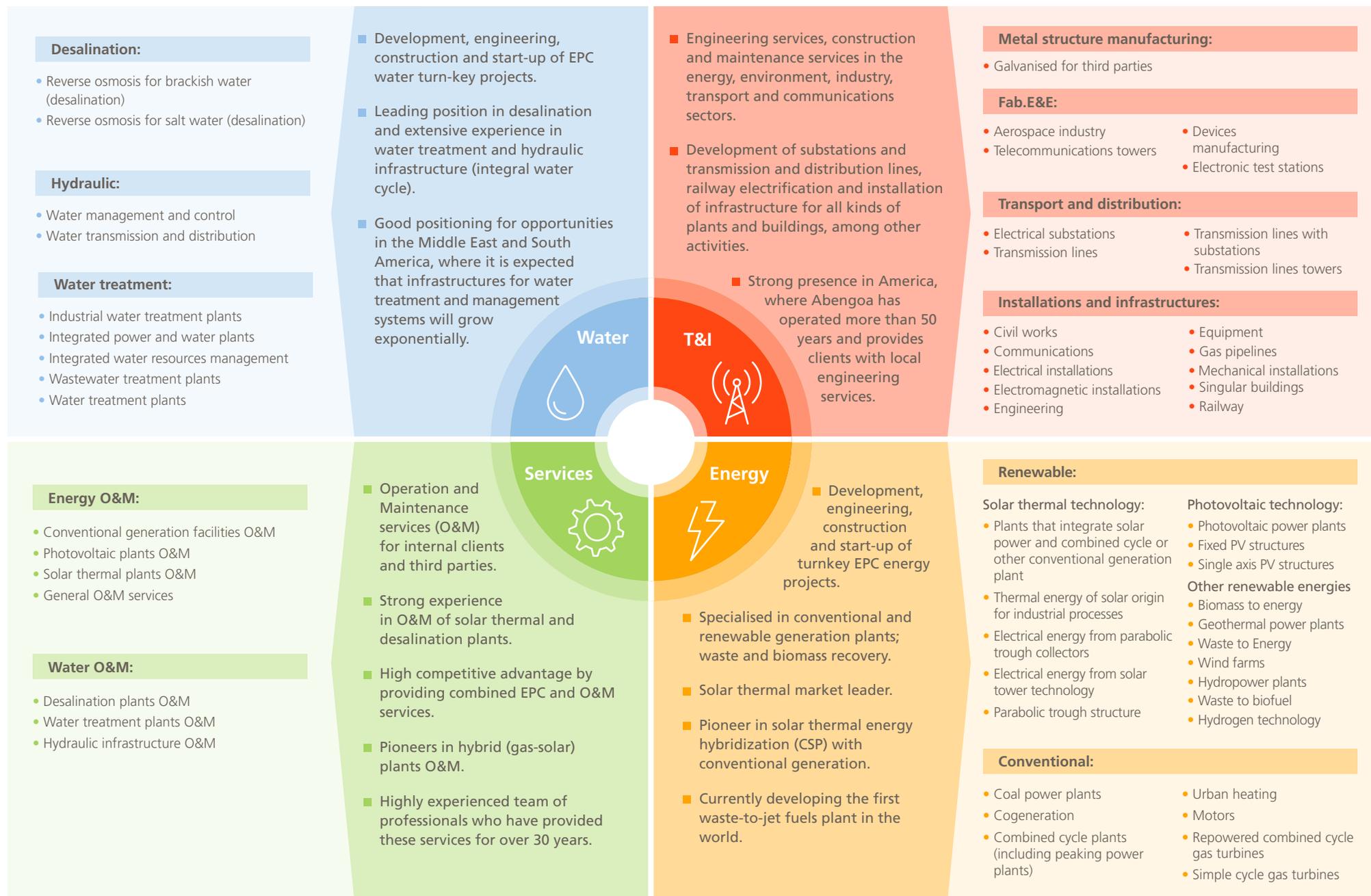
The water market likewise continues to evolve, with a constant increase in demand globally. This fact, added to the effect of climate change effect on water, requires a **constant investment** in water infrastructure.

The desalination market has experienced spectacular growth in 2019 and forecasts point to a 30 % increase in installed capacity over the next five years. Without a doubt, this change of trend means **great risks and great opportunities** for companies.

Aware of this, Abengoa makes a **wide range of solutions aligned with sustainable development** available to its clients in **four major areas of activity**: energy, water, transmission and infrastructures and services.



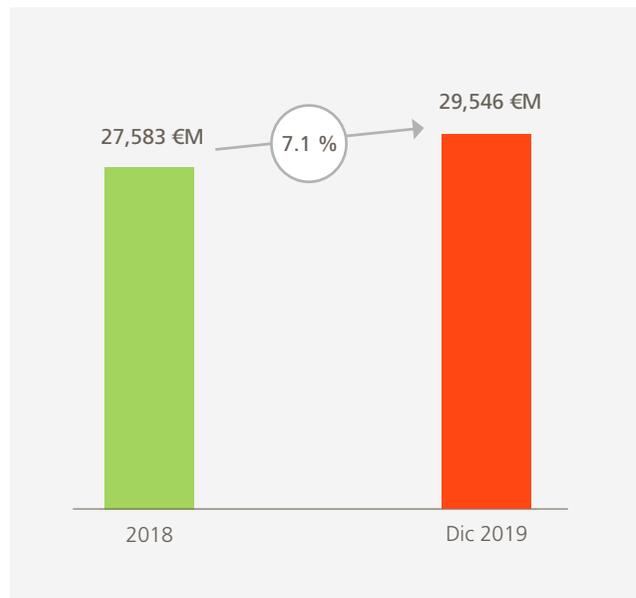
04. Commitment to stakeholders and creation of shared value / Value for the client



04. Commitment to stakeholders and creation of shared value / Value for the client

Pipeline

Abengoa currently has a diversified pipeline, **having increased its pipeline by 7.1 %** with respect to 2018.



Our clients

The profile of Abengoa’s clients varies depending on the type of project, varying for engineering and construction, operation and maintenance or concession-type infrastructures projects.

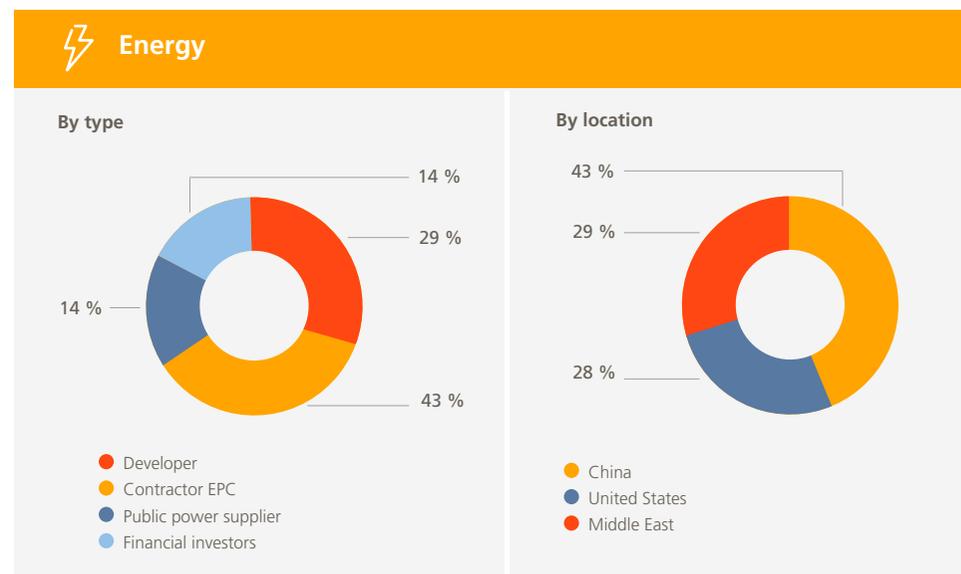
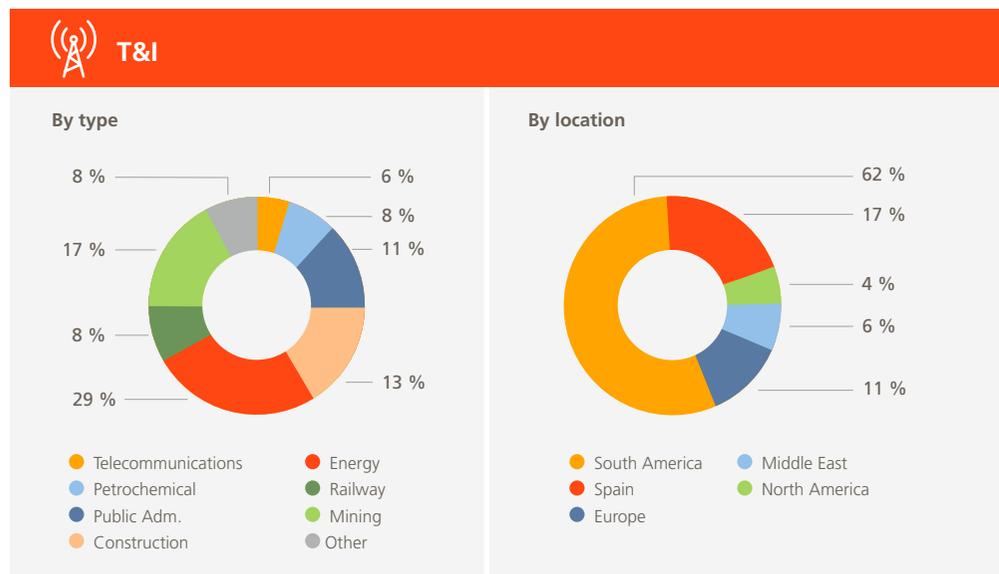
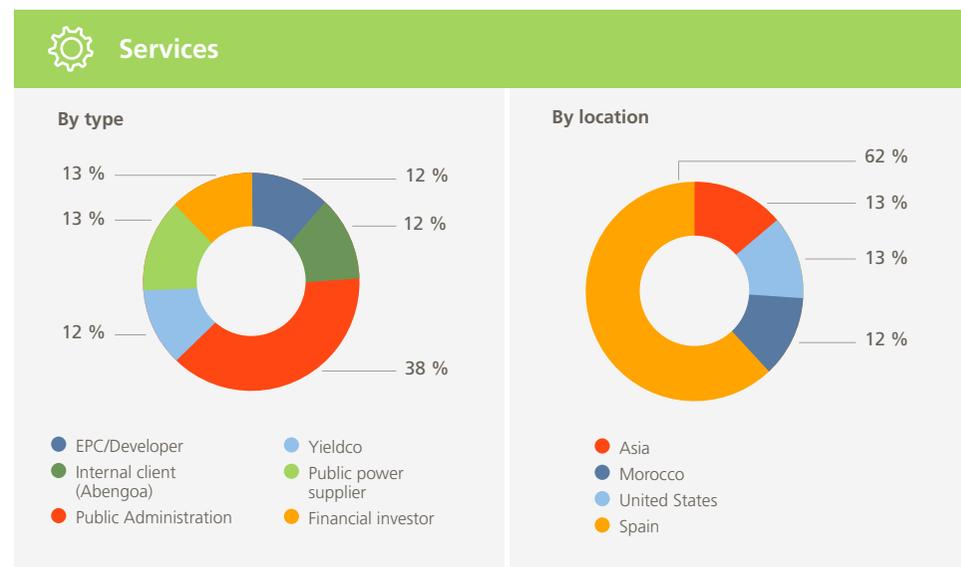
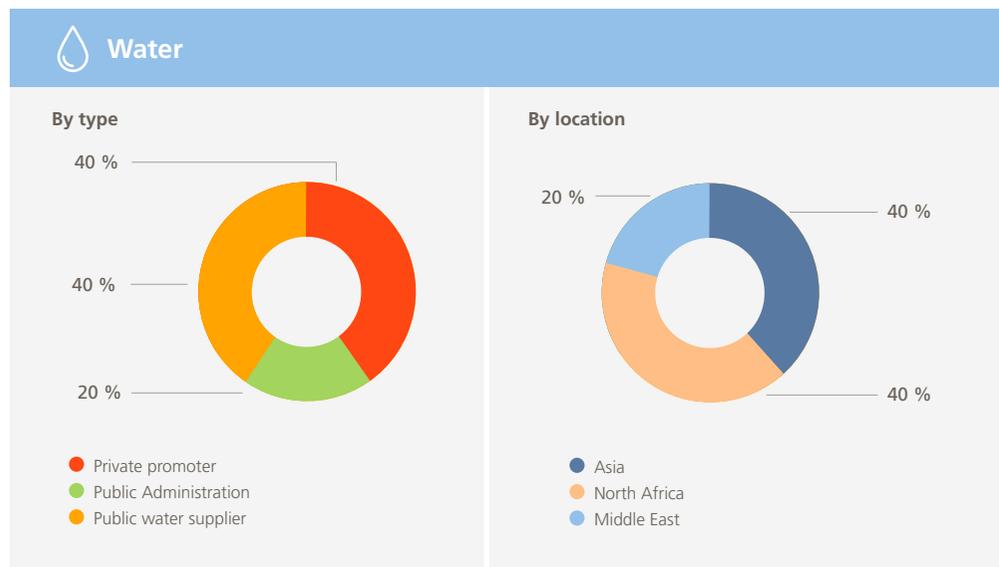
**Clients, by area of activity**

Engineering and construction	Operation and maintenance	Concession-type infrastructure
<ul style="list-style-type: none"> <li>■ Companies for which the infrastructure is designed or built</li> <li>■ Public Administration bodies</li> <li>■ Private developers</li> </ul>	<ul style="list-style-type: none"> <li>■ Companies with concession-type assets (energy and environmental)</li> <li>■ Industrial companies</li> </ul>	<ul style="list-style-type: none"> <li>■ Public Administration bodies</li> <li>■ Electric utilities</li> <li>■ Industrial companies to which technology or facilities are supplied</li> <li>■ Society as the end consumer of renewable energy</li> </ul>



04. Commitment to stakeholders and creation of shared value / Value for the client

Clients by type and origin



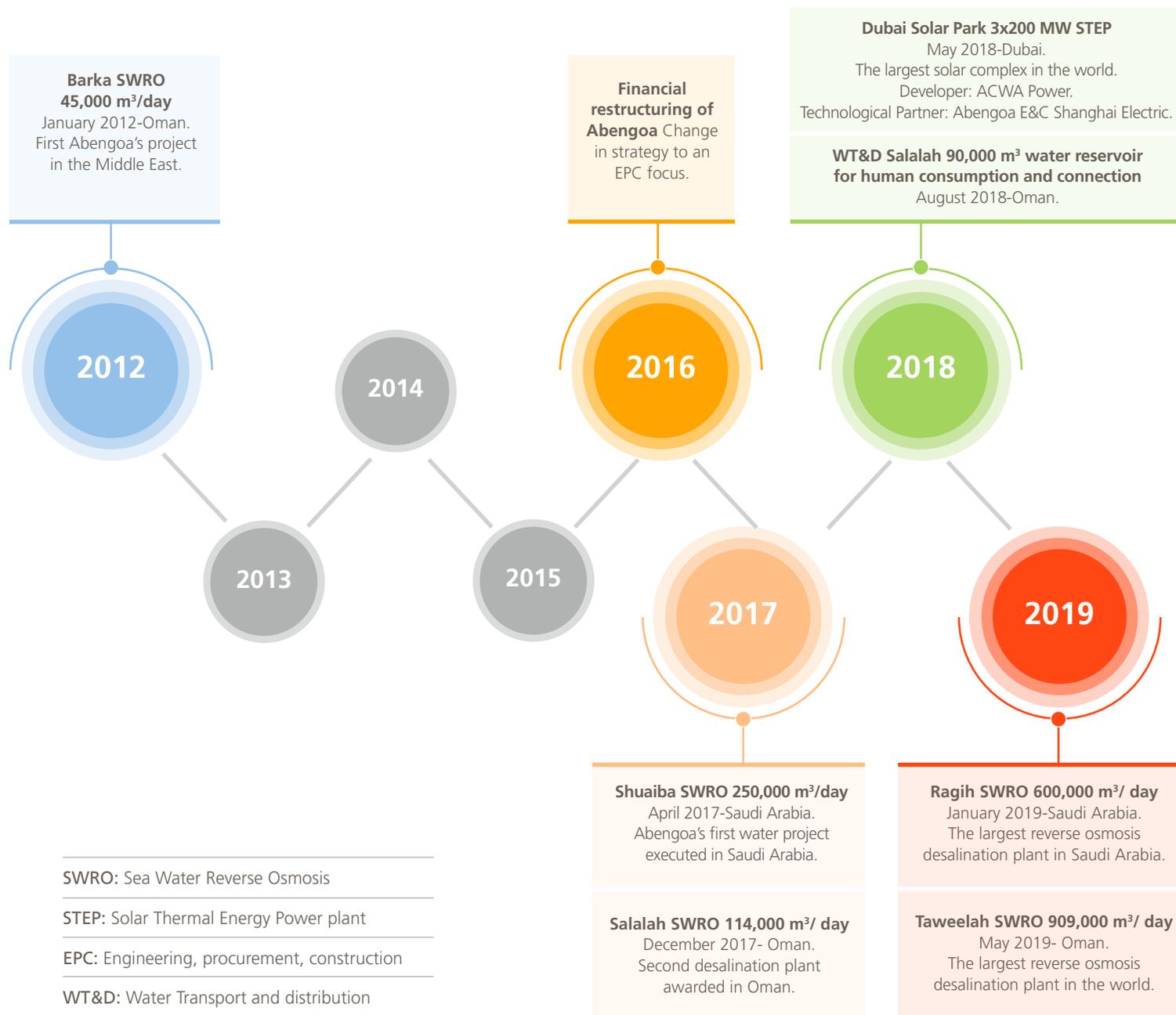
04. Commitment to stakeholders and creation of shared value / Value for the client

Case study



Abengoa has built a solid relationship with ACWA Power, the largest developer of power and water projects in the Middle East. This collaboration began eight years ago and has evolved to culminate in 2018 with a cooperation agreement with ACWA, together with the Chinese firms ICBC and Shanghai Electric (SEC).

This agreement aims at collaborating on future energy projects, identifying joint business opportunities, and establishing a strategic relationship over the long term.



SWRO: Sea Water Reverse Osmosis

STEP: Solar Thermal Energy Power plant

EPC: Engineering, procurement, construction

WT&D: Water Transport and distribution

04. Commitment to stakeholders and creation of shared value / Value for the client

Contracting process

Abengoa undertakes **turnkey projects** covering the **entire value chain**: development, engineering, procurement, construction and start-up, in addition to operations and maintenance.

For the contracting process, the company has **effective business skills**, combined with a **solid risk analysis system**, and a **strict internal review and approval system**, thus ensuring the viability in each project in which it participates.

Abengoa's commercial management is supported by **Salesforce**, a CRM (Customer Relationship Management) system which allows monitoring of all business aspects at any stage of the process, from the identification of opportunities until the awarding of projects.

It allows the sales network to optimise its processes, registering the opportunities detected across the world, so all users can follow their progress, creating synergies between different areas of activity.

Salesforce is fully integrated with the company's risk management system.

Commitment to quality

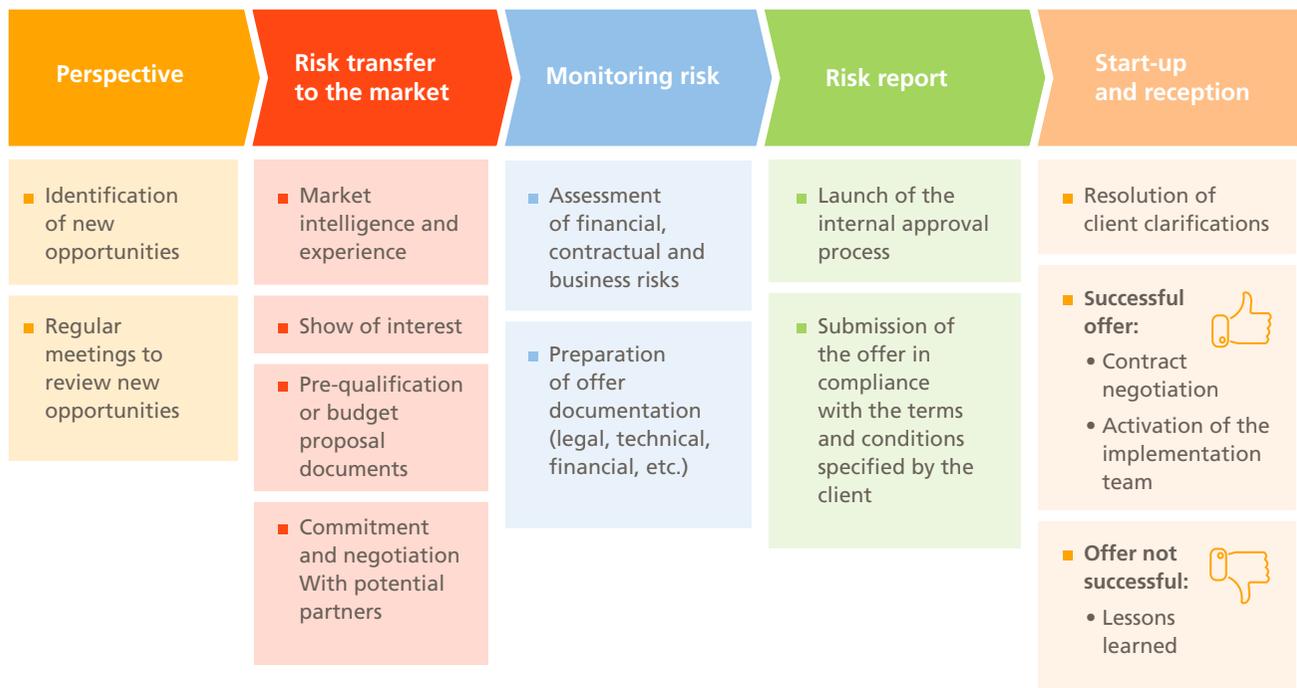
In an increasingly competitive environment, **the quality of products and services** provided has become a **key element** for client satisfaction and, therefore, for the long-term success and sustained growth of any organisation. Abengoa has internalised this need since its inception, maintaining its commitment to quality in all circumstances and without lowering its level of standards at any time. This has enabled the company to **maintain the trust** of key customers over the course of the whole process of restructuring and reorganisation.

During 2019, the company has furthered its **management systems optimisation** process, focusing on quality during the execution of projects and operations and maintenance contracts.

As in previous years, practically all of the works performed in 2019 have been carried out with an **externally certified management system under the ISO 9001:2015 standard**. During this year the structure of certificates has been simplified, reducing their number and combining their scope.

In 2019, **115 internal audits have been conducted** of the quality and environment management systems and **399 nonconformities have been handled** from this process.

The company has had **over 130 specialised resources** in quality management.

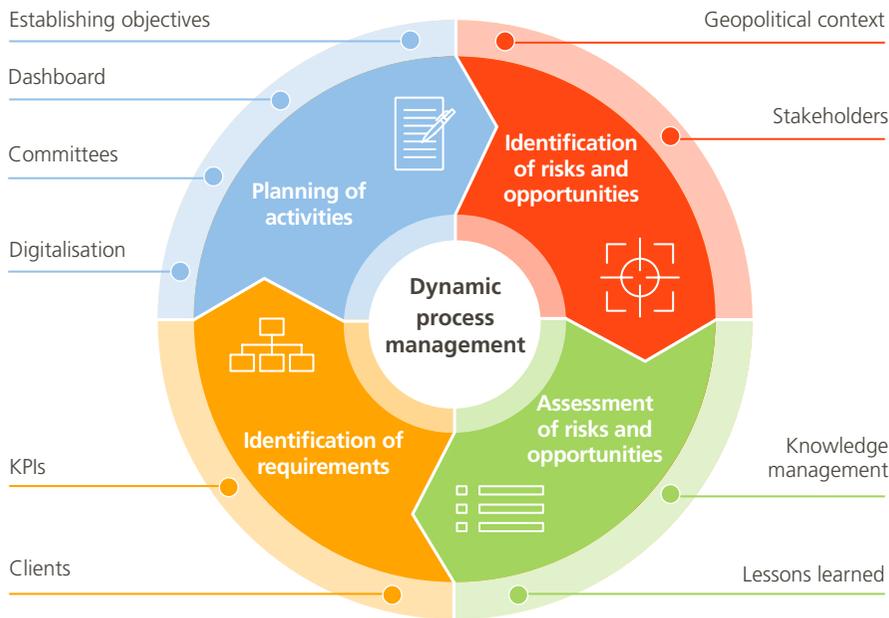


04. Commitment to stakeholders and creation of shared value / Value for the client

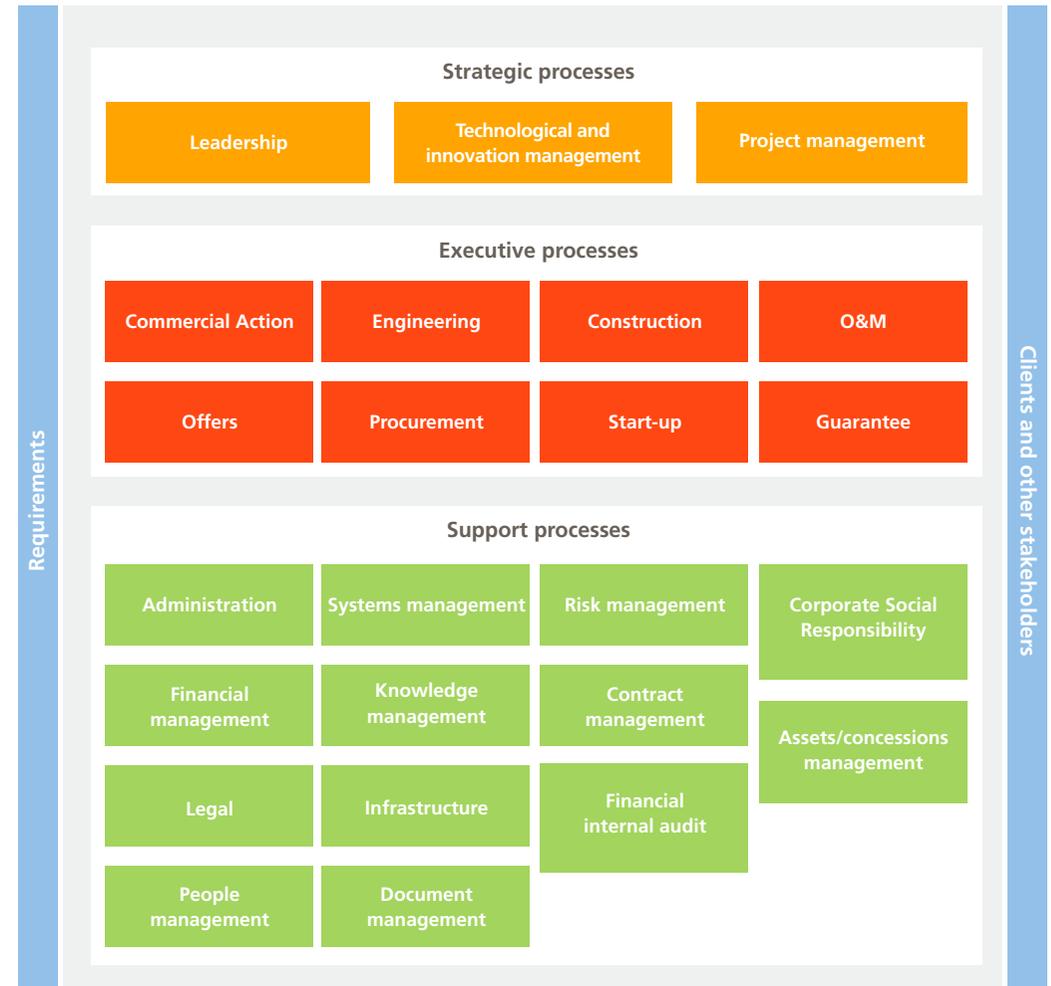
## The quality model

Convinced of the priority to be more efficient in all areas in order to consolidate its recovery and fulfil its growth objectives, Abengoa continues with its **plan to review and improve all processes**.

This optimisation is being performed through an analysis of risks and opportunities that incorporates stakeholders' needs and expectations and the resulting requirements, establishing an activity schedule to **mitigate** or eliminate the potential **negative impacts** and **enhance** the **strengths** and **opportunities**.



At the end of the year, there are **125 defined process indicators** that cover the entire process map and are monitored in some of the regular committees.



04. Commitment to stakeholders and creation of shared value / Value for the client

## Commitment to continuous improvement

One of the main goals of Abengoa’s management systems is to **contribute to cost reduction** and **facilitate innovation**. To this end, it helps identify and provide support to all identified improvement initiatives within the company.

In 2019 **more than 700 opportunities for improvement of various types have been managed**.

### Opportunities for improvement

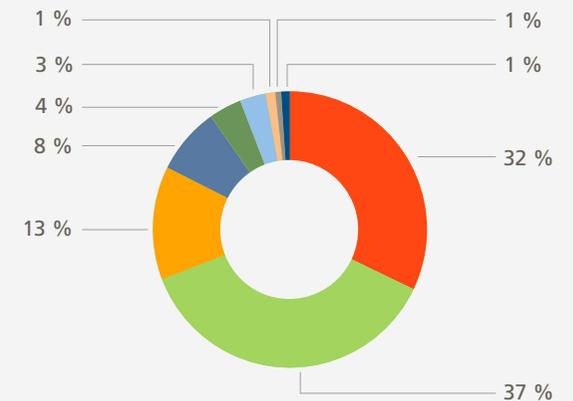
Classification



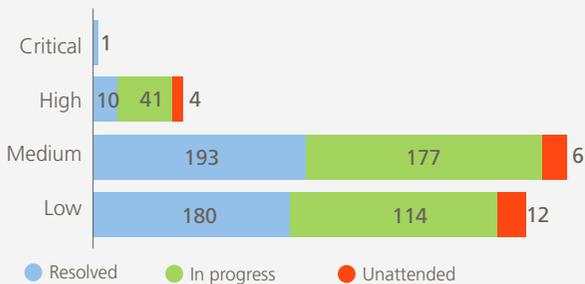
Origin



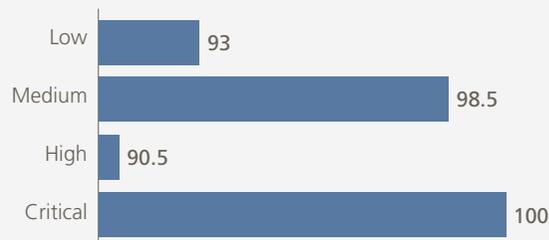
Management system



State of improvements vs priority



Effectiveness of improvements vs priority



- Quality
- Health and Safety
- Environment
- General
- CSR/OSR
- Project Management
- Financial
- GHG
- Other

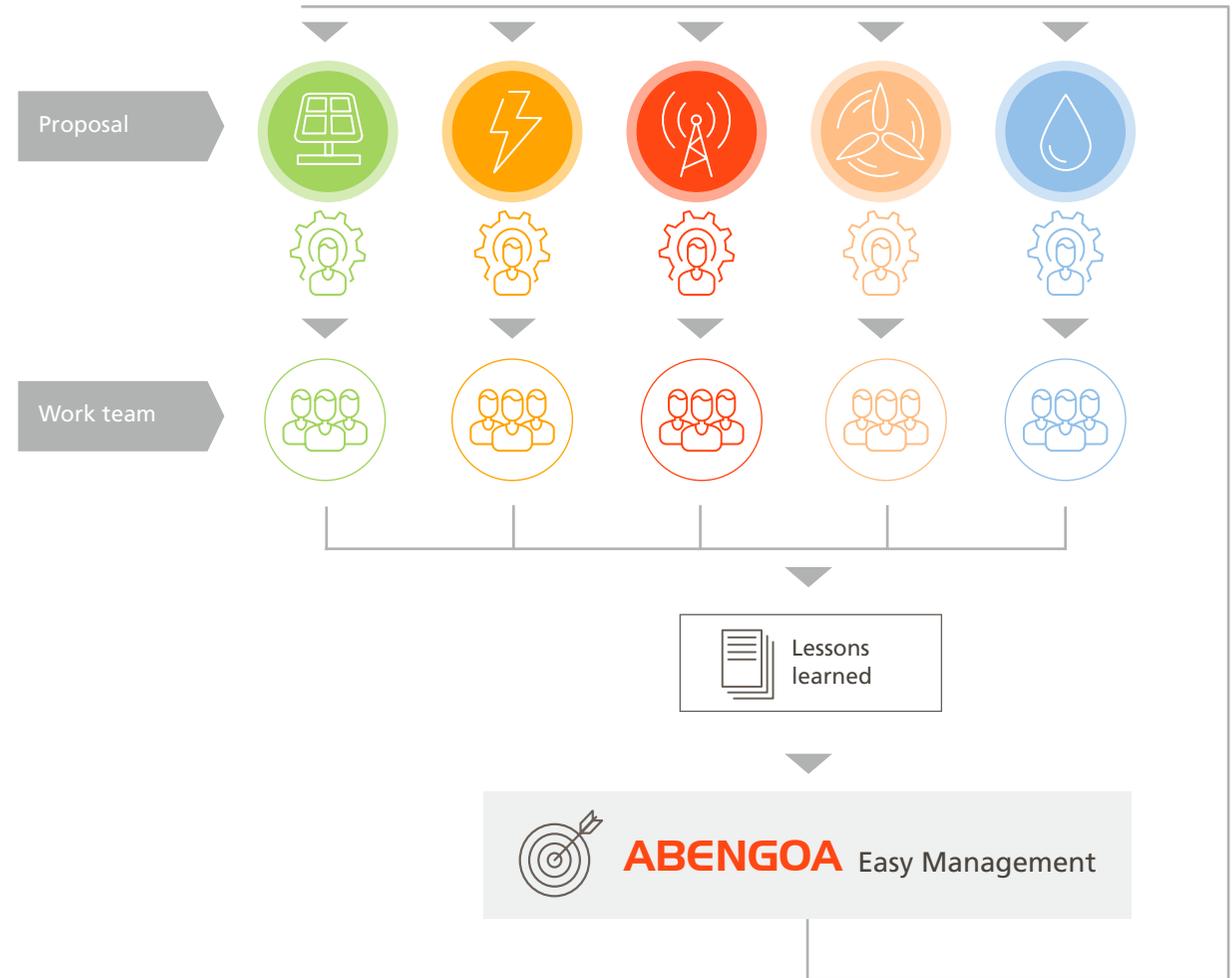
GHG: Greenhouse gases  
OSR: Occupational Social Responsibility

**04. Commitment to stakeholders and creation of shared value / Value for the client**

Another key element of Abengoa’s commitment to continuous improvement is its procedure to manage the **lessons learned** and learning based on experience.

All proposals presented are assessed by teams of experts, who analyse the causes and results. If the lesson learned is assessed as positive, it is transmitted to all applicable projects and activities. Abengoa Easy Management acts as an integrated database and an element that facilitates the dynamics of all process stages.

In 2019 **118 lesson learned proposals** from interviews with the work teams of the projects of Shuaibah, Fulcrum, A3T and North III were added, as well as a meaningful analysis of incidents recorded in the year.



04. Commitment to stakeholders and creation of shared value / Value for the client

## Client satisfaction

For a company to be able to meet its quality standards goals and maintain its commitment to its clients, it is essential to have a **suitable client satisfaction measuring system** that is fully adapted to its **specific products and services**.

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

The methodology establishes **direct measurement through questionnaires** designed ad hoc for the type of product being assessed. The questions have been selected following a detailed analysis of the projects and of our operations and maintenance activities.

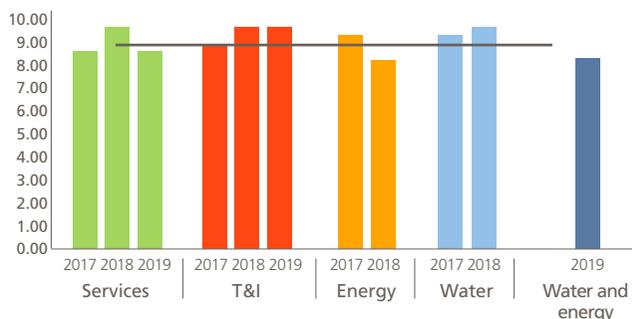
For each response obtained, an individual analysis is performed at different levels, starting with the project team and extending to the corresponding quality committees.

Finally, all received data is **analysed in aggregated form** in order to obtain information and **compare satisfaction on six generic dimensions**:

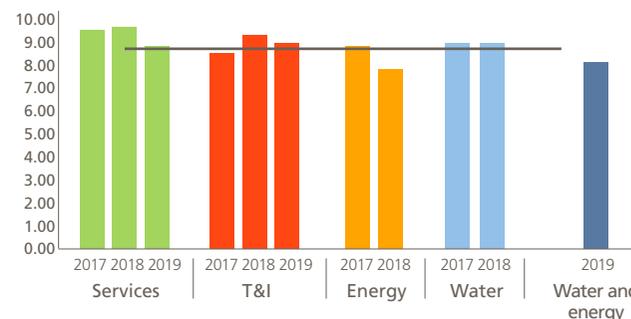
- product or service quality;
- communication with the client;
- management of nonconformities, claims and complaints;
- management of the environmental aspects and impacts associated with the product or service;
- management of social aspects; and
- occupational risk management.

In 2019, the study was of 39 projects and plants, with complete information obtained for 26.

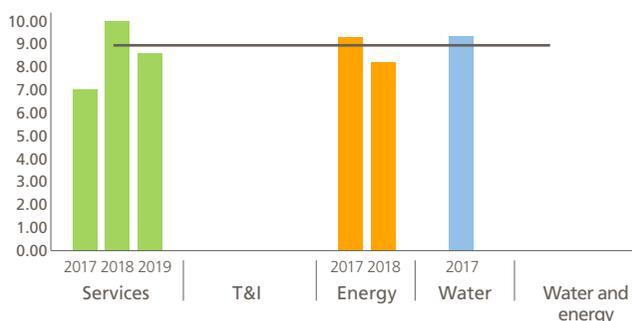
Product or service quality



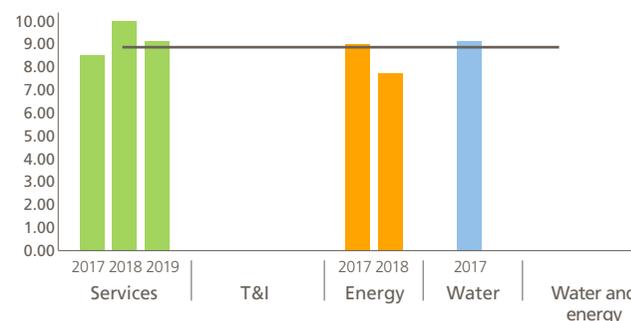
Environmental impacts management



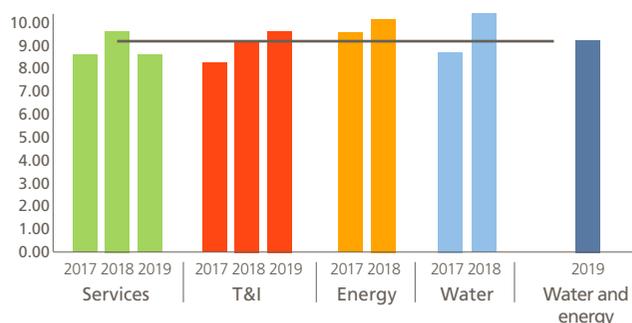
Management of social aspects



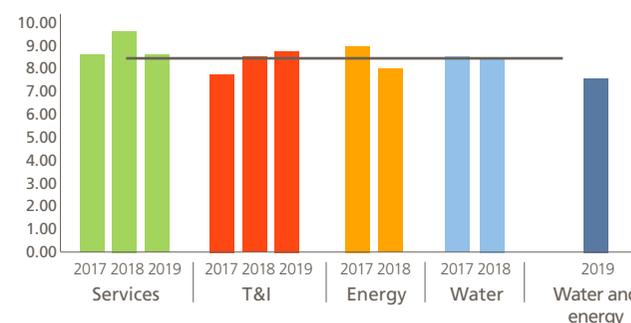
Nonconformities, claims and complaints



Communication



Management of social aspects



04. Commitment to stakeholders and creation of shared value / Value for the client

## Management of claims and complaints

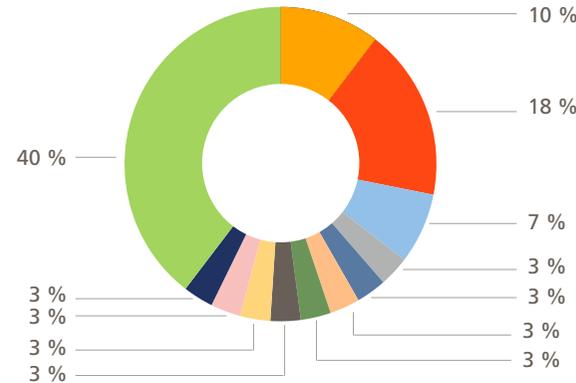
Abengoa has kept open communication channels with its clients at all times, proactively trying to understand their needs, expectations and complaints.

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

The company uses **Abengoa Easy Management (AEM)** to manage all complaints, the corporate tool that manages any of the company's action plans and records incidents and the corresponding corrective actions. **27 claims or complaints** were recorded in 2019, compared to 44 the previous year and 239 in 2017. *102-44*

### Complaints typology

- Control measure errors
- Supervision errors
- HR planning errors
- Attitude errors
- External causes
- Execution errors
- External causes
- Communication errors
- Lack of leadership
- Process definition errors
- Organisational errors
- Other causes



## Future challenges

The quality function, along with other Abengoa's areas have **digitalisation** in its broadest sense as a goal and challenge for the future, not only in terms of incorporating new technologies and automating processes, but with a deeper transformation of the business, making the company more adaptable to changes and more focused on the client.

The main lines of work will be:

- **Resource optimisation:** digitalisation of activities plans, their control and monitoring, work load or compliance indicators.
- **Quality culture:** including the identification and assessment of risks, checklists for processes and activities and recording deviations.
- **Knowledge management:** focused on recording and publicising knowledge, lessons learned and improvement goals.



04. Commitment to stakeholders and creation of shared value

# 4.5

## Value in the supply chain



22

countries where purchases are made



859€M

purchasing volume



3,381

approved suppliers in 2019 according to CSR criteria



8,313

suppliers



667€M

local purchases



77.5 %

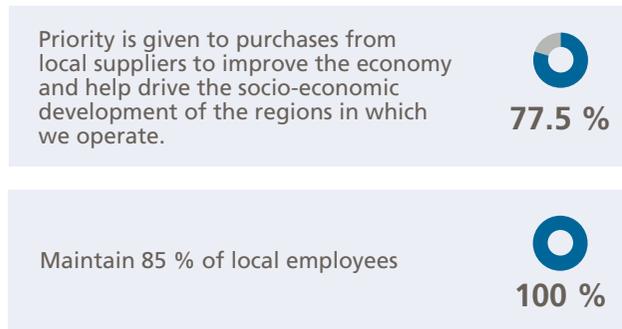
% of purchases from local suppliers



04. Commitment to stakeholders and creation of shared value / Value in the supply chain

Goals set forth in the 2019-2023 SCSR

Contribution to progress



The relationship with suppliers is a priority for Abengoa. In this regard, the company strives to maintain a **relationship** with them **based on trust and mutual benefit**, guaranteeing quality, promoting a culture of responsible management and fostering an ethical behaviour.

Human Rights



Abengoa is aware that in recent times local suppliers and contractors have maintained their loyalty and have made a significant effort to allow the company to continue with its activity. Thus, it has concentrated all its efforts in substantially reducing the debt level from the start of the restructuring in 2015 and continues to work with its suppliers to repay them completely in a sustainable and manner in alignment with the evolution of the business.

Supply chain management

Abengoa's purchase management model is oriented to optimising operational costs, mitigating risks, sustainability in supplier relations and promoting the local supplier database. This all occurs within a framework of transparency and in compliance with the applicable law and good practices, conducted in a socially responsible manner.

To this end, the purchasing function, in addition focusing on relationships with providers who for technological reasons are more global, is established close to local suppliers and businesses, in order to maximise local operations and enhance understanding of the dynamics of each territory and foster long term relationships.



04. Commitment to stakeholders and creation of shared value / Value in the supply chain

Contracting policy is governed by the principles of transparency, rigour and professionalism of all professionals, with the most relevant procedures within purchase management shown below:

- 1 Approval of suppliers
- 2 Request for offers
- 3 Analysis of offers and tabulations
- 4 Internal approvals workflows
- 5 Formalisation
- 6 Monitoring and inspection

## Centralised purchasing

With the purpose of **optimising purchasing management** in the company and performing a balance between local and global, in 2017 the process to **centralise the purchasing area** was started as part of the new strategic plan.

For this end, a **standardised approval process** for all Abengoa's new suppliers was developed. This process covers the diversity in the geographical and activities of the company's operations and records the principles that a supplier must meet in relation to **health and safety, regulatory compliance, defence of human rights and environmental protection**, among others.

Promoting a **culture of responsibility throughout the value chain** allows to multiply the positive impact of the company's values and principles.

The unification of procedures was performed by a specialised team formed by the purchasing, internal audit, CSR, quality and health and safety areas.

The approval process framework is described below.



04. Commitment to stakeholders and creation of shared value / Value in the supply chain

**Responsible purchasing:**

Abengoa attaches special importance to the company's responsibility over its supply chain, even for an organisation with a large number of suppliers and a growing international presence in emerging countries.

For this reason, it places special interest in **promoting compliance with ethical, labour, environmental and health and safety standards** with its suppliers. Encouraging and promoting a culture of responsibility throughout the value chain allows the positive impact to be multiplied across the organisation's values and principles.

To this end, since 2008 Abengoa requires the adherence to the **Social Responsibility Code (SRC) by its suppliers and subcontractors**. The clauses included in this are based on the principles of the UN Global Compact, the Universal Declaration of Human Rights, the guidelines of the International Labour Organisation, Rio Declaration on Environment and the UN's Convention against Corruption. *102-12, 102-13, 414-1*

The SRC was updated in 2016, strengthening the corporate integrity, transparency and good governance areas and becoming a necessary condition for the approval of suppliers. Adhering to this code is not only a way of ensuring business is done as expected, but also a means of improving the quality of life and professional conditions of all actors across the supply chain, contributing to a more sustainable world and helping achieve the Sustainable Development Goals (SDGs).

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

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

**Signing of the Suppliers CSR Code**

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**The supplier/subcontractor must promote and respect, among others the following principles:**

<div style="text-align: center;"> <b>Ethics and integrity</b></div> <ul style="list-style-type: none"> <li>■ Operate in an ethical manner</li> <li>■ Compliance with laws and regulations</li> <li>■ Practices that generate negative impacts</li> <li>■ Prevention and fight against any form of corruption</li> <li>■ Fair competition</li> <li>■ Confidential information</li> <li>■ Intellectual property rights</li> <li>■ Countries not included in the list of sponsors of terrorism</li> <li>■ Conformity with US Foreign Corrupt Practice Act</li> </ul>	<div style="text-align: center;"> <b>Labour practices</b></div> <ul style="list-style-type: none"> <li>■ Respect the fundamental rights of the International Labour Organization (ILO's Conventions and Recommendations)</li> <li>■ Prohibition of child labour</li> <li>■ Prohibition of forced labour</li> <li>■ Compliance of wages and working hours</li> <li>■ Rights of freedom of association, affiliation and collective bargaining</li> <li>■ Equal opportunities and non-discrimination</li> </ul>	<div style="text-align: center;"> <b>Environment</b></div> <ul style="list-style-type: none"> <li>■ Respect for the environment</li> <li>■ Compliance with the applicable legislation and regulations in this matter</li> <li>■ Preventive approach that protects the environment</li> <li>■ Ensure the minimisation of environmental impact</li> <li>■ Promoting actions for improvement and efficiency in relation to emissions, water consumption, waste generation and management, energy consumption, use of raw materials and other resources</li> </ul>
<div style="text-align: center;"> <b>Human rights</b></div> <ul style="list-style-type: none"> <li>■ Respect for human rights and avoid any infringements in this regard</li> <li>■ Avoid harassment and abuse</li> </ul>	<div style="text-align: center;"> <b>Health and safety</b></div> <ul style="list-style-type: none"> <li>■ Safe and healthy work environment</li> <li>■ Ensure workers' protection, assessing activity risks</li> <li>■ Prevent injuries and accidents</li> <li>■ Proper and sufficient training in health and safety</li> <li>■ Compliance of quality and safety criteria</li> <li>■ Due diligence required by law on the source and custody of conflict materials</li> </ul>	

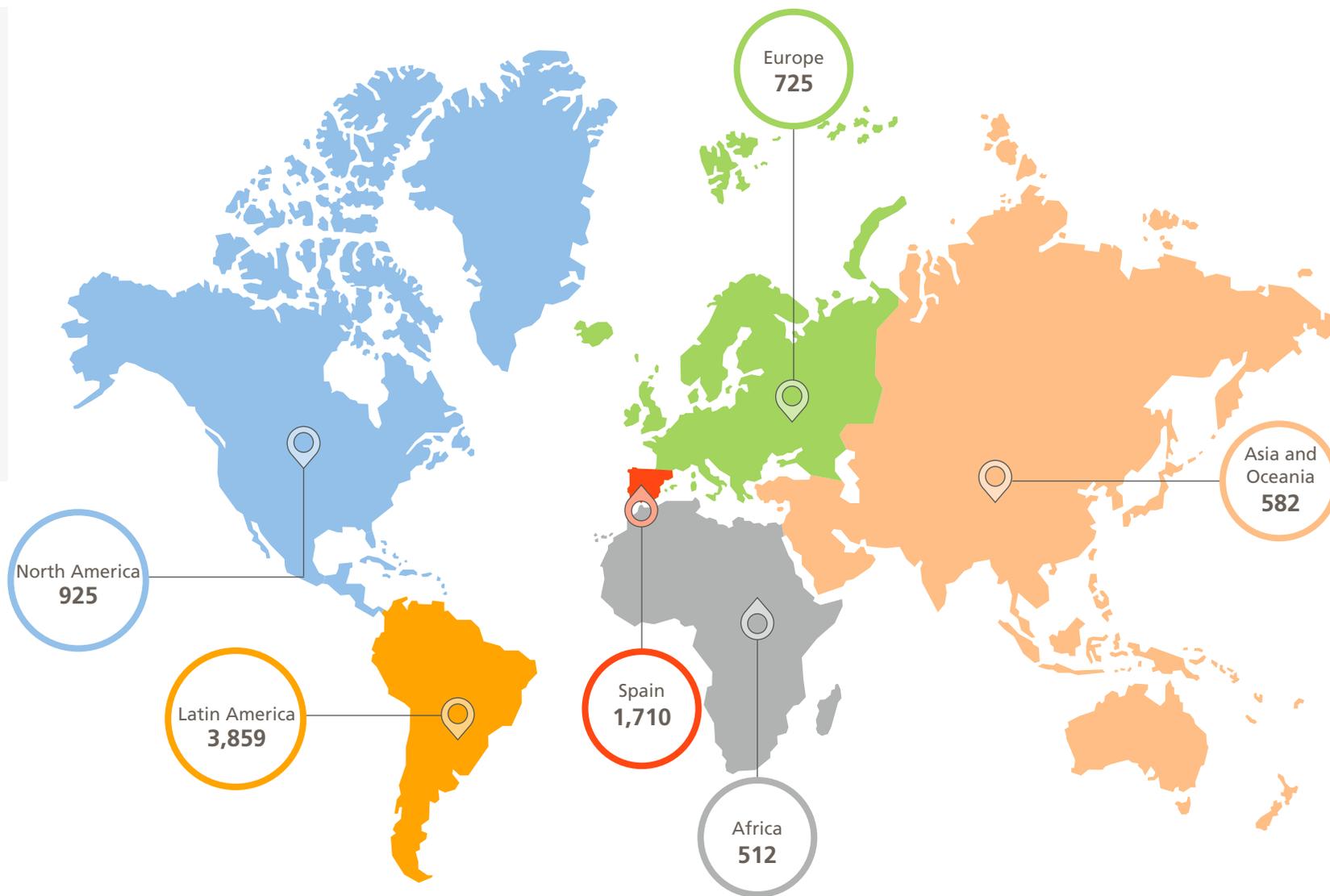
04. Commitment to stakeholders and creation of shared value / Value in the supply chain

## Company suppliers

Abengoa has worked in 2019 with

**8,313**  
Providers in  
**22**  
countries,

of which  
**3,381**  
are new.



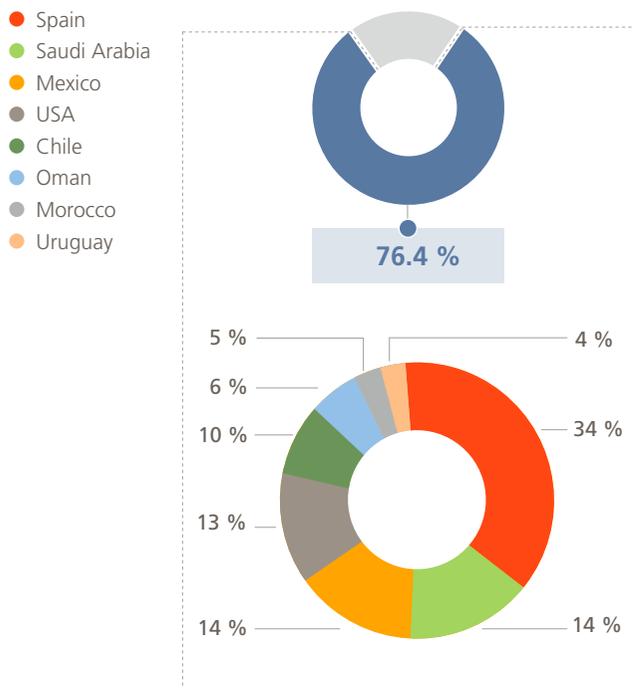
### 04. Commitment to stakeholders and creation of shared value / Value in the supply chain

The countries in which Abengoa has established relationships with the greatest number of suppliers are Spain, Chile, Peru, Mexico, Uruguay, Brazil and Argentina. *102-9*

Brazil has a high number of suppliers, not only because of its bioethanol production activity which, although it is involved in a divestment process, remains active and requires the services of a large number of suppliers, but also because of the reactivation of construction activities in this country. *102-10*

In terms of purchase volume, the most significant are Spain, Saudi Arabia, Mexico, United States, Chile, Oman, Morocco and Uruguay, which account for approximately 77 % of the total.

Countries with greatest purchase volume



Throughout the value chain, Abengoa has worked during 2019 with different types of suppliers, as shown in the chart below.

In general, suppliers offer their services to the main areas of activity of the company, i.e. engineering, construction and operation and maintenance, as well as to the internal infrastructure required by the company to operate.

The main types of supplies include capital goods with a broad spectrum of technological development, raw materials and components, as well as professional engineering, construction and installation, consulting and advisory services.



04. Commitment to stakeholders and creation of shared value / Value in the supply chain

## Supply chain risk management

Abengoa annually conducts an **analysis of suppliers with a certain level of risk to assess the supply chain, monitor the involvement in and acceptance of the corporate policies by suppliers**, determining the level of risk and establishing measures to mitigate it.

This analysis considers different variables, such as the **country where the provider operates**, the **nature of the supply**, the **type of activity** performed or other more subjective aspects that

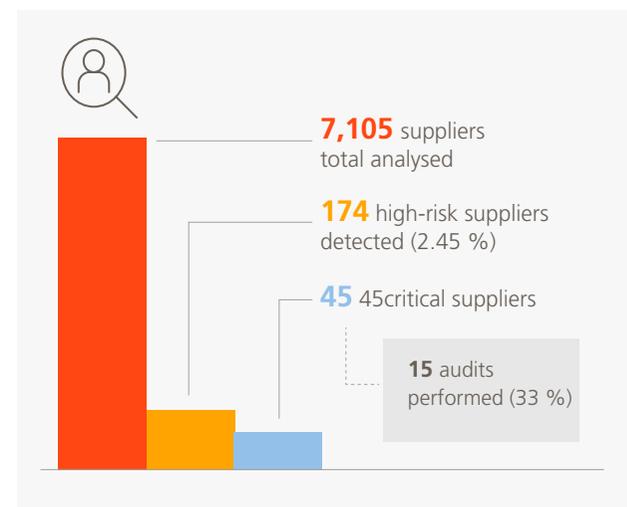
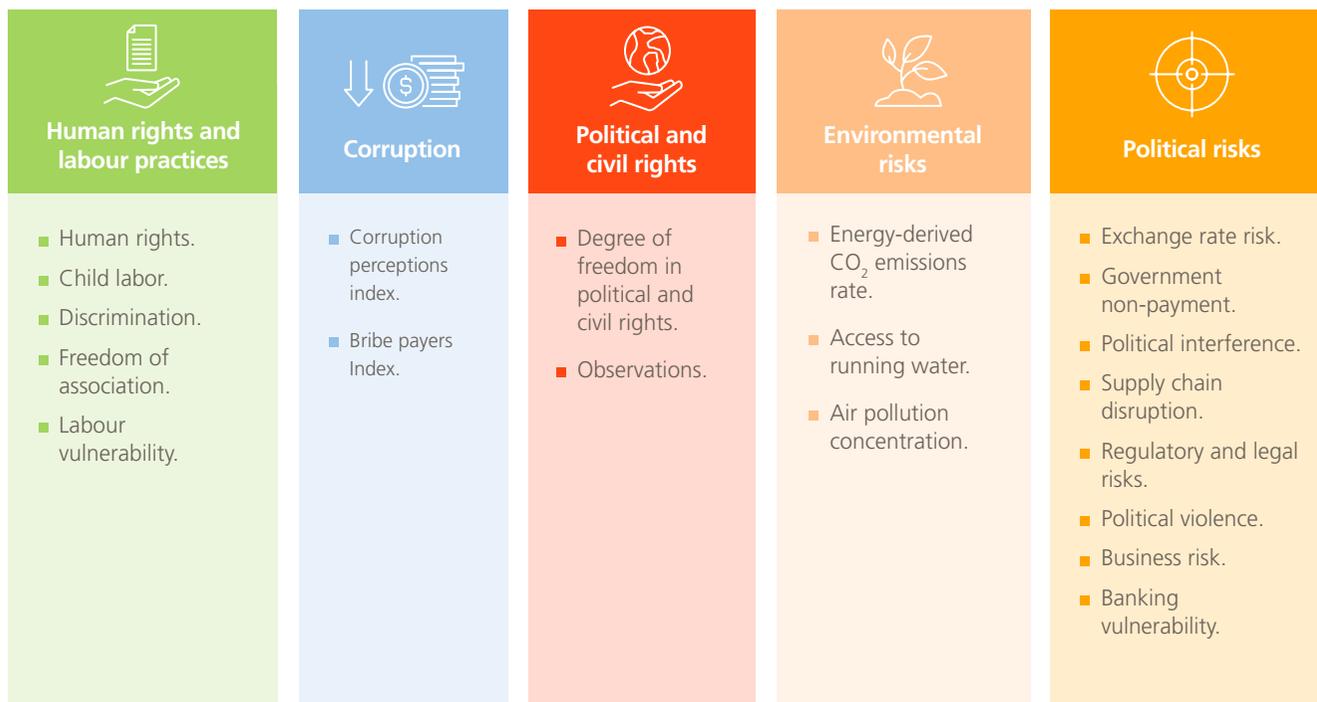
may imply a greater **reputational risk**. Additionally, the nature of the supply or the cost of adjudication is considered.

To determine the risk level, the company uses, among others, international indexes that include aspects such as human rights, labour practices, corruption, political and civil rights or environmental and political risks.

*308-1, 308-2, 412-1, 414-2*

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

Abengoa has created an **audit procedure** that defines the aspects to review and establishes the scope of the work, according to the degree of importance of the supplier. The analysis can be conducted using self-assessment questionnaires or through audits. In 2019, these assessments were carried out remotely, sending a self-assessment questionnaire to suppliers and contacting them electronically to collect additional information.



Abengoa considers the possibility of stopping working with local suppliers who do not comply with internal requirements if this is not remedied. In this regard, in 2019, Abengoa has not had to stop working with any critical supplier for these reasons.

04. Commitment to stakeholders and creation of shared value / Value in the supply chain

## Risk prevention in the supply chain

Abengoa's commitment to health and safety covers not only the production process, but the entire value chain. This is why the suppliers and subcontractors of certain plants and projects also receive training in health and safety matters.

Abengoa promotes the safety of the supply chain, and requires in the approval process either to have the OHSAS 18001 certification in occupational hazards or complete a specific H&S section in order to know and approve the supplier's situation in this matter.

## Local suppliers

Abengoa has a firm commitment to drive collaboration with local partners, allowing the **strengthening of the local economy** and contributing to the **improvement of living standards** in the areas in which it develops its activity through the creation of direct and indirect employment.

In this regard, during 2019 the company has continued to establish its objectives around a **mostly local supply chain**, promoting preferential contracting of providers established in the areas in which the company operates. *204-1*

Item	2019	2018	2017
% Purchases from local suppliers	77.5	77.4	87.3

During 2019, the percentage of purchases from local suppliers was **77.5 %**, with the breakdown by country described below:

Country	Purchases from local suppliers (%)
Saudi Arabia	94.50
Algeria	96.82
Argentina	82.57
Brazil	100
Chile	98.06
Denmark	93.64
United Arab Emirates	99.83
Spain	71.48
United States	70.21
France	92.61
Israel	100
Italy	9.37
Kuwait	47.11
Morocco	88.87
Mexico	100
Oman	77.16
Peru	90.66
Poland	100
United Kingdom	99.96
South Africa	91.26
Turkey	82.31
Uruguay	93.37



04. Commitment to stakeholders and creation of shared value

# 4.6

## Social and relational value



€1.3 M

social investment



25

years working on social and cultural development



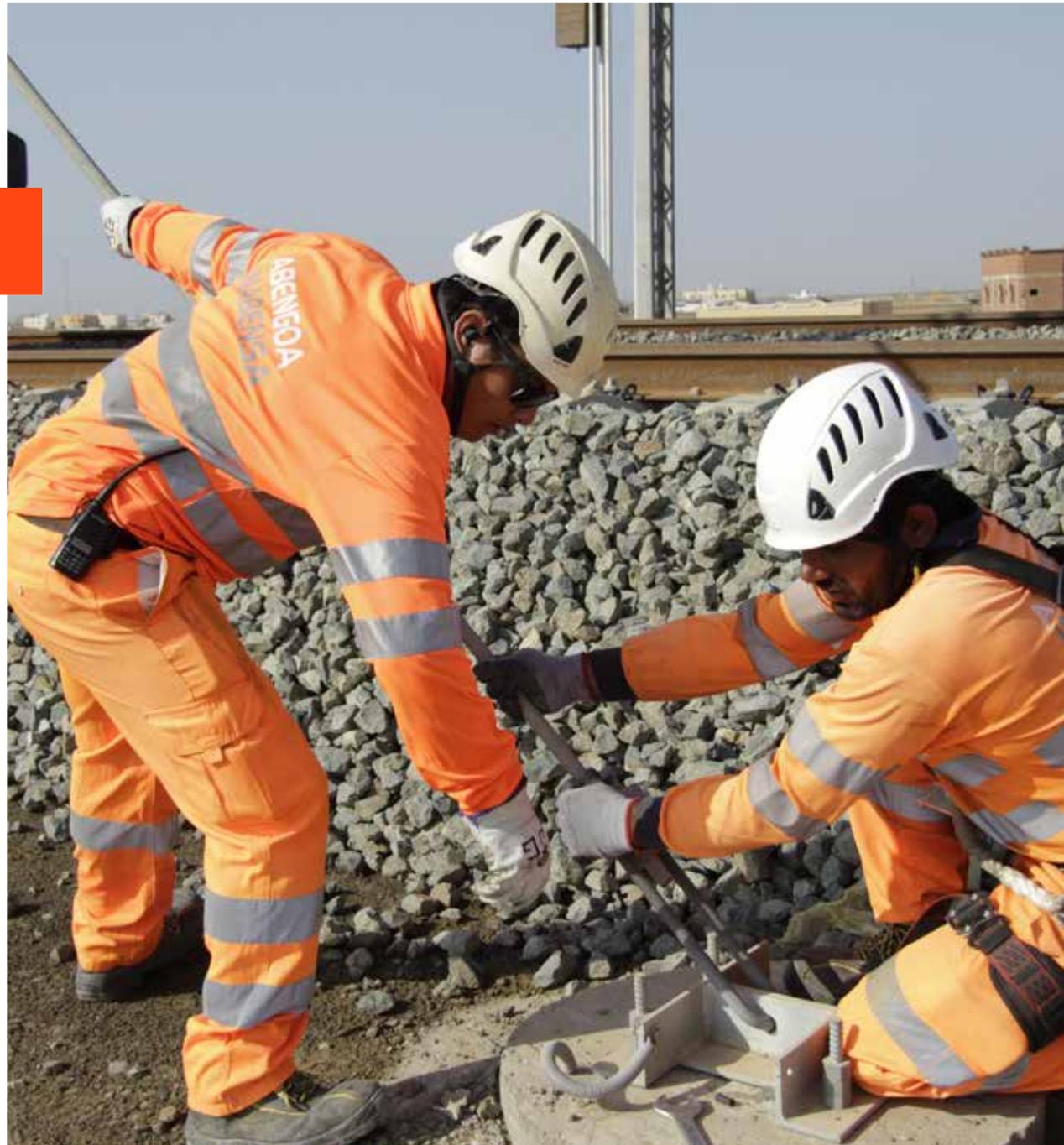
52

homes under construction for donation to the community



+7,000

beneficiaries of social action programmes



04. Commitment to stakeholders and creation of shared value / Social and relational value

Goals set forth in the 2019-2023 SCSR



In an increasingly global and connected world, the manner in which a company interacts with its environment can produce financial benefits or costs, in addition to causing positive or negative impacts for the agents with which it interacts. Companies need to maintain **stable and beneficial relations** with the economic and social actors to which they relate, and managing the impacts that their activity generates in the environment is critical in order to keep their **“social license to operate”**<sup>1</sup>.

Abengoa, as a global company that operates in 26 countries with a total of 14,025 employees, is aware that it has a high impact on society and vice versa. For this reason it assumes its responsibility as an agent of change in order to **contribute to the progress and development of the communities** where it operates. *102-4, 102-8*

In this regard, Abengoa **applies its experience** and offers solutions to society and communities **addressing water, energy and infrastructure needs**.

The increase in the perception of companies’ impact on their environment, coupled with companies’ potential to influence their supply chain and clients’ ability to intervene in corporate decisions, mean that **corporate strategy and performance** should be considered from **the perspective of the connection with the social environment**.

For this reason, Abengoa, in its CSR policy, establishes its **commitment to the contribution to progress and defines specific objectives and actions in the Strategic Plan** that allow the economic, social and cultural development of communities to be considered. In addition, it works daily to prevent and mitigate any possible negative impact that may arise from its projects, through preventive and corrective measures adapted to each situation.

Due to its current financial situation and with the purpose of complying with the company’s feasibility plan, each Abengoa company has carried out an assessment of their capacity to finance the social projects in development in each of the regions. For this reason, during 2019 activities and projects were performed in Peru, Uruguay, Argentina and South Africa, with the help of its subsidiaries and the collaboration of its employees.



**Access to drinking water,** thanks to desalination, reuse and construction of hydraulic infrastructures in regions where there is a shortage of this resource.



**Electric power generation and conventional energy from renewable sources.**



**Engineering and construction of infrastructures for the transmission and distribution of energy, guaranteeing access to electricity in isolated areas.**

<sup>1</sup> The acceptance of a project (corporate or non-profit) is referred to as “social license to operate” by a community. This license is linked to local perceptions of the company and, therefore, to transparency, honesty, respect, ethics and the mitigation of potential negative impacts by the company.

04. Commitment to stakeholders and creation of shared value / Social and relational value

## Mechanisms for the protection of human rights

Abengoa, as established in its CSR policy, is committed to ensuring the protection of human rights in all the activities performed by the company and its supply chain.

For this reason, it bases its activity on sustainable growth based on **respect for human rights**, throughout its sphere of influence.

To comply with this principle, the company integrates in all its businesses the principles governing the Universal Declaration of Human Rights of the United Nations, norm SA8000 and the guidelines of the OECD in each activity regardless of the locations where it develops its activity. [102-12](#), [406-1](#), [407-1](#), [408-1](#), [409-1](#), [413-2](#)

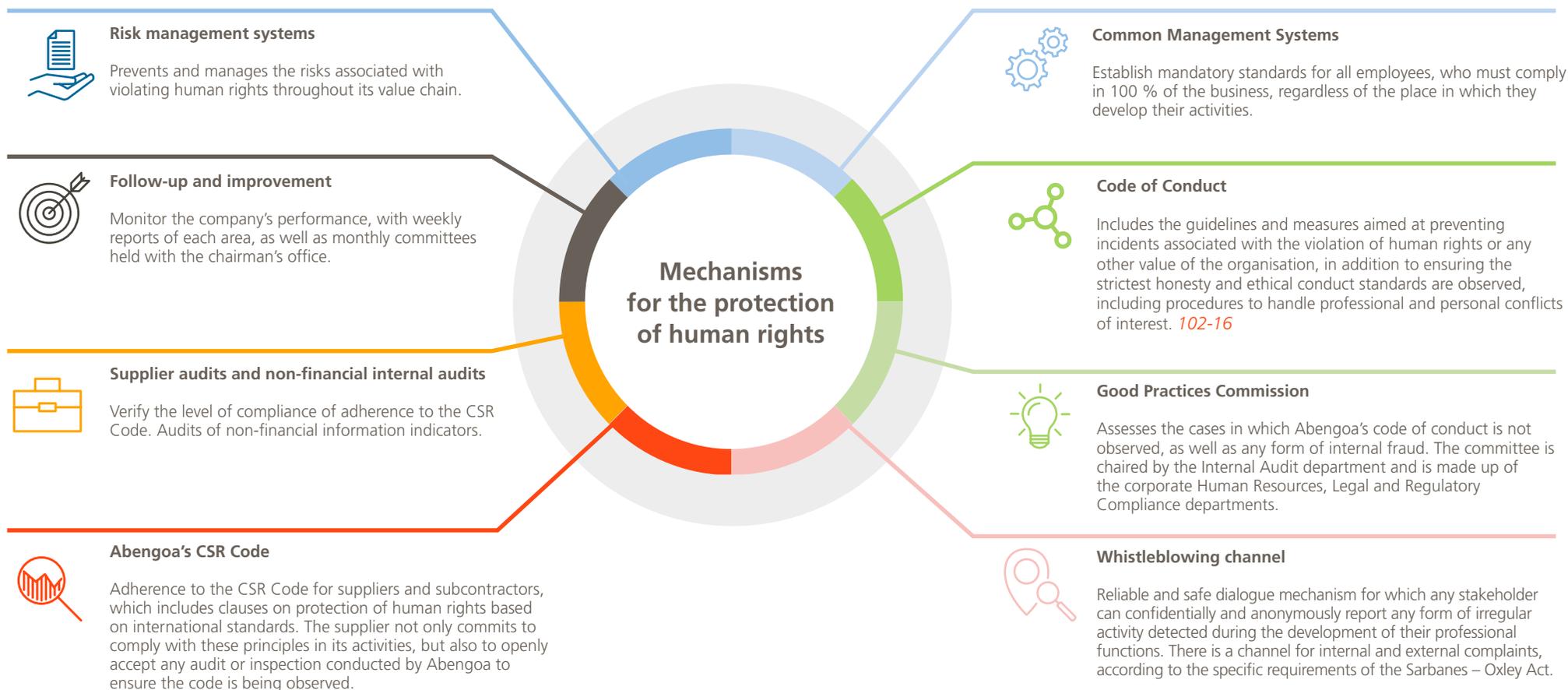
It also supports the ten principles that govern the United Nations Global Compact and integrates them into its corporate strategy through objectives and concrete actions within the SCSR.

	Principles	Contribution
	<p>1 Companies must foster and respect the protection of fundamental human rights, recognised internationally, within their sphere of influence.</p>	<p><a href="#">Chapter 3.1 Commitment to sustainability</a></p>
	<p>2 Companies must ensure that they are not complicit in human rights violations.</p>	<p><a href="#">Chapter 3.1 Commitment to sustainability</a></p>
	<p>3 Companies must foster freedom of association and the effective recognition of the right to collective bargaining.</p>	<p><a href="#">Chapter 4.3 Human value</a></p>
	<p>4 Companies must foster the elimination of every form of forced or coerced labour.</p>	<p><a href="#">Chapter 3.1 Commitment to sustainability</a></p>
	<p>5 Companies must foster the elimination of child labour.</p>	<p><a href="#">Chapter 3.1 Commitment to sustainability</a> <a href="#">Chapter 4.3. Human value</a></p>
	<p>6 Companies must foster the elimination of discrimination in employment and occupation.</p>	<p><a href="#">Chapter 4.3. Human value</a></p>
	<p>7 Companies must maintain a preventive approach that protects the environment.</p>	
	<p>8 Companies must foster initiatives that promote a greater environmental responsibility.</p>	<p><a href="#">Chapter 4.6. Environmental value</a></p>
	<p>9 Companies must foster the development and dissemination of environmentally friendly technologies.</p>	
	<p>10 Companies must work against corruption in all its forms, including extortion and bribery.</p>	<p><a href="#">Chapter 3.3 transparency and compliance</a></p>

04. Commitment to stakeholders and creation of shared value / Social and relational value

Abengoa is still committed to observing the principles and fundamental rights of all workers as part of its **Commitment to the Declaration of the International Labour Organisation**, to respect and promote workers' principles and rights, the right to freedom of association and freedom to become a member of trade unions, and the effective recognition of the right to participate in collective bargaining agreements, elimination of forced or mandatory labour, abolishment of child labour and the elimination of discrimination in relation to employment and occupation. *102-12*

In order to comply with the level of demand required in its commitment to the prevention, protection and control of any possible human rights violations, Abengoa has the following mechanisms: *102-17, 410-1*



04. Commitment to stakeholders and creation of shared value / Social and relational value

## A positive impact on local communities

Abengoa considers that **working with the local communities** in which it operates and investing in their development and growth allows it to reap benefits that go beyond economic returns and are linked to local perceptions of the company and, therefore, to **transparency, honesty, respect, ethics** and the **mitigation** of possible **negative impacts** by the company. This intangible is something which companies must focus on above all, since obtaining it, and most importantly maintaining it, is extremely difficult.

Abengoa articulates its social action through two lines of action:

- **Social development, education and research.** Abengoa works with the communities in which it is present, investing in their development and contributing to economic and social progress. Currently, the company's social projects are managed directly through the group companies operating in local communities.
- **Promotion of art and culture.** Abengoa contributes to social and cultural development through the Fundación Focus (Focus Foundation), which has been working for more than 25 years to promote social and cultural development in the communities in which Abengoa operates, especially in Seville (Spain), where the company's headquarters are located.

## Social development, education and research

Social projects were rolled out in the following regions in 2019:

### Peru

This year marks a decade since **“Voluntades, se buscan”** (seeking for sponsors) started, a **child sponsorship programme** established in two Abengoa subsidiaries in Peru: Abengoa Peru and Omega Peru.

The employees of these subsidiaries are the sponsors of this programme, who are well aware of the cause and make **economic contributions intended to award** grants to fund school supplies, uniforms and mobility for vulnerable children at the Hermanas Josefinas de la Caridad nursery, located in the settlement ‘Barrio 9 de octubre’ in Chiclayo.

The process requires the employee to complete an application and pay a minimum monthly contribution, which is discounted from the employee's salary every month. Thus, all sponsors receive a monthly report with the costs incurred and the progress of each of the grantees.

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



**Mia Gonzales Alamo** (two years old). Sponsored student from the parish educational institution Madre Caterina Coramina Agusti.



**Juan alonso**, grant recipient, next to his teacher.



Christmas celebration in the parish educational institution Madre Caterina Coramina Agusti.

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Uruguay

The Abengoa subsidiaries in Uruguay have performed several social action initiatives in 2019, among which stand out:

- **Recruitment of personnel deprived of their freedom** to work in the Punta de Rieles prison, so they can learn work habits and can see new alternatives for the future. The work they perform is related to maintenance, cleaning and food distribution services.
- **Recruitment of vulnerable personnel** coming from different organisations and government programmes, with little formal education and difficulty to access the labour market. The initiative is oriented to cleaning and sanitation work, with the possibility to be incorporated as permanent staff.
- **Campaign for the donation of winter clothing to the Centre for the Promotion of Human Dignity (CEPRODIH)**, a non-profit civil association which purpose is to assist the more vulnerable families, especially women with children in a high-risk social situation, unemployment or domestic violence, among others. In addition, donations have been made to a rural school of Capilla de Ferruco.
- **Sponsorship of the 5th Congress on Advances in Concrete Design**, organised by the Faculty of Engineering of the University of the Republic, and a new edition of the Labour Exchange Day, with the participation of Human Resources and Labour Relations representatives of various companies and authorities of the Ministry of Labour and Social Security.

- **Refurbishment work** of the road in the Sanctuary of the Grotto of Lourdes, filling and levelling the yard of school No. 258 Juan Bautista Crosa of Pinerolo in the Peñarol district.
- **Contribution of a digger** with operator to support the Emergency Committee with floods in Paysandu.
- **Raffle conducted** by employees to **provide a wheelchair** for a student at the special school No. 192 of Las Piedras in the context of the Reciclaje solidario (Charity Recycling) campaign by the company Cutcsa.
- Donation of a slide to the Capilla de Ferruco rural school.



Argentina

Teyma Abengoa, the main subsidiary of Abengoa in Argentina, has always contributed to social welfare in rural areas, working with communities in its area of influence. Among the actions performed, the following stand out:

- **Educational, sports, nutritional, job training and hygiene programmes** aimed at children, adolescents, persons with disabilities and families living in poverty. This initiative has been performed for the last 20 years in collaboration with the Congregation of the Hermanas de la Compañía de la Cruz, located in the cities of Monte Quemado, Quimili, Alderetes and Tintina.
- **Recruitment of staff and of services to aboriginal communities** in the Altiplano works. In addition, support is provided to the schools of the area which are in the most precarious situation.
- **Collaboration with the recycling programme** of the Garrahan Pediatric Hospital foundation.



## 04. Commitment to stakeholders and creation of shared value / Social and relational value

## South Africa

In 2019, Abengoa has continued with the **economic, social and business development programmes** in communities near the Khi Solar One and Xina Solar One projects, complying with the requirements of the Department of Energy of South Africa, which establishes an investment of 1.1 % of the revenue in socio-economic and entrepreneurial development programmes that contribute to increasing wealth in a sustainable manner.

The budget established for both programs amounted to approximately R20 million, equivalent to €1.3 million, and the activities developed have focused on the areas shown below.

**Assistance to disadvantaged groups:**

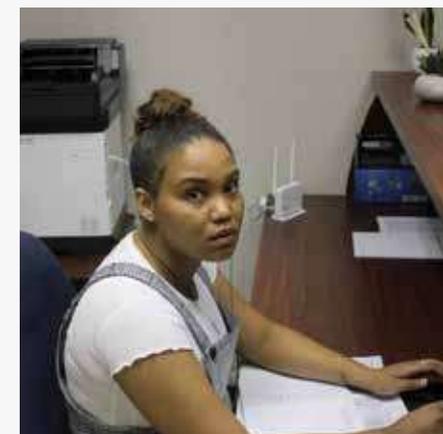
- **Support for three soup kitchens**, one operating on a daily basis all year round and the other two operating during the winter months, with a capacity of around 150 users, in the Soverby, Mctaggartskamp and Currieskamp communities.
- **Assistance and support for elementary school children during non-school hours** organising extracurricular activities and lunches with a total of more than 600 beneficiaries.
- **Social welfare programme through the Housing project**, which consists of the construction of 52 homes in Pella Pofadder and Onseepkans, which will be donated to people in need to improve their living conditions.

**Education and personal development:**

- Holding **digital literacy courses for the young and unemployed** of Khai Ma, in collaboration with the Val University of Technology. The attendees were taught basic computer, Internet and mobile application skills.
- **Economic funding contribution for six schools** in the communities close to Khi Solar One and support for hiring support teachers for educational work and extracurricular activities, with the aim of meeting educational needs in the most deprived regions.
- **Promoting the professional development of students through the award of scholarships** with the aim of providing the necessary professional skills to join the operations and maintenance team of an industrial facility in the future. This initiative is covered in Abengoa's SEED programme (Socio Economic and Enterprise Development) in South Africa, which provides social benefits to the Kalksloot, Mctaggartskamp, Blaauwskop, Bloemsmond, Currieskamp and Soverby communities.
- **Awarding of scholarships for young students** with the aim of enhancing their knowledge and experience so they can act as tools to break the cycle of poverty, ignorance and inequality.
- **Training and advice for headteachers** of the main schools in the communities surrounding Xina Solar One, with the aim of enhancing their skills and thereby contributing to improving the management of educational centres.
- **Organising and providing extracurricular activities** in the Pofadder, Pella, Witbank and Onseepkans communities. Cultural activities, teaching games, classes and sports activities were carried out with the aim of improving local young people's skills and behaviour.



**Cecil Mothlanke**, an intern who now works as a plant coordinator at Khi Solar One.



**Mitzico September**, internal administrator working in the SEED programme.

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Additionally, the South African subsidiaries have designed an implementation plan for 2020 and 2021 called **Business Development Entrepreneurial Development Programme (EDP)**, whose objectives focus on promoting small and medium-sized enterprises in the communities surrounding the plants, facilitating access to funding, training and empowering their managers through tutorials and providing advice to improve their access to the labour market through networking. The programme's initiatives are the following:



## Promotion of art and culture

The Seville Cultural Fund Foundation (Focus) was established by Abengoa almost 40 years ago, being recognized as a private cultural foundation, for promotion and funding with the aim of preserving and promoting art and cultural heritage.

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

During 2019 the following actions have been performed:

- On 1 April 2019 **the Summit of the World Travel & Tourism Council (WTTC)** was held at the Hospital de los Venerables, connecting Seville's artistic heritage with worldwide cultural tourism. High level government representatives, members of the WTTC and media held an inaugural work meeting in which public and private sectors met to share their knowledge and experiences to promote tourism.
- On 28 September 2019, **Picasso's work 'Maternidad'** was inaugurated at the Velázquez Centre. This was a unique event demonstrating that the visual character of Picasso's work was also marked by traits and qualities of the painters he studied in his youth at the Prado Museum. The painting, property of the Almine Foundation and Bernard Ruiz-Picasso for Art FABA, has been exhibited for four months in the place of honour of Santa Rufina at the Velázquez Centre. This temporary assignment is in exchange for Focus Foundation's loan to the Málaga Picasso Museum of Velázquez's Immaculate Conception to participate in the exhibition 'Picasso's South, Andalusian References' (2018-2019), a starting point for the collaboration of two cultural institutions that from Málaga and Seville have exhibited, for the first time and together, their most universal masters: Velázquez and Picasso. The presentation ceremony of the guest work to

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the media also coincided with the new opening hours for the monument, which since 28 September has opened its doors every day, therefore constituting a strategic cultural action for the Focus Foundation. The action has been possible thanks to the collaboration and funding of the Picasso Museum in Málaga, the Cajazol Foundation, the Obra Social La Caixa, ABC of Seville and the cultural company ArtiSplendore.

- **The book of Lady Louisa ‘Tenison Castille and Andalusia’** (1853), belonging to the Focus Foundation’s Baroque Library , **was sent to the Museum of Andalusian Autonomy** in Coria del Río (Seville) for the exhibition ‘Travel Memories. History of the Souvenir in Andalusia’, which was held between 12 October 2019 and ended on 29 March 2020.
- **The Martínez Montañés’ sculptures ‘San Juan Bautista’ and the ‘Immaculate Conception’**, property of the Archbishopric of Seville and deposited on a temporary basis in the Velázquez Centre, **were loaned to the Seville Museum**

**of Fine Arts** for the exhibition ‘Montañés, Master of Masters’ from 29 November 2019 until 15 March 2020.

- **‘The portrait of Martínez Montañés’**, of Francisco Varela, property of the Municipal Government of Seville and deposited in the Velázquez Centre temporarily, has also **been loaned to the Seville Museum of Fine Arts** for the exhibition “Montañés, Master of Masters” .
- **The work ‘NSEO ’ by Juan Suarez**, belonging to the Focus Foundation’s Contemporary Art collection, **has been loaned on a temporary basis to the Andalusian Centre for Contemporary Art (CAAC)** in Seville for the “Juan Suárez” exhibition, which was held from 1 September 2019 until 28 February 2020.
- The **International Premium-Luxury Trade Show “Emotions Travel Community”** Seville 2019, which took place on 10 November at the Hospital de los Venerables.

## Activity funding

Since its inception, Abengoa contributed, as the only patron, a financial donation that financed all social activities of the Focus Foundation. However, due to the restructuring process, Abengoa has been reducing its contributions and the Foundation has sought other forms of financing that would allow it to generate income and continue contributing to the conservation of the Hospital de los Venerables and its collections.

During this fiscal year, the activities have been financed through the following means:

**74.2 %**

Proceeds from cultural visits and selling products at the store

**18.7 %**

Donations

**7.1 %**

Collaboration agreements



Tourism summit.

During 2019, Abengoa has made a contribution of €50,000 to the Foundation, intended for the fulfilment of the foundation’s purposes in conformity with its bylaws.

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# 4.7

## Environmental value



80 %

activity certified under ISO 14001



0.83 %

hazardous waste with respect to the total



73 %

waste recovery



37.3 %

renewable energy consumed



20.8 %

reduction of emissions intensity



66

environmental management professionals



04. Commitment to stakeholders and creation of shared value / Environmental value

Goals set forth in the 2019-2023 SCSR

Environment



Implementation of an environmental management system that includes all of the company's production activities.		75 %
Achieve a zero-accident rate for serious environmental accidents.		0 %
Global Environmental Footprint: Create a database that classifies high value-added projects according to their environmental footprint, with the purpose of easily adding this information to the bids presented to tenders and help improve on the competitive classification of the company's bids.		40 %

Circular economy



Promote correct waste management practices, focusing on reducing the volume of waste generated and promoting recycling and transformation of such waste into energy as much as possible. Goal: to recycle 35 % of all waste generated by 2023.		100 %
Promote innovative ways of sustainable consumption, which include sustainable products and services, as well as the use of digital infrastructures and services.		25 %
Encourage the efficient use of resources and promote the acquisition and use of recycled or certified materials as much as possible.		25 %

Climate change



Achieve a 5 % reduction of CO <sub>2</sub> emissions in scopes 1 and 2 as compared with 2017.		0 % <sup>1</sup>
Reduce by 5 % the emission rate /k€ in stable centres, as compared to 2017.		100 %
Establish an internal price for carbon.		50 %

<sup>1</sup> Emissions have increased due to the start-up of operations of the Abent 3T cogeneration plant. Excluding this from the analysis, emissions of Scope 1 and 2 for the rest of Abengoa have been reduced by 15 % compared to 2017, which would meet the goal.

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Abengoa's business model is designed around the creation of innovative technology solutions for sustainability. Thus, **excellent environmental management and fighting against climate change** are intrinsic elements of the business and are present in all its activities and areas.

In this regard, Abengoa maintains its commitment to the protection of the environment in all its activities, going beyond regulatory compliance. This commitment is reflected in the **code of conduct** and is developed in the **corporate social responsibility policies and environmental policy**. Its principles are summarised below:

- 

**Protection of the environment beyond existing legislation**
- 

**Correct and efficient management of environmental impacts**
- 

**Fighting against climate change**
- 

**Efficient use of resources and promoting the acquisition and use of recycled or certified materials**
- 

**Reduction of environmental impacts**
- 

**Continuous improvement and transmission of knowledge**
- 

**Outreach and awareness of environmental protection and sustainable development**

Thanks to its business model and management and operation processes, Abengoa has a positive impact that helps in the responsible management of resources through its clean energy production and transmission systems and with the comprehensive production and management of water. Additionally, in 2019 the company has continued to develop an environmental management system adapted to the strictest standards in this area.

With an approach based on **preventive management**, the company has focused on **improving** the comprehensive **management of its environmental and climate change risks, measuring and reducing** its **environmental footprint** and the application of the principles of the **circular economy**.



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## Environmental sustainability in management system

Pillar of the activity	Pillar of internal management	Commitment vector
<p><b>Green economy drivers</b></p>	<p><b>Commitment to protection</b></p>	<p><b>Responsible value chain</b></p>
<p>Abengoa's activity contributes to the improvement of human well-being and social equity, reducing environmental risks and pressure on natural systems and harmonising economic development and efficient consumption of resources, aligning with the guidelines of the United Nations Environment Programme (UNEP).</p> <div data-bbox="147 879 510 1134"> <p><b>Electric power generation from renewable sources</b></p> <p>Solar thermal, photovoltaic and wind power technologies. 2.3 GW built of solar energy, 760 MW under construction and 480 MW of wind power.</p> </div> <div data-bbox="147 1174 510 1350"> <p><b>Water treatment and desalination</b></p> <p>+ 1.7 million m<sup>3</sup>/day of installed desalination capacity and 2.6 million m<sup>3</sup>/day under construction.</p> </div>	<p>Abengoa is aware of the fact that its services and processes must respect the environment and help preserve natural resources. Therefore, it has established its commitment to protecting the environment, which goes beyond simply observing the current laws.</p> <p>In this regard, the centralised management system has a series of procedures to guarantee that the environmental aspects of all projects and facilities are identified and assessed, ensuring that the environmental impacts of the company's activity are taken into account in all decisions made and to minimise them.</p>	<p>The company transmits its environmental undertaking to all suppliers as a key element in its commitment to sustainable development, as established in Abengoa's code of social responsibility for its suppliers and subcontractors, which establishes the following environmental principles:</p> <div data-bbox="1055 863 1406 1046"> <p>All suppliers are required to respect the environment and observe the applicable environmental laws and regulations in their activities.</p> </div> <div data-bbox="1055 1070 1406 1406"> <p>The supplier must use a preventive approach that protects the environment, ensuring it minimises its environmental impact and promoting actions for improvement and efficiency in relation to emissions, water consumption, waste generation and management, energy consumption, use of raw materials and other resources.</p> </div>

## Environmental management

As a result of the restructuring process that Abengoa has had in the last few years, senior management has promoted the **redesign of the company's environmental management systems**, which, although they complied with the common corporate criteria, had been completely autonomous until then. After a thorough review of systems, procedures and resources, and with a focus on optimisation and maximising performance, a **centralised environmental management system** was created two years ago, adapted to the highest standards in this matter.

This management system articulates the mechanisms needed to establish a global and homogeneous diagnosis of its behaviour environmental in any activity or region, and is focused on minimising impacts throughout the life cycle and help combat climate change, guaranteeing that all legal, contractual and best management practice requirements are met.

This management system was structured based on the requirements of the **ISO 14001:2015** standard and is **verified by an external certified entity**.

The company has two verification records available, defined based on the main activities: construction and operations and maintenance services. Currently, **approximately 80 % of the business is certified** based on this norm.

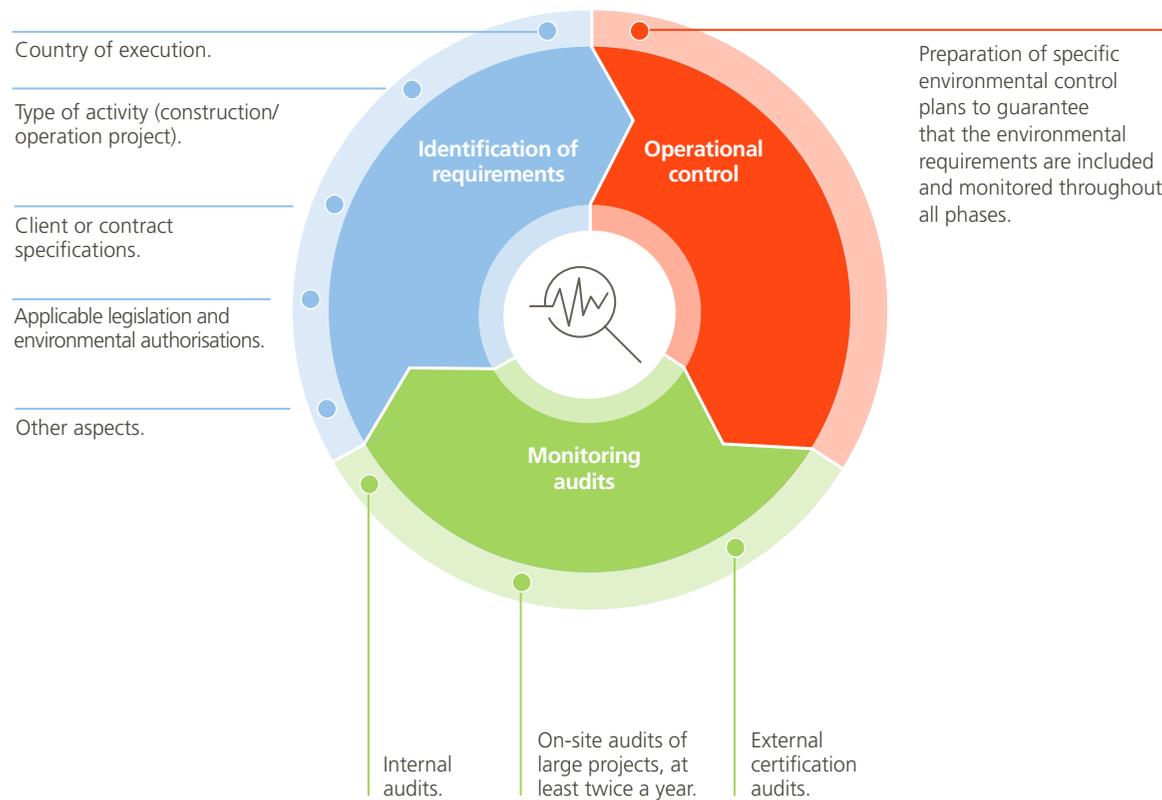


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Abengoa's environmental management team has a staff specialised in environmental-related matters assigned to each project and activity, as well as a centralised support team, ensuring compliance with the applicable environmental laws, achieving the highest possible level of experience and quality in their

activities. Currently, it is made up of a total of **66 qualified professionals** with experience in all current activities of the company.

Abengoa ensures compliance with the requirements applicable to each project or activity.



04. Commitment to stakeholders and creation of shared value / Environmental value

Abengoa's approach to environmental management is designed as a cyclical improvement process:



Abengoa has an internal IT tool called Integrated Sustainability Management System (ISMS) to record and manage environmental aspects.



04. Commitment to stakeholders and creation of shared value / Environmental value

## Climate strategy

Abengoa's business strategy is aligned with decarbonisation efforts at global level, promoted by the Paris Agreement.

Abengoa, always under the premise of creating innovative technology solutions for sustainable development, contributing to social welfare, joins this global challenge to fight against climate change and its effects, **increasing the presence of renewable energy in the energy mix** of countries in which has activities and **ensuring access to safe drinking water in disadvantaged areas**.

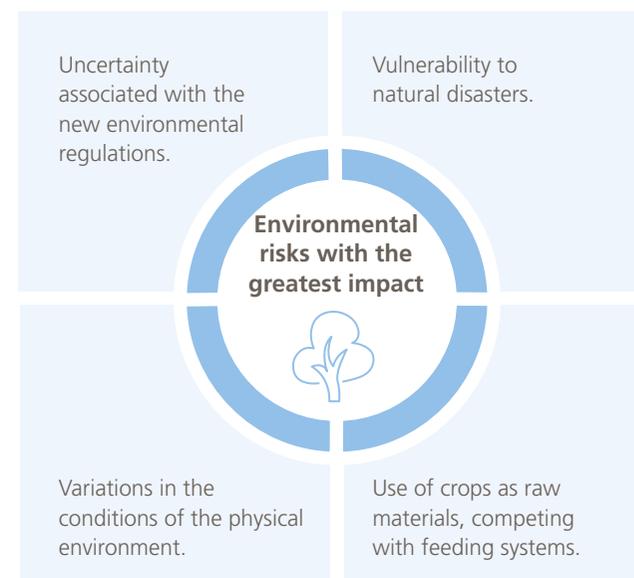
This commitment is not only reflected in its final product, but also in its way of working. In this regard, Abengoa includes in its Strategic CSR Plan 2019-2023 objectives aimed at mitigating GHG (Greenhouse Gas) emissions derived from its activities and improving efficiency.

The implementation of the climate strategy is monitored through corporate social responsibility committees and is made effective through the services that it offers, contributing to the transition to a low carbon economy.

## Environmental and climate change risk management

The scope of Abengoa's risk management system covers all business areas and types of risks, including environmental risks and those associated with climate change, always under the principle of precaution.

This system considers risks derived from the effect of environmental aspects and events that could impact on the activity, as well as those generated by the activity and that could impact the environment, establishing corrective plans of action in each case, reflected in the environmental impact assessments and quality and environment plans of the projects.



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**Management of risks associated with climate change 201-2**

Abengoa analyses **possible regulatory or physical changes related to climate change** in a comprehensive manner in order to protect its assets and help mitigate the inherent risks.

To accomplish this, Abengoa has a **internal climate risk assessment procedure** incorporated within its general risk management.

This procedure is based on the fifth progress report (AR5) of the Intergovernmental Panel on Climate Change (IPCC). In general, the report shows various scenarios of temperature increase and rainfall variation related to human actions in the face of climate change.

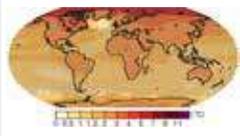
Based on a intermediate global warming scenario, Abengoa establishes a double analysis, based on country risk and activity risk in the short, medium and long term.

In general, the climate change risks of greatest impact for the company are as listed below.

Country risk

Projection of temperature increase for the 2081-2100 period.  
Projection of rainfall variation for the 2081-2100 period.

Temperature



Rainfall



Activity risk

Detailed analysis of climate change impacts for the Abengoa's main project types represented in analysis tables, which will serve as a model and contain specific data for the project being analysed.











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

Final risk assessment ✓

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A series of procedures have been established to identify and control these risks, with the main purpose of creating a common management, mitigation and control culture across all levels of the organisation. These risks are identified and assessed according to their probability of occurrence and their economic and reputational consequences. These two variables finally determine a level of risk. 201-2

Code	Type of risk	Description	Consequences	Type of impact	Business	Probability in the medium/long term	Severity	Management of the risk
A	Structural	Geographical dispersion of projects and centres of the company.	<ul style="list-style-type: none"> <li>Failing to meet the requirements in processes associated with the environment.</li> <li>Failing to comply with the ISO 14001:2015 standard, with an impact on the external certification of the group.</li> </ul>	<ul style="list-style-type: none"> <li>Loss of competitiveness.</li> <li>Possible penalties.</li> </ul>	EPC O&M	Low	Minor	<ul style="list-style-type: none"> <li>Establishment of centralised procedures applicable to all activities of the company across the world.</li> </ul>
B	Regulatory	Uncertainty about the new environmental or climate change regulations associated with the future of the Paris Agreement.	<ul style="list-style-type: none"> <li>Failing to observe the legal requirements that prevent the activities in affected projects or facilities from being carried out.</li> <li>The current uncertainty associated with the United States' withdrawal from the Paris Agreement could have a significant impact on the investments in financial and technical resources in renewable energy projects, mainly in developing countries, and this could affect our renewable energy infrastructure construction activity.</li> </ul>	<ul style="list-style-type: none"> <li>Increase in operational costs.</li> <li>Loss of activity.</li> </ul>	EPC O&M	Low	Moderate	<ul style="list-style-type: none"> <li>Establishment of procedures and measures that guarantee the regular identification of the legal requirements associated with environment-related matters, with the purpose of ensuring they are up-to-date at all times and to have enough margin for action in case these are not observed.</li> <li>Participation in conferences in initiatives and CDP webinars and collaboration with Carbon Pricing Leadership Coalition (CPLC) as a partner.</li> <li>Monitoring and analysis of documents and news about the progress of the Paris Agreement, as well as monitoring of related national and international policies.</li> </ul>
C	Regulatory	New policies that restrict actions that contribute to the acceleration of climate change or political measures that promote the adaptation to climate change.	<ul style="list-style-type: none"> <li>Some examples include the implementation of carbon price fixing mechanisms, the reduction of GHG emissions, use of energy with lower emissions, adoption of energy efficiency measures and the promotion of more sustainable practices in the use of soil.</li> </ul>	<ul style="list-style-type: none"> <li>Increase in operational costs.</li> </ul>	EPC O&M	High	Moderate	<ul style="list-style-type: none"> <li>Establishment of an emission management system, counting the emissions in all areas. This will allow the company to establish mitigation and efficiency goals and initiatives.</li> <li>Establishment of an internal carbon price calculation mechanism, aligning them with the emerging climate regulations established in the Paris Agreement and in accordance with the growth of the business.</li> </ul>

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Code	Type of risk	Description	Consequences	Type of impact	Business	Probability in the medium/long term	Severity	Management of the risk
D	Reputational	Bad company image as a result of not aligning with the international strategy to combat climate change.	Currently, the fight against climate change is one of main concerns at the global level. The absence of a strategy to fight against climate change can have a negative impact on a company's reputation as regards its stakeholders and, in particular, its clients.	<ul style="list-style-type: none"> <li>Loss of competitiveness.</li> <li>Loss of activity.</li> </ul>	EPC O&M	Medium	Minor	<ul style="list-style-type: none"> <li>Communication and dissemination of Abengoa's climate change strategy, as well as of all initiatives rolled out in the Integrated Report and on the company's website.</li> </ul>
E	Physical	Increase in temperature and variations in the rainfall levels.	<p>Generalised impacts:</p> <ul style="list-style-type: none"> <li>Malfunction caused by structural expansion.</li> <li>Problems associated with corrosion and in the useful life of main components, reducing such a useful life.</li> <li>An extreme increase in rainfall could result in failing to meet certain requirements and finally in the early termination of construction projects, as well as in damage to facilities under operation, leading to service interruptions and downtime.</li> <li>The absence of rain could increase the number of fires, also leading to the early termination of construction projects and damage to facilities under operation.</li> </ul> <p>Specific impacts, by type of technology:</p> <ul style="list-style-type: none"> <li>Alteration of the production of effective power in combined-cycle plants and gas plants, due to a reduction in the mass flow of turbines caused by a reduction in the air density.</li> <li>Alteration of the conditions of feed water in desalination plants, causing an increase in the consumption of chemical products and increasing the probability of contaminating the process due to a rise in the number of algae and molluscs in the facilities.</li> <li>Increased cost of capital in transmission lines due to an increase in the voltage in conductors.</li> <li>Reduction of the availability of water used in processes due to a reduction in the volume of rainfall in specific regions.</li> <li>Alteration of the feed water salinity and pH levels in desalination processes and power plants, with an impact on the performance and leading to a higher use of chemical products.</li> </ul>	<ul style="list-style-type: none"> <li>Increase in operational costs.</li> <li>Loss of activity.</li> </ul>	EPC O&M	High	Minor	<ul style="list-style-type: none"> <li>Improvement of the environmental impact assessment of projects, including the potential alterations caused by variations in temperature and establishing measures to mitigate such effects.</li> <li>Insurance policies to cover<sup>2</sup> the exposure to meteorological phenomena. The company's insurance plan protects all facilities against physical damage and the loss of profits caused by these extraordinary risks.</li> </ul>

<sup>2</sup> There is currently no environmental provision and guarantee information available. The company's insurance plan includes third-party liability policies, which cover the environmental risks of the activities, among other risks. (Include in processes to manage risks).

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

		Probability				
		Very low	Low	Medium	High	Very high
Severity	Negligible	G				
	Minor		A	D	E F	
	Moderate		B		C	
	Major					
	Catastrophic					

For the **risk identification process** several tools are taken into account, such as climatic variation identification maps, GHG emissions accounting, financial analysis, identification of legal requirements and the experience of the risk departments.

To control and manage these risks, Abengoa establishes **mitigation mechanisms**, such as increasing the safety coefficients in the design of projects considering the least favourable meteorological and environmental parameters or research focusing on the use of alternative fuels.

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

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**Internal carbon price at Abengoa**



Abengoa is aware that one of the main current tools to foster the transition toward a low carbon economy is the establishment of internal carbon prices, so that the costs derived from the economic, social and environmental consequences of GHG emissions on the become tangible.

In this regard, Abengoa has defined a climate action mechanism by establishing an internal carbon price, aligning it with the emerging climate regulation as a result of the Paris Agreement and with the evolution of the business.

The initiative involves including the requirement to calculate the costs that would be incurred by the GHG emissions linked to a new project according to the internal price defined by the company.

This monetisation of the CO2 emissions will allow Abengoa to optimise decision-making and business strategy planning, making the company aware of the economic cost of new projects' emissions and thereby anticipating regulatory changes aimed at monetising GHG emissions.

**Opportunities associated with climate change**

The identification and analysis of risks associated with climate change allows the company to identify new business opportunities associated with climate change. A low-carbon economy offers business growth opportunities:

Type of opportunity	Description	Business	Management of the opportunity
Business	Boosting the renewable energies business in the event stricter regulations are applied to the use of fossil fuels.	EPC	Engineering and construction of renewable energy plants. 2.3 GW* of built solar energy, 760 MW under construction and 480 MW of wind power.
Business	A greater demand for water due to the potential increase in temperature or the greater number of hours of light caused by a drop in the rainfall volumes.	EPC	Engineering and construction of desalination plants and infrastructure for the transport of water. + 1.7 million m <sup>3</sup> /day of installed desalination capacity and 2.6 million m <sup>3</sup> /day under construction.
Reputational	Increased pressure from stakeholder groups in relation to the establishment of measures to combat climate change, arising from society's greater awareness of the need to protect the environment.	EPC O&M	Communication, dissemination and improvement of Abengoa's climate change strategy, following the lines of work established in the Strategic CSR Plan.



04. Commitment to stakeholders and creation of shared value / Environmental value

## TCFD recommendations

Abengoa has incorporated the recommendations of the Task Force on Climate-Related Financial Disclosures (TCFD) regarding the **involvement of Senior Management** in managing risks associated with climate change; establishing **an identification and risk management system**, both at global and facility levels, in the short, medium and long term; **integrating** this system **in the company's general risk management processes; and disseminating the metrics** that the company uses to assess risks and opportunities associated with the climate and risk management process.

Scope	Recommended aspects to break down	Location of the information
Governance	A. Describe shareholder/board oversight of climatic risks and opportunities.	<ul style="list-style-type: none"> <li>As indicated in this chapter, the scope of Abengoa's risk management system covers all business areas and types of risks, including environment risks and those associated with climate change, always under the principle of precaution.</li> <li>Risk Chapter, section 'Due diligence of the highest governance body on risk management'.</li> </ul>
	B. Describe management's role regarding the assessment and management of climate risks and opportunities.	<ul style="list-style-type: none"> <li>As indicated in this chapter, the scope of Abengoa's risk management system covers all business areas and types of risks, including environment risks and those associated with climate change, always under the principle of precaution.</li> <li>Risk Chapter, section 'Due diligence of the highest governance body on risk management'.</li> </ul>
Strategy	A. Describe the risks and opportunities related to climate that the organisation has identified in the short, medium and long term.	<ul style="list-style-type: none"> <li>Environmental Value Chapter, section 'Management of risks associated with climate change'.</li> </ul>
	B. Describe the impact of risks and opportunities associated with the climate in the organisation's business, strategy and financial planning.	<ul style="list-style-type: none"> <li>Environmental Value chapter, section 'Management of risks associated with climate change'.</li> </ul>
	C. Describe the resilience of the organisation's strategy, taking into account different scenarios associated with the climate, including a scenario of 2° C or less.	<ul style="list-style-type: none"> <li>Environmental Value Chapter, section 'Management of risks associated with climate change'.</li> </ul>
Risk management	A. Describe the organisation's processes to identify and assess the risks associated with the climate.	<ul style="list-style-type: none"> <li>Environmental Value Chapter, section 'Management of risks associated with climate change'.</li> </ul>
	B. Describe the organisation's processes to manage the risks associated with the climate.	<ul style="list-style-type: none"> <li>Environmental Value Chapter, section 'Management of risks associated with climate change'.</li> </ul>
	C. Describe how the processes to identify, assess and manage the climatic risks are integrated in the organisation's global risk management.	<ul style="list-style-type: none"> <li>As indicated in this chapter, the scope of Abengoa's risk management system covers all business areas and types of risks, including environment risks and those associated with climate change, always under the principle of precaution.</li> <li>Risk Chapter, section 'Due diligence of the highest governance body on risk management'.</li> </ul>

04. Commitment to stakeholders and creation of shared value / Environmental value

Scope	Recommended aspects to break down	Location of the information
Metrics and objectives	A. Report the metrics used by the organisation to assess climatic risks and opportunities in line with its strategy and its risk management process.	<ul style="list-style-type: none"> <li>▪ Environmental Value Chapter, section 'Management of risks associated with climate change'.</li> <li>▪ Environmental Value Chapter, section 'Climate footprint'.</li> <li>▪ Environmental Value Chapter, section 'Energy footprint'.</li> </ul>
	B. Report Scope 1, Scope 2 and, if appropriate, Scope 3 GHG emissions and their associated risks.	<ul style="list-style-type: none"> <li>▪ Environmental Value Chapter, section 'Climate footprint'.</li> </ul>
	C. Describe the objectives used by the organisation to manage risks and climate opportunities and its performance in relation to the objectives.	<ul style="list-style-type: none"> <li>▪ Environmental Value Chapter, section 'Climate footprint'.</li> <li>▪ Environmental Value Chapter, section 'Energy footprint'.</li> </ul>



Abengoa belongs to the **Carbon Pricing Leadership Coalition (CPLC)**, a joint initiative of 34 governments, more than 160 companies and 85 strategic partners, promoted at the Paris Climate Summit in December 2015 and administered by The World Bank Group, whose common goal is to foster systems and mechanisms to set carbon prices all over the world.

By adhering to it, Abengoa acquired a number of commitments, among which are the following:

- Establish an internal carbon price high enough to affect investment decisions and thus reduce greenhouse gas emissions.
- Publicly advocate the importance of establishing a price for carbon through policies that take into account each country's specific economic and political context.
- Report the progress of the two previous criteria in the public information reported by the company.

And all with the intention of contributing to the goal of limiting the increase of the global average temperature to 1.5 °C above pre-industrial levels.

**CEOsCall2Action**  
A new Deal for Europe



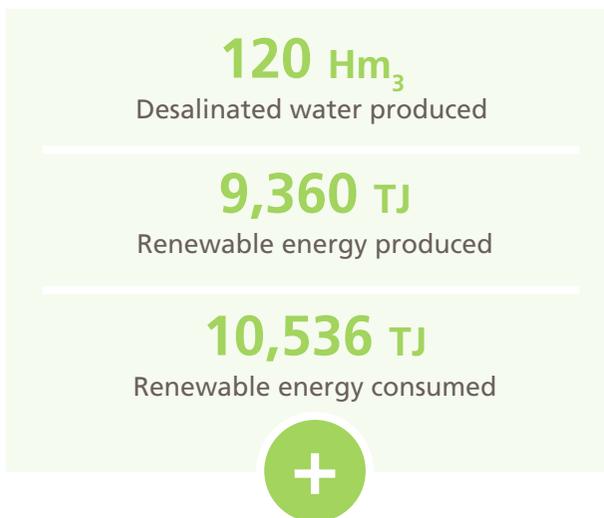
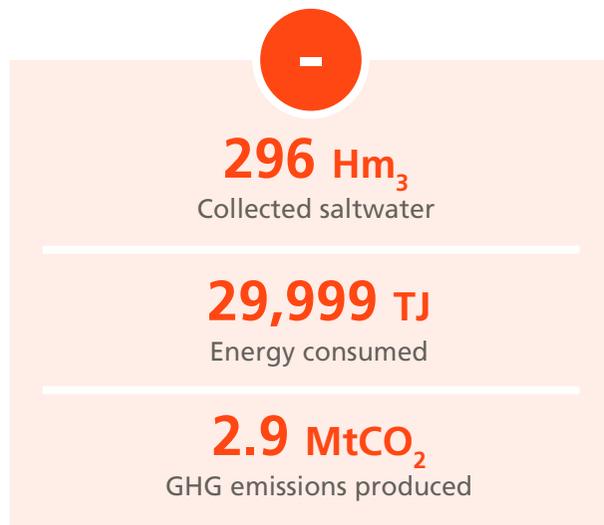
Abengoa responded to the call to action for CEOs 'A New Deal for Europe' promoted by CSR Europe.

This initiative brings together European leaders in favor of establishing a global strategy for a sustainable Europe by 2030, in order to accelerate sustainable growth, act against climate change and create inclusive prosperity.

Abengoa's participation in this initiative serves to materialize and strengthen its commitment to act against climate change and its position alongside the top European leaders in climate action.

04. Commitment to stakeholders and creation of shared value / Environmental value

## Main figures



## Climate footprint

Abengoa is fully aware of the fact that, beyond offering sustainable solutions aimed at mitigating and adapting to climate change, it is necessary to do so efficiently, with the lowest possible generation of emissions in all its operations.

In this regard, Abengoa records its GHG emissions for all its scopes and sources. To this end, it has procedures and tools designed for this purpose, as well as over 12 years' experience in measurement.

The methodologies are based on the reports from the Intergovernmental Panel on Climate Change (IPCC) and emission factors used by different sources:

- IPCC.
- IEA: International Energy Agency.

- DEFRA: Department for Environment, Food and Rural Affairs, of the United Kingdom.
- National inventories of GHG emissions.
- Environmental declarations of products.

Direct emissions have increased due to the start-up of the Abent 3T cogeneration plant in Mexico, whose combustion emissions amount to 535,654 tCO<sub>2</sub>, equivalent to a 48 % of the company's direct emissions.

GHG emissions (tCO <sub>2</sub> eq) <i>305-1, 305-2, 305-3</i>	2019	2018	2017
Direct emissions	1,125,206	738,458	652,332
Indirect emissions (scope 2)	236,236	313,746	315,283
Other indirect emissions (scope 3)	313,272	773,486	589,825
Total	1,674,714	1,825,690	1,557,440

GHG emissions (tCO <sub>2</sub> eq)	2019	2018	2017
Direct emissions from biomass	1,211,686	1,331,008	1,103,015

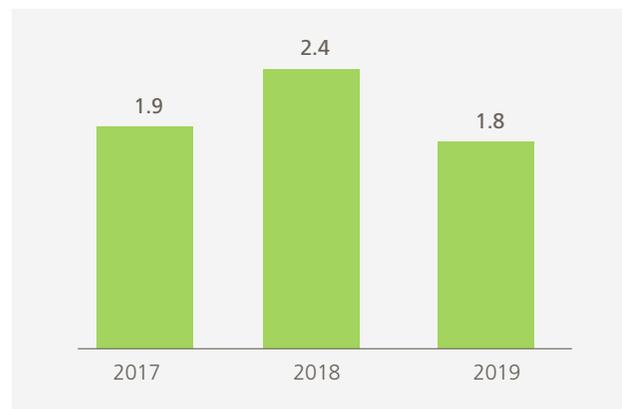
04. Commitment to stakeholders and creation of shared value / Environmental value

Intensity of GHG emissions 305-4

1.9 tCO<sub>2</sub>/sales\*

\* The ratio differs from that reported in the Non-Financial Information Statement and in the Responsible Management Balance Sheet, since scope 3 emissions considered were calculated after the annual accounts were published.

Ratio tCO<sub>2</sub>/thousands of €



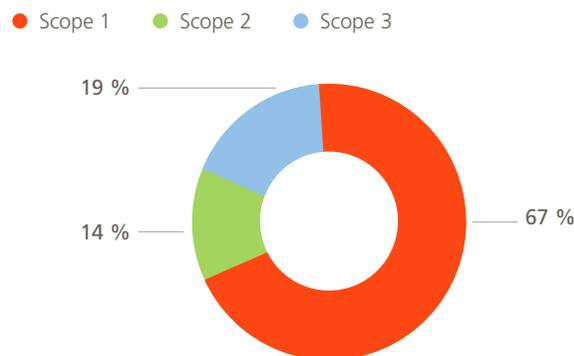
The ratio has been reduced by 20.8 % compared to 2018.

Scope 3

Scope 3 emissions represent 19 % of Abengoa's global inventory, with supplies being the main source given the weight of construction activities in Abengoa's business.

The evolution of emissions in this scope has been positive, having achieved a reduction in virtually all sources.

GHG emissions by source type (tCO <sub>2</sub> eq)	2019	2018	2017
Supplies	231,845	651,676	474,026
Business trips	1,317	1,388	N.D.
Waste management	3,558	7,560	N.D.
Losses in the distribution of consumed electricity	49,388	80,363	81,112
Fuel value chain	27,164	32,499	34,687



Other polluting emissions 305-7

Air pollution has many harmful effects on the environment. It contributes to reducing the amount of nutrients available in the substrate, preventing the growth of plants and exacerbating the effects of climate change.

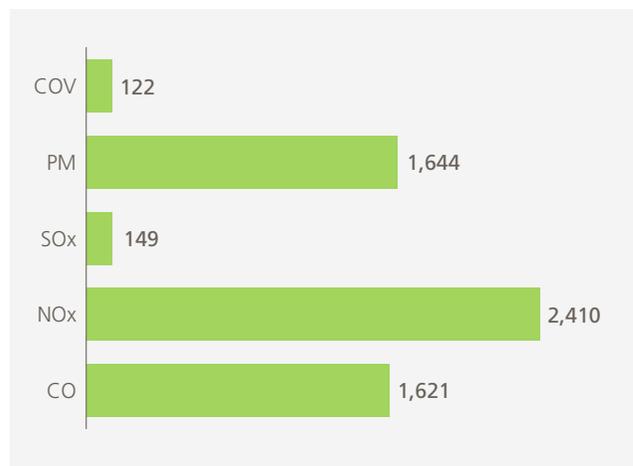
Additionally, emissions of nitrogen oxides and sulphur react in the atmosphere producing acid rain, causing an increase of nutrients in water masses that endangers aquatic ecosystems, since it causes plants and other aquatic organisms to grow in abundance, consuming the dissolved oxygen and increasing excess organic matter.

These effects are exacerbated by the fact that currently, the way of life of large part of the population is closely linked to the generation of air pollutants: transport, industry, agriculture and even home life.

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

04. Commitment to stakeholders and creation of shared value / Environmental value

Pollutants (t)	2019	2018	2017
CO	1,621	1,471	1,479
NOx	2,410	1,871	1,882
SOx	149	224	223
PM	1,644	1,909	1,923
COV	122	114	114



The parameters used to calculate atmospheric pollutants have been extracted from the joint EMEP/EEA air pollutant emission inventory guidebook 2019.

The generalised increase in pollutant emissions is due to the start-up of the Abent 3T cogeneration plant, increasing the direct energy consumption of the company by 28 %.

Additionally, in the construction projects noise measurements are carried out according to their respective environmental impact assessments, complying with the current legislation at each location.

## Energy footprint

One of the most important challenges facing humanity is energy management, given the growing technologisation of processes and the increase in the world's population. This fact, coupled with a still high dependence on fossil energy only reinforces the need to increase the presence of renewable energy in the energy mix and promote efficiency in the production and use of energy.

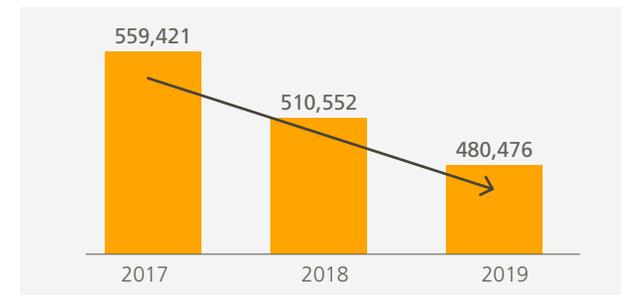
In this regard, Abengoa plays a key role by providing solutions for engineering, construction and operation of production technologies for clean energy. Additionally, it seeks efficiency in its consumption, promoting the use of renewable energy, which in 2019 was 37.2 %.

The increase of natural gas consumption is due to the start-up of the Abent 3T cogeneration plant, whose consumption of natural gas was of 7,944 TJ, increasing the overall energy consumption by 28 %.

### Direct energy consumption 302-1

Type of fuel (GJ)	2019	2018	2017
Biofuels	43,647	52,145	47,837
Biomass	10,492,870	12,229,325	12,317,116
Petroleum derivatives	698,271	2,028,397	1,919,379
Natural gas	17,035,372	8,431,475	8,555,514
<b>Total</b>	<b>28,270,160</b>	<b>22,741,342</b>	<b>22,839,846</b>

### Consumption of intermediate energy



Abengoa consumes **certified renewable energy** at the Almeria desalination plant, comprising 3.72 % of the total electricity consumed.

### Energy intensity GJ / Sales (thousands of €) 302-3



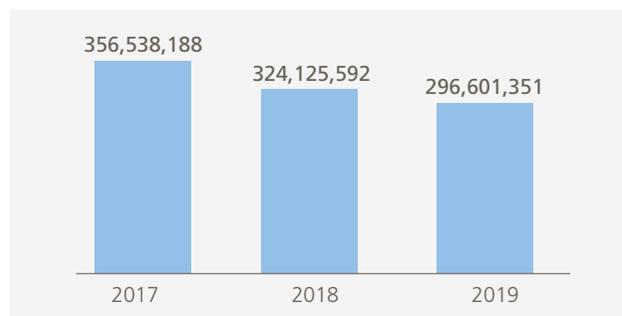
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# Water footprint

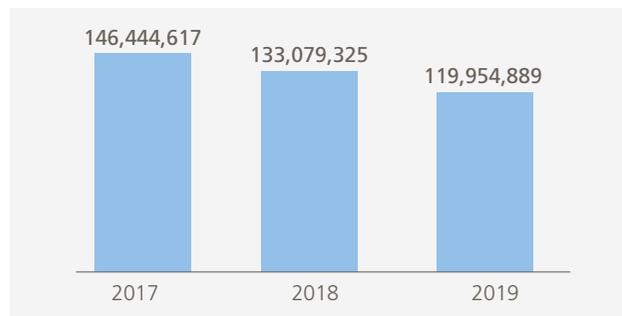
The growing pressure on water demand makes it essential to design control measures for its management and administration. In this regard, Abengoa offers solutions for the comprehensive water cycle through desalination and water treatment, as well as constructing hydraulic infrastructures, and promoting optimisation and efficiency in all its facilities and projects, with the aim of keeping consumption to a minimum.

The water produced by Abengoa at its desalination plants has generated a positive impact on the planet of 120 Hm<sup>3</sup>, equivalent to the annual consumption of 2.42 million people for one year.

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



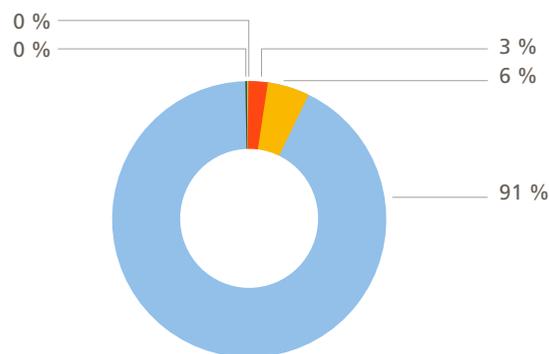
Desalinated water produced (m<sup>3</sup>)



Collection of water from other sources 303-1

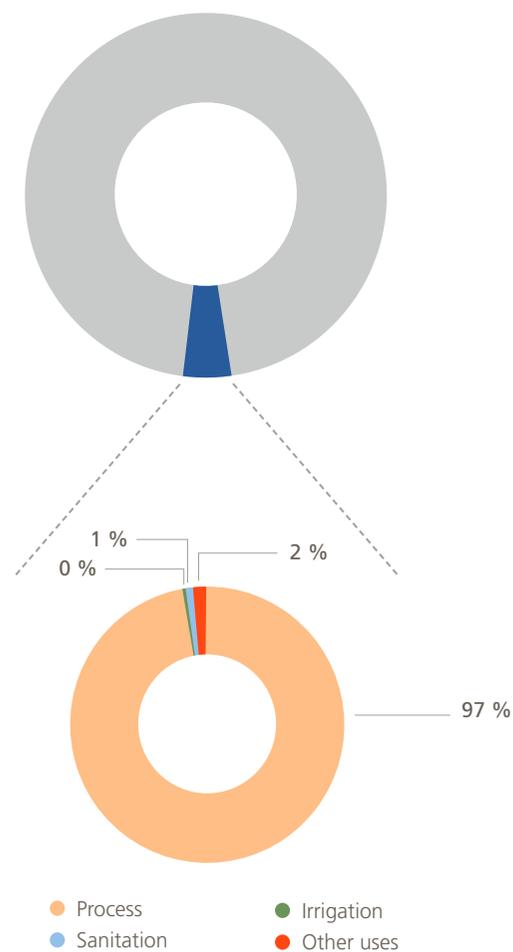
	2019	2018	2017
Well water	179,109	207,891	312,011
Tap water	358,412	356,158	451,581
River water	5,895,336	6,063,855	5,557,546
Rainwater	7,537	2,786	4,542
Wastewater	5,776	1,056,696	26,231
<b>Total general</b>	<b>6,446,170</b>	<b>7,687,386</b>	<b>6,351,911</b>

- River water
- Well water
- Tap water
- Rain water
- Wastewater



Type of use

- Desalination
- Other uses



04. Commitment to stakeholders and creation of shared value / Environmental value

## Abengoa and the circular economy

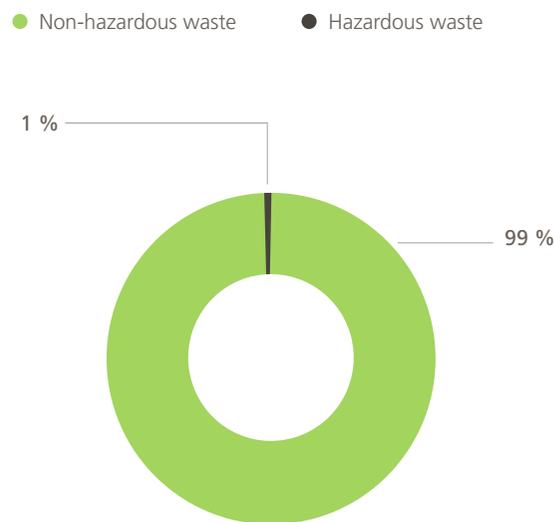
It is a reality that the current economic model has proved to be unsuccessful, based on an unlimited consumption of resources and not considering environmental factors in its assessment of wealth and development. Today more than ever, it is necessary to turn to a model that optimises resource use, promoting reduction and reuse, and making it more sustainable and competitive.

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

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

### Waste

Regarding waste, Abengoa has managed a total of 84,803 tonnes in 2019, of which only 697 tonnes were hazardous waste.



Final treatment (t) <i>306-2</i>	2019	2018*	2017
Temporary storage	819	64	0
Composting	223	19	3
Permanent deposit	151	855	548
Incineration	77	41	46
Recycling	17,045	29,280	3,891
Energy recovery	75	529	561
Reuse	44,833	20,105	689
Landfill	7,250	31,406	37,844
Others	14,330	11,163	1,890
<b>Total general</b>	<b>84,803</b>	<b>93,462</b>	<b>45,472</b>

\* The 2018 data has been updated after modifying the criterion for the treatment of construction and demolition waste of an Abengoa project in Peru and the Shuaibah (Saudi Arabia) construction project.

04. Commitment to stakeholders and creation of shared value / Environmental value

Fruit of the effort of the entire company, the **waste in 2019 was of 73 %**, compared with 53 % in 2018. This is mainly due to greater reuse of aggregates and construction waste and recycling of sludge and metal waste.

Abengoa is aware of the environmental impacts that can be caused by incorrectly managing the heat transfer fluid (HTF) used in the parabolic trough power plants it operates, in the event of accidental spillages. In this regard, the Chairman’s office ensures all HTF spillages are monitored properly, with the purpose of ensuring a speedy response is provided and that the preventive measures required are implemented in all plants, regardless of whether they have been affected by the spillage or not. During 2019, there have been 7 spillages, with 17,495 litres of HTF spilled in total.

**Use of materials**

Abengoa encourages the efficient use of resources and promotes the acquisition and use of recycled or certified materials. [301-1](#)

There has been a general increase in materials purchased, equivalent to the increase in construction activities in the report year.

In 2019, it has purchased 8,063 kg of paper for the three main head offices<sup>3</sup> of Abengoa in Spain, which are FSC and PEFC certified.

	2019	2018	2017
Steel (Kg)*	71,680,622	4,859,709	N.D.
Wood (Kg)	11,561,806	23,266,223	N.D.
Cement (Kg)	6,223,113	2,565,775	N.D.
Concrete (Kg)*	630,025,264	102,361,584	N.D.

\* Details of the 2018 steel and concrete have been modified by applying the methodology used for 2019.

**Biodiversity**

Abengoa’s strategy for biodiversity conservation consists of the combination of **measures for the prevention, management and restoration** of the impacts derived from its activity.

Prior to starting a project, Abengoa performs **environmental impact assessments** to identify and manage the effects its activity will have on the environment.

On all projects, Abengoa takes into consideration the prevention and restoration of any areas that may be affected by the development of its activities. For this purpose, the company implements measures for habitat protection and restoration; reforestation; and monitoring, rescue and relocation of fauna, among others.

In cases where the impacts caused by Abengoa’s activities cannot be minimised, compensation actions are implemented, as provided in studies carried out previously.

In addition, it establishes **environmental monitoring plans** to review the measures implemented.

**Protected areas**

Specifically, the company analyses each facility to consider whether it is inside a protected area and the fauna and flora species that may be affected.

During 2019, Abengoa’s activity affected special protection areas in two locations: [304-1](#)

- A desalination plant construction project in Agadir (Morocco), located within the Parc National Du Souss-Massa.
- A protected area of 17.4 hectares in the São Joao and São Luiz bioethanol plants.

In these activities the significant impacts and their duration and reversibility have been identified and evaluated.

**Protected species**

Some of the most notable protected plant and animal species that are affected by Abengoa’s activity are the following: [304-4](#)

- Ghaf tree (*Prosopis cineraria*), protected by the UAE’s Federal Law No. 24 of 1999 for the protection of the environment
- Arabian oryx (*Oryx leucoryx*), recognised as a vulnerable species by the IUCN.
- Sand gazelle (*Gazella marica*), recognized as a vulnerable species by the IUCN.
- Mountain gazelle (*Gazella gazella*), recognized as a vulnerable species by the IUCN.
- Cedar (*Cedrela odorata*), recognised as special protection species according to NOM -059-Semarnat-2010.
- Painted bunting (*Passerina ciris*), recognised as special protection species according to NOM -059-Semarnat-2010.
- Dot-winged antwren (*Microrhopias quixensis*), recognised as special protection species according to NOM-059-Semarnat-2010.
- Boa (*boa constrictor*), recognised as endangered species according to NOM -059-Semarnat-2010.

<sup>3</sup> Palmas Altas Campus (Seville), Torrecuellar centre (Seville) and office on Manuel Pombo Angulo (Madrid).

04. Commitment to stakeholders and creation of shared value / Environmental value

Additionally, the effect of desalination plant construction activities on coral reefs is notable. In the case of the desalination plant located in Shuaibah, the following species are identified:

- Hard corals:
  - *Pocillopora, Stylophora, Acropora, Porites, Coscinarae, Echinopora, Favites, Diploastrea, Fungia, Montipora and Lobophyllia.*
- Soft Corals:
  - *Xenia, Heteroxenia and Sinularia.*

**Impacts on biodiversity**

In 2019, the construction activity has been the one with the greatest impact on biodiversity, notably the parabolic trough collectors installation projects and the construction of desalination plants. In this regard, the following projects are notable: [304-2](#), [304-3](#)

Type of project	Impacts on biodiversity	Measures
<p>Parabolic trough collectors at the Mohammed bin Rashid Al Maktoum Solar Park in Dubai</p>	<ul style="list-style-type: none"> <li>■ Combustion emissions and generation of dust caused by earth-moving works.</li> <li>■ Dune ecosystem loss, habitat of animal and plant species of Al Marmoom Desert Conservation Reserve.</li> </ul>	<ul style="list-style-type: none"> <li>■ Relocation of the main plant and animal species, in collaboration with the Dubai Municipality Natural Resources Conservation Section.</li> <li>■ Installation of feeding stations and water supply for the Arabian oryx and gazelles in the boundaries of the project.</li> <li>■ Minimisation of lighting to avoid excessive artificial light.</li> <li>■ Regarding air pollution, activities involving earth-moving works are minimised in the event of strong winds, construction areas are watered down and traffic speed is reduced to 20 km/h.</li> </ul>
<p>Desalination plant in Shuaibah, Saudi Arabia</p>	<ul style="list-style-type: none"> <li>■ Severe impact on marine flora. The construction process increases the turbidity and prevents the introduction of light, hindering the photosynthesis of marine flora.</li> </ul>	<ul style="list-style-type: none"> <li>■ The water intake and brine discharge structures will be buried to ensure that the recolonization potential of the habitat in the ocean bed is possible once the construction process is completed.</li> <li>■ In addition, coral relocation will be performed as a compensatory measure to avoid net habitat loss in the area.</li> </ul>
<p>Cogeneration plant in Mexico</p>	<ul style="list-style-type: none"> <li>■ Alteration of the vegetation has a direct impact on fauna, affecting species' mobility by transforming their biological corridor and the availability of habitats.</li> </ul>	<ul style="list-style-type: none"> <li>■ Flora and fauna rescue and relocation programmes. Establishment of two buffer areas. Environmental monitoring. Incorporation of green areas.</li> </ul>

## 04. Commitment to stakeholders and creation of shared value / Environmental value

As a short-term objective, Abengoa proposes in the Strategic CSR Plan the establishment of biodiversity valuation studies and the conservation actions that Abengoa performs, with the aim of applying them to the rest of the activities, provided that the conditions allow it.

The company received no environmental fines or penalties in 2019. [307-1](#)

### Outreach and awareness campaigns



Abengoa is committed to the environmental awareness of its staff, in order to increase their involvement in achieving the objectives of the Strategic CSR Plan.

For this purpose, the following communications channels were used in 2019:

- **Intranet space** where the efficiency measures in the use of natural resources and good environmental practices are recorded.
- **Monthly newsletters** for the dissemination of efficiency measures and recommendations for the good use of resources.
- Articles on **Abengoa's blog 'The energy of change'**.
- Appeals on **social media**.
- **Internal communications**.
- **Screens in work centres**.

### Palmas Altas Campus: efficient office

Abengoa promotes energy efficiency in all areas of its activity, extending not only to its projects, but also in its offices and facilities.

In this regard, the U.S. Green Building Council (USGBC) recognises Abengoa with the **LEED Platinum certification** (Leadership in Energy & Environmental Design) awarded to its Palmas Altas Campus headquarters, located in Seville (Spain).

LEED is a voluntary sustainable building certification system based on the incorporation of systems that contribute to energy and water efficiency, the use of alternative energies, the separation of waste and the improvement of interior environmental quality and the selection of materials.

This certification acknowledges Abengoa's commitment to responsible environmental management, as well its involvement in the development of actions and initiatives that contribute to improving efficiency in the performance of its activity.

Among other initiatives, Abengoa makes available to its workers a direct connection to the metropolitan area with a walkway built by Abengoa, which crosses the SE-30 and allows pedestrians and cyclists to cross it, and is also used by the public buses of the Tussam and Metropolitan Transport Consortium of Seville.

Additionally, during 2019 the Led light fittings change was completed to optimise parking lighting. 480 lamps were replaced, resulting in energy savings of 86 %.



05. About this report

5

# About this report



17

years publishing the CSR report



300,000

followers on social networks



+900,000

visits to the website



187,000

visits to Abengoa's blog of 141,000 unique users





05. About this report

## Standards and principles governing this report

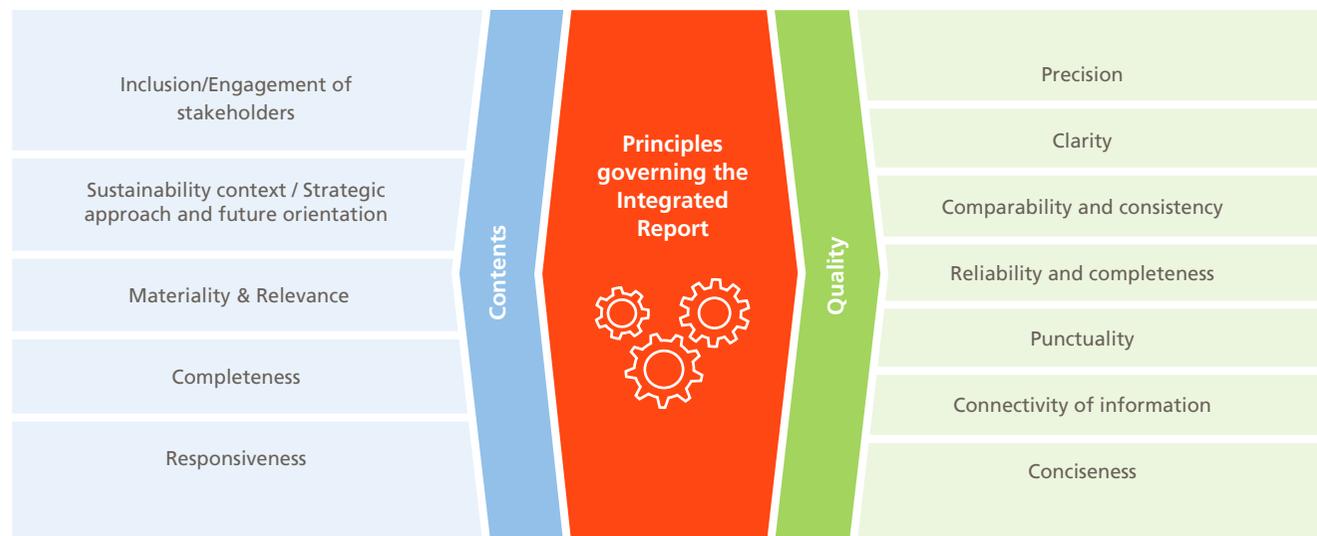
102-1, 102-50, 102-51, 102-52 y 102-54

The **integrated report** includes all information published in the Activity Report and the Corporate Social Responsibility Report, as a means to make progress towards the full adoption of the guidelines and contents of the framework published by the International Integrated Reporting Council (IIRC).

It has been prepared in accordance with the **most comprehensive option** of the Sustainability Reporting Standards of the Global Reporting Initiative (**GRI Standards**), the **EU Guidelines 2017/ C215/01**, and the contents in **Law 11/2018 on non-financial and diversity information**.

Furthermore, Abengoa follows the principles of the **AA1000 APS (2008) Accountability standard** and provides a response on the progress to observing the ten **principles of the UN Global Compact** that govern the company's actions, activity and strategy

Under these rules, the **principles used to prepare this report**, which govern both the quality and the contents of the same, have been the following:



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

## Scope of the information

102-10, 102-45, 102-46, 102-48

Unless otherwise stated, all performance indicators and information included in this report refer to the **activities carried out during 2019** by the companies under the control of the company (as stated in Appendices I, II and III of the Financial Statements Report) and which have a **social, environmental, economic and governance impact** both inside and outside the organisation's perimeter. Likewise, the Temporary Joint Ventures and Permanent Establishments in which one of Abengoa's companies controls the management structure and has an impact on any of the above-mentioned areas will be included.

Finally, data of the two previous years (2017 and 2018) will be included so it can be compared with the information reported.

Due to the disinvestments and exit of certain companies as a result of entering into bankruptcy proceedings, the consolidation perimeter differs to that of 2019. The main differences consist in the sale of Rioglass Solar Holding, S.A and dependent companies, ASI Operations LLC in the USA and the Zona Norte Hospital in Brazil, all of them as part of the strategic disinvestment established in Abengoa's Feasibility Plan. In addition, mention should be made of the exit from the company's perimeter of Abencor Suministros, S.A., as a result of entering into the liquidation phase of its bankruptcy process.

This report is aimed at **providing a response to the expectations of its stakeholders** and to all matters affecting society through its materiality analysis, from an internal and external point of view.

05. About this report

# Report preparation process

Abengoa has a process to prepare the report based on experience, lessons learned and best global practices in sustainability matters.

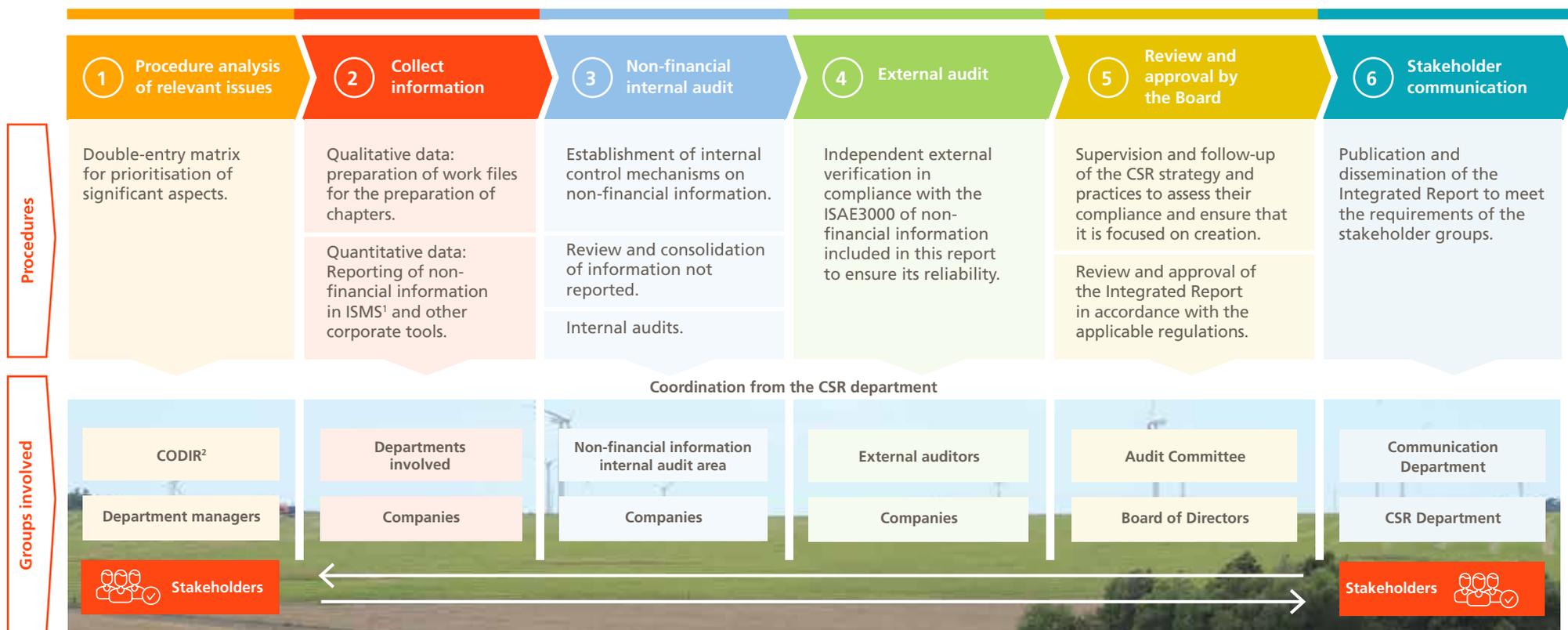
With CSR being a **cross-cutting function integrated throughout the company**, the company received the support

and collaboration of most company departments in preparing the report, such as Internal Audit, Risks, Regulatory Compliance, Legal Advice, Consolidation, Clients, Suppliers, Human Resources, Health and Safety, Communication, Tax, etc.

In addition, the managers of these departments and managers of verticals and regions have participated in the process of prioritising relevant issues, in accordance with their business knowledge and experience in managing their respective areas.

Below we present in detail the stages and procedures carried out in preparing the report.

## Report preparation Process



<sup>1</sup> ISMS: Integrated sustainability management system.

<sup>2</sup> CODIR: Management Committee.

05. About this report

## Materiality analysis 102-47, 102-49, 103-2

In accordance with the principles outlined in the GRI Standards and the APS1000 standard of **inclusiveness, relevance and responsiveness**, Abengoa conducts an annual materiality analysis, which allows the company to identify and delve into the most important aspects for its stakeholders, used as the base for the design and development of its corporate responsibility strategy, as can be seen in the SCSR.

The selection of relevant matters was conducted in three phases and **is based on two bases of analysis**, which are cross-checked to obtain the final result: **external factors** (those related to the expectations of Abengoa’s stakeholder groups and the importance they give to different matters) and **internal factors** (which determine the importance of the different issues for the business, management of the company and, ultimately, the achievement of the objectives established in the business strategy). The use of both perspectives is essential for compliance with the accountability principle defined by the AA1000 APS (2008) standard.

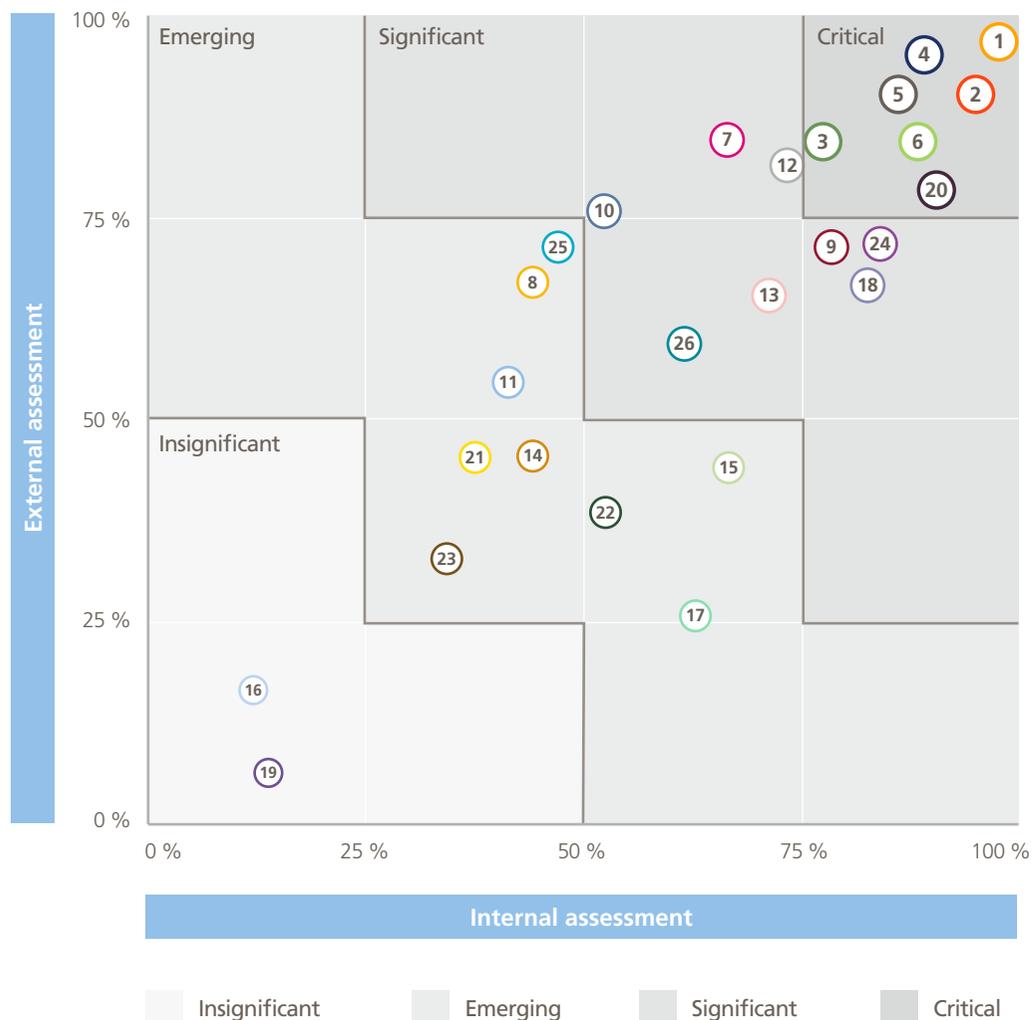
Once each issue has been identified, and considering the list as a whole, each issue can be classified based on its importance for the company and the stakeholder groups according to one of these four ranges: critical, significant, emerging and insignificant.

- **Critical:** any issues that cut across more than one business group, which are a priority for more than one stakeholder group or that are essential to achieving the minimum required to comply with the general standards analysed.
- **Significant:** any matters that only affect one of the stakeholders groups, but are a priority for this group; or any matters which, having reached a certain maturity, although generalised, are no longer considered critical.
- **Emerging:** any aspects that have started to acquire greater importance in recent times or that have begun to be considered mandatory at the legislative level.
- **Insignificant:** identified issues that have little impact and are not given priority attention by any stakeholder group, and may or may not have repercussions in the future.

With this categorisation, the **relevant matters procedure matrix** is obtained where the mandatory subjects with the highest scores are assigned the category of critical and must be analysed in the ICSR in greater depth. For critical, significant and emerging issues monitoring indicators are designed which allow the company to monitor their evolution.



05. About this report



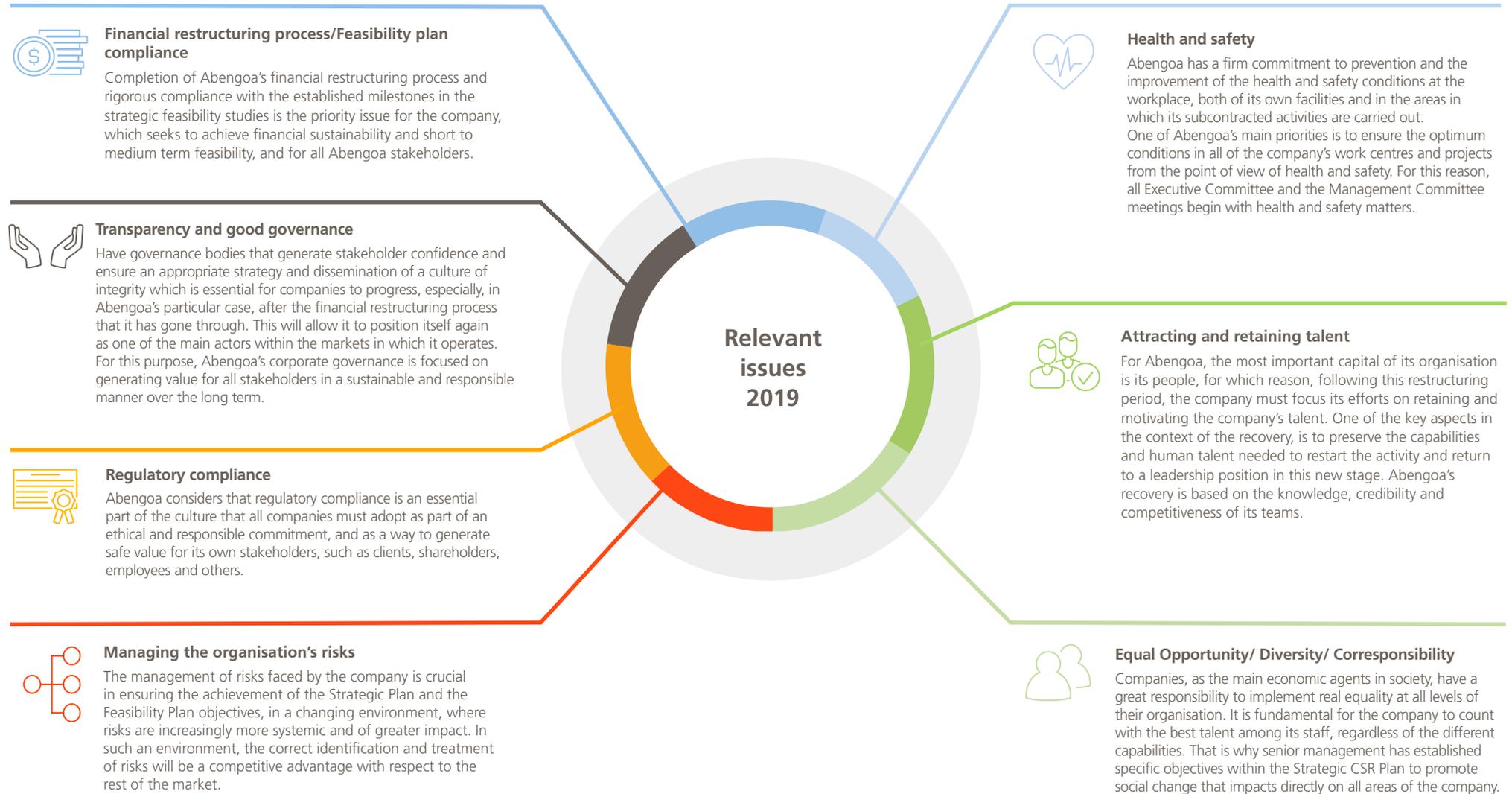
Aspects	Relevance
1 Financial restructuring process/ Feasibility plan compliance	Critical
2 Attracting and retaining talent	Critical
3 Equal Opportunity/ Diversity/ Co-responsibility	Critical
4 Managing the organisation’s risks	Critical
5 Transparency and good governance	Critical
6 Regulatory Compliance	Critical
7 Diligence in protecting human rights	Significant
8 Contribution to progress- Social commitment and local impact	Emerging
9 Promoting innovation	Significant
10 Environmental protection	Significant
11 Circular economy	Emerging
12 Climate change	Significant
13 Occupational health and safety	Significant
14 Pollution	Emerging
15 Sustainable use of resources	Significant
16 Biodiversity	Insignificant
17 Remuneration	Emerging
18 Salary gap	Significant
19 Absenteeism	Insignificant
20 Health and safety	Critical
21 Social relations/ Trade unions	Emerging
22 Training	Significant
23 Universal accessibility	Emerging
24 Subcontracting and suppliers	Significant
25 Consumers	Emerging
26 Tax transparency	Significant

As a result of this process, we have obtained the following relevant aspects, which show similarities with respect to the 2018 results due to the restructuring process duration<sup>1,2</sup>.

<sup>1</sup> Abengoa considers the management of food as a non-material aspect of the company’s operations.

<sup>2</sup> Abengoa considers the relationship with the final consumers as a non-material aspect of the company’s operations, given that its business model is B2B (business to business) and, therefore, it does not have direct contact with them.

05. About this report



05. About this report

## Relationship with stakeholders

One of Abengoa's main goals is to maintain a **long-term relationship of trust and mutual benefit** with its stakeholders, given that they may be affected directly or indirectly by the company's activities, products and services and whose decisions may have an impact on these.

Among the main Abengoa stakeholders, those that form part of the value chain and other external parties whose decisions and actions also impact the company's business should be highlighted.

Abengoa's relationship with its stakeholders develops within a context of transparency and trust based on a **bi-directional, continuous and truthful communication**. The main objective of this communication is to **strengthen the company's relations** with all of them, as well as to **maintain the commitments** acquired with them.

Abengoa has different channels of communication and consultation adapted to the businesses' particularities and diversity such as tools to learn about stakeholder needs and expectations and incorporate them into the company's strategy. The main channels are detailed below: [102-40](#) y [102-43](#)



05. About this report

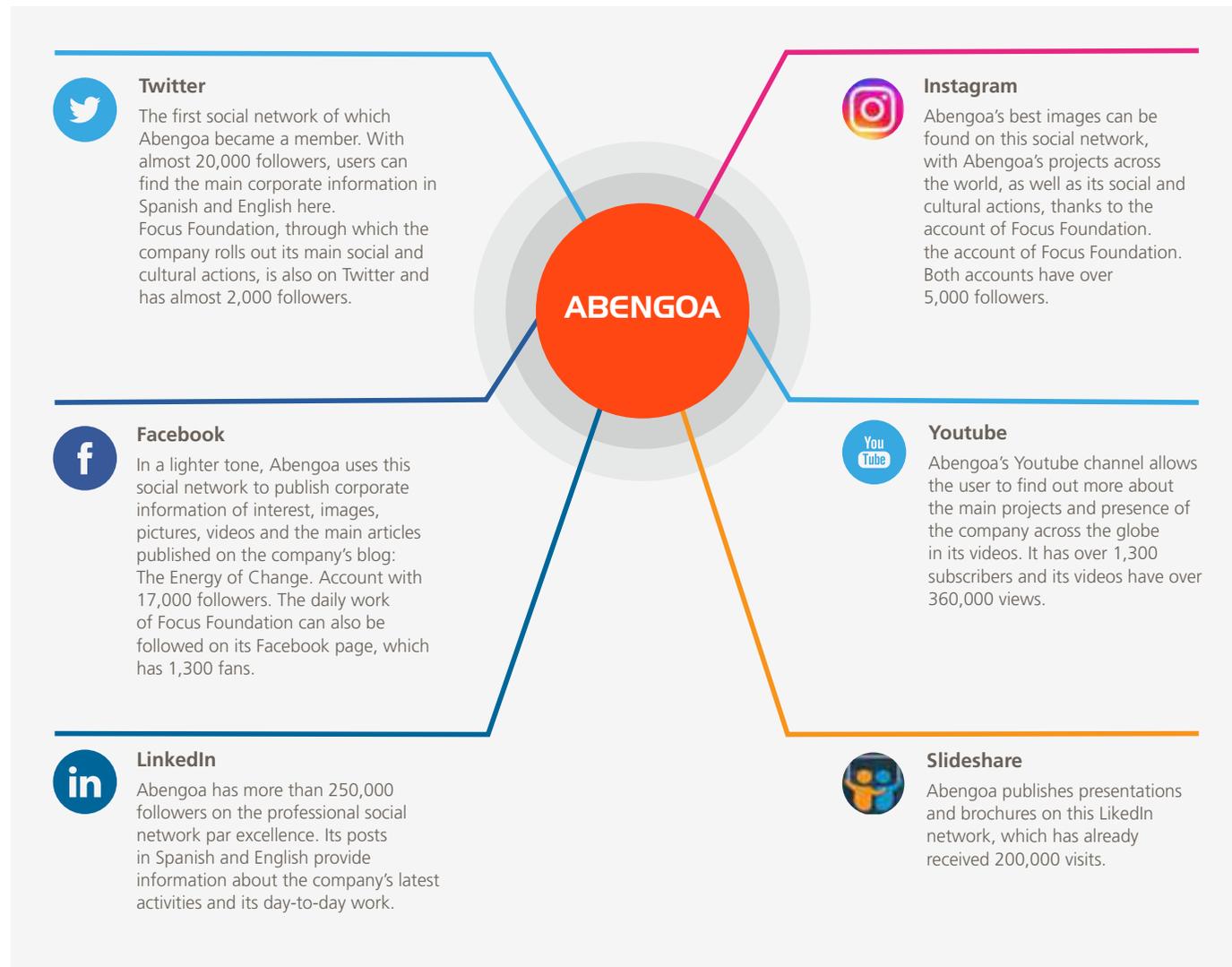
 <b>Society</b>	 <b>Employees</b>	 <b>Suppliers</b>	 <b>Clients</b>	 <b>Shareholders</b>
<ul style="list-style-type: none"> <li>■ Corporate website</li> <li>■ Annual report</li> <li>■ Press releases</li> <li>■ Trade fairs, forums and conferences</li> <li>■ Corporate blog</li> <li>■ Interviews and media information requests</li> <li>■ Meetings with NGOs</li> <li>■ Meetings with educational institutions</li> <li>■  CSR mailbox</li> <li>■  Communication mailbox</li> <li>■ External whistleblowing channel</li> <li>■ Stakeholder mailbox</li> <li>■ Offices/ sales agents</li> <li>■ Social media: LinkedIn, Twitter, Facebook, YouTube, SlideShare and Instagram</li> </ul>	<ul style="list-style-type: none"> <li>■ Corporate website</li> <li>■ Connect@ Corporate intranet</li> <li>■ Internal newsletter</li> <li>■ Climate and satisfaction survey</li> <li>■ Informative emails from the Chairman's Office and corporate mailboxes (CSR, Health and Safety and Communication)</li> <li>■ Internal whistleblowing channel</li> <li>■ Employee self-service</li> <li>■ Manual for new hires</li> <li>■ HR Spokespersons</li> <li>■ Department days</li> <li>■ Suggestions box</li> <li>■ Health and Safety Committees</li> <li>■ Employee self-service</li> <li>■ Appraisal surveys</li> <li>■ Executive Communication</li> <li>■ Programme</li> <li>■ Open days</li> <li>■ Social media: LinkedIn, Twitter, Facebook, YouTube, SlideShare and Instagram</li> </ul>	<ul style="list-style-type: none"> <li>■ Corporate website</li> <li>■ Regular meetings</li> <li>■ Email</li> <li>■ Trade fairs, forums and conferences</li> <li>■ External whistleblowing channel</li> <li>■ Satisfaction surveys</li> <li>■  Corporate purchases mailbox</li> <li>■  CSR mailbox</li> <li>■ Social media: LinkedIn, Twitter, Facebook, Google Plus, YouTube, SlideShare and Instagram</li> </ul>	<ul style="list-style-type: none"> <li>■ Corporate website</li> <li>■ Commercial branches</li> <li>■ Sales agents</li> <li>■ Telephone assistance</li> <li>■ Individual meetings</li> <li>■ Satisfaction surveys</li> <li>■ Trade fairs, forums and conferences</li> <li>■ Open days</li> <li>■ External whistleblowing channel</li> <li>■ Social media: LinkedIn, Twitter, Facebook, Google Plus, YouTube, SlideShare and Instagram</li> </ul>	<ul style="list-style-type: none"> <li>■ Corporate website</li> <li>■ Shareholder's website</li> <li>■ Annual / Quarterly</li> <li>■ Reports Telephone conferences</li> <li>■  General Shareholders' Meeting</li> <li>■ Investor day</li> <li>■ Shareholder's mailbox</li> <li>■ Meetings with investors</li> <li>■  Relevant facts</li> <li>■ Investors Relations Department</li> <li>■ Meetings with analysts and investors</li> <li>■ Presentation of results with audiovisual systems, accessible from Abengoa's website</li> <li>■ Consultation space after the presentation of results</li> <li>■ Press releases</li> <li>■ External whistleblowing channel</li> <li>■ Social media: LinkedIn, Twitter, Facebook, YouTube, SlideShare and Instagram</li> </ul>

05. About this report

 Local communities	 Media	 Public Administrations	 Business partners	 Academic community
<ul style="list-style-type: none"> <li>■ Corporate website</li> <li>■ Annual report.</li> <li>■ Web page of Focus Foundation</li> <li>■  CSR mailbox</li> <li>■ CSR Department</li> <li>■ Communication Department</li> <li>■ Meetings with project managers</li> <li>■ Meetings with NGOs and educational institutions</li> <li>■ Open days Trade fairs, forums and conferences</li> <li>■  Corporate blog</li> <li>■ External whistleblowing channel.</li> <li>■ Interviews</li> <li>■ Social media: LinkedIn, Twitter, Facebook, YouTube, SlideShare and Instagram</li> </ul>	<ul style="list-style-type: none"> <li>■ Corporate website</li> <li>■ Press releases</li> <li>■ Meetings with the media Trade fairs, forums and conferences</li> <li>■ Interviews and media information requests</li> <li>■ Communication Department</li> <li>■  Communication mailbox</li> <li>■ Social media: LinkedIn, Twitter, Facebook, YouTube, SlideShare and Instagram</li> </ul>	<ul style="list-style-type: none"> <li>■ Corporate website</li> <li>■ Regular meetings</li> <li>■ Email</li> <li>■ Forums and conferences</li> <li>■ Work groups</li> <li>■ Institutional Relations Department</li> <li>■ Social media: LinkedIn, Twitter, Facebook, YouTube, SlideShare and Instagram</li> </ul>	<ul style="list-style-type: none"> <li>■ Corporate website</li> <li>■ Annual report</li> <li>■ Press releases</li> <li>■ Trade fairs, forums and conferences</li> <li>■ Corporate blog</li> <li>■ Interviews and media information requests</li> <li>■ Specialised sectoral magazines/newsletters</li> <li>■ Associative and sectoral magazines or publications</li> <li>■ Social media: LinkedIn, Twitter, Facebook, YouTube, SlideShare and Instagram.</li> </ul>	<ul style="list-style-type: none"> <li>■ Corporate website Annual report</li> <li>■ Press releases</li> <li>■ Trade fairs, forums and conferences</li> <li>■ Corporate blog</li> <li>■ Interviews and media information requests</li> <li>■ Publication of scientific papers and articles</li> <li>■ Meetings with educational institutions</li> <li>■ Organisation of seminars and conferences</li> <li>■ Participation in seminars and conferences</li> <li>■ Social media: LinkedIn, Twitter, Facebook, YouTube, SlideShare and Instagram</li> </ul>

05. About this report

Abengoa has grown significantly in all social networks over the last few years. It is currently present through the following channels:



## 05. About this report

### How does Abengoa ensure information quality?

For Abengoa it is key to have **reliable and rigorous information** that allows it to learn the impact of its activity with precision.

For this purpose, and in accordance with the above-mentioned principles associated with **accuracy, reliability and completeness**, and with the new **requirements set forth in the Non-Financial Information and Diversity Law**, Abengoa has established a series of internal controls as part of its CSR management system, which apply to different tools used by the company to report and consolidate non-financial information.

Since 2009, Abengoa has an area dependent on the CSR department of **Non-Financial Information Internal Audit (NFIIA)** whose objective is to verify the information for the three CSR dimensions, stressing the main risks in this matter, as well

the effectiveness of the controls the company applies to mitigate them. The purpose to these audits is to ensure the reliability and quality of the non-financial information.

During the financial year 2019 **comprehensive internal audits** have been performed at corporate level on certain indicators such as training or accident rate, in addition to conducting other controls during the review and consolidation procedure for the rest of the indicators, such as performing analytical reviews with data from previous periods to identify significant deviations, substantive evidence, review of outlying data, random sampling, etc.

Moreover, Abengoa's Integrated Report is assessed by an **external independent certification** with a limited level of assurance on specific indicators of the **Responsible Management Balance Sheet** or included in the index

of compliance with the ISAE 3000 Standard, Assurance Engagements other than Audits or Reviews of Historical Financial Information, with the ISAE 3410 Standard, Assurance Engagements on Greenhouse Gas Statements, issued by the International Auditing and Assurance Standard Board (IAASB); and with the Action Guide for Corporate Responsibility Report review work issued by the Spanish Institute of Chartered Accountants. [102-56](#)

Likewise, and in compliance with the current mercantile regulations, the **Non-Financial Information Statement** has been reviewed by KPMG Asesores, S.L. The independent inspection report is attached to the Non-Financial Information Statement in section 04 of Volume II: Legal and Economic-Financial Information. [102-56](#)

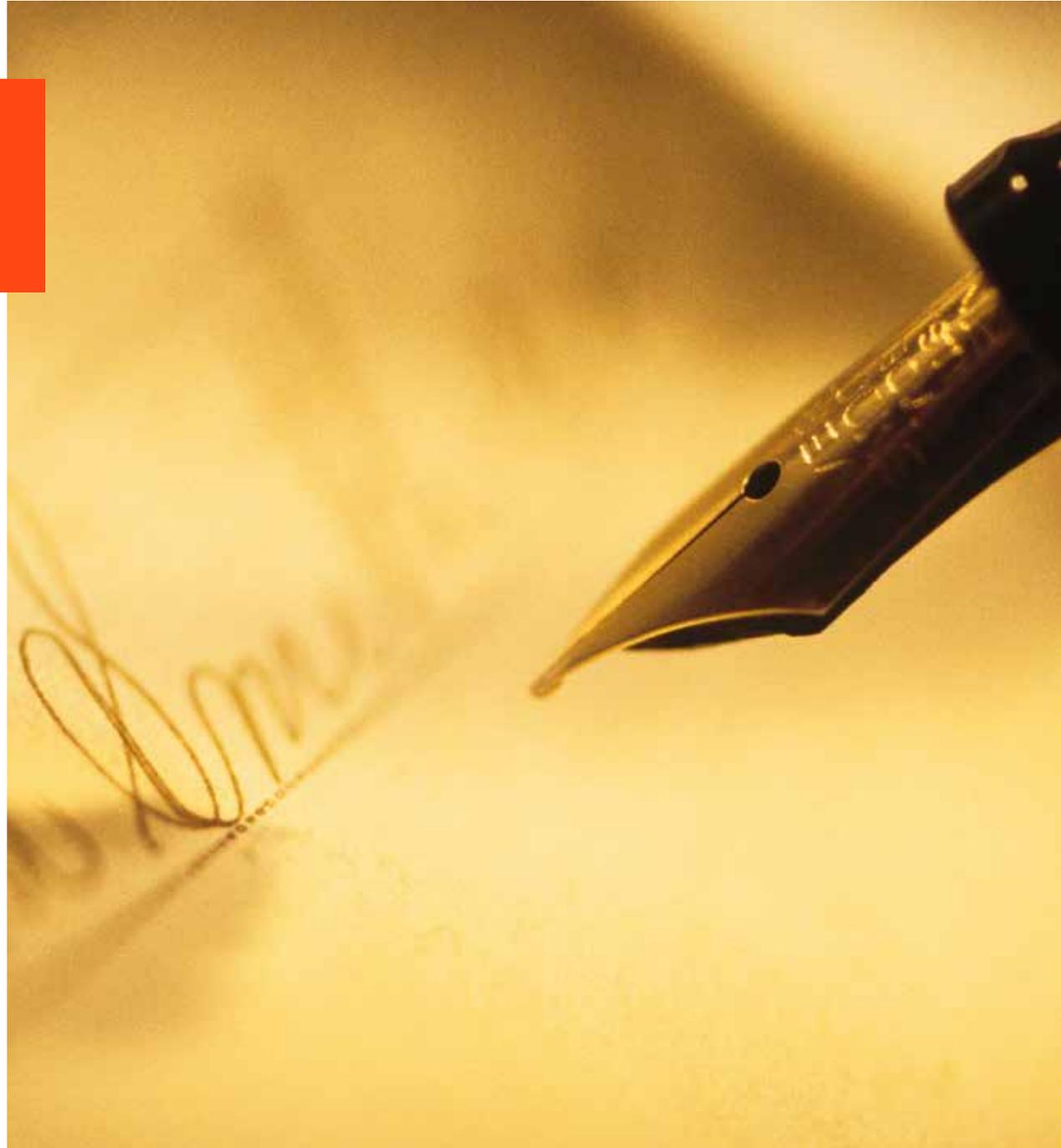


06. External verification

# 6

## External verification

102-56



06. External verification



KPMG Asesores S.L.  
Pº. de la Castellana, 259 C  
28046 Madrid

**Independent Assurance Report on the Integrated Annual Report of Abengoa, S.A. for the year 2019**

To the management of Abengoa, S.A.:

We have been engaged by the Board of Directors of Abengoa, S.A. (hereinafter the Company) to provide limited assurance on the "Integrated Annual Report" for the year ended 31 December 2019 (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**

Management of the Company is responsible for the preparation and presentation of the Report in accordance with the Sustainability Reporting Standards of the Global Reporting Initiative (GRI Standards), in its comprehensive option, of the Global Reporting Initiative, as described in point 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 Company's objectives in respect of the selection and presentation of sustainable development performance, including the identification of stakeholders and material issues; and for establishing and maintaining appropriate performance management and internal control systems from which the reported performance information is derived.

These responsibilities include the establishment of appropriate controls that Company 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 independence and quality controls**

We have complied with the independence and other ethical requirements of the International Code of Ethics for Professional Accountants (including international independence standards) issued by the International Ethics Standards Board for Accountants (IESBA), which is founded on the fundamental principles of integrity, objectivity, professional competence and due care, confidentiality and professional behaviour.

Our firm applies International Standard on Quality Control 1 (ISQC1) and accordingly maintains a comprehensive system of quality control including documented policies and procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

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. Paseo de la Castellana, 259C - Torre de Cristal - 28046 Madrid

Reg. Mer Madrid, T. 14.972, F. 53, Sec. 8, N. M-246.480, Inscrp. 1ª  
Tax identification number N.I.F. B-62468030



**Our responsibility**

Our responsibility is to carry out a limited assurance review and to express a conclusion based on the work performed. We conducted our engagement in accordance with International Standard on Assurance Engagements ISAE 3000, Assurance Engagements other than Audits or Reviews of Historical Financial Information, and the Standard ISAE 3410 Assurance Engagements on Greenhouse Gas Statements, issued by the International Auditing and Assurance Standards Board (IAASB); and with the Performance Guide on the revision of Corporate Responsibility Reports of the Instituto de Censores Jurados de Cuentas de España (ICJCE). These standards require that we plan and perform the engagement to obtain limited assurance about whether the Report is free from material misstatements.

**Procedures performed**

Our limited assurance engagement has been carried out by means of enquiries of management and persons responsible for the preparation of information presented in the Report, and the application of analytical and other evidence gathering procedures. These procedures included:

- Verification of Company's processes for determining the material issues, and the stakeholder participation therein.
- Verification, through interviews with management and relevant staff at group level and selected business unit level, of the presence of sustainability strategy and policies and corporate responsibility to attend to material issues, and the implementation of these across the business of Company.
- Assessment of the consistency of the description of the application of Company's policies and strategy on sustainability, governance, ethics and integrity.
- Risk analysis, including searching the media to identify material issues during the year covered by the Report.
- Review of consistency of information comparing the 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 of the Global Reporting Initiative (GRI Standards) requirements, 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 Company.
- Comparison between the financial information presented in the Report and those included in Company's Annual Accounts audited by independent third parties.

Our multidisciplinary team included specialists in dialogue with stakeholders, and social, environmental and economic business performance.

06. External verification



3

The procedures performed in a limited assurance engagement vary in nature and timing from, and are less wide than 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 Assurance Report.

We believe that the evidences we have obtained are sufficient and appropriate to provide a basis for our conclusions.

Based on the procedures performed and the evidences obtained, nothing has come to our attention that causes us to believe that the Report has not been prepared, in all material respects, in accordance with the Sustainability Reporting Standards of Global Reporting Initiative (GRI Standards), in its comprehensive option, as described in point 102-54 of the GRI content Index of the Report, including the reliability of data, adequacy of the reported information and the absence of significant deviations and omissions.

**Purpose of our report**

In accordance with the terms of our engagement, this Independent Assurance Report has been prepared for Abengoa, S.A. in relation to its Integrated Annual Report 2019 and for no other purpose or in any other context.

Under separate cover, we will provide Company management with an internal report outlining our complete findings and areas for improvement.

KPMG Asesores, S.L.

  
 Ramón Pueyo Viñuales  
 12 November 2020



07. GRI index

# 7

## GRI index

102-55



07. GRI index

● Indicators related with key aspects for the company and its stakeholders.

✓ Indicators verified by an independent third party.

External verification	General	Content	Page or direct response	Omissions	Key aspects
<b>Organization profile</b>					
	102-1	Name of the organization	190		●
✓	102-2	Activities, brands, products, and services	138 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, 158		●
	102-5	Ownership and legal form	81		●
✓	102-6	Markets served	10, 11		●
✓	102-7	Scale of the organization	8, 33, 81, 122		●
✓	102-8	Information on employees and other workers	122, 124, 158		●
	102-9	Supply chain	154		●
	102-10	Significant changes to the organization and its supply chain	4, 5, 154, 190		●
✓	102-11	Precautionary principle or approach	58, 62		●
	102-12	External initiatives	24, 152, 159, 160		●
✓	102-13	Membership of associations	24, 48, 152		●
<b>Strategy</b>					
	102-14	Statement from senior decision-makers	4, 5		●
✓	102-15	Key impacts, risks, and opportunities	4, 5		●
<b>Ethics and Integrity</b>					
✓	102-16	Values, principles, standards, and norms of behaviour	22, 47, 50, 160		●
✓	102-17	Mechanisms for advice and concerns about ethics	53, 130, 160		●
<b>Governance</b>					
	102-18	Governance structure	37		●
	102-19	Delegating authority	39		●

07. GRI index

External verification	General	Content	Page or direct response	Omissions	Key aspects
	102-20	Executive-level responsibility for economic, environmental, and social topics	27, 39		●
	102-21	Consulting stakeholders on economic, environmental, and social topics	44		●
	102-22	Composition of the highest governance body and its committees	39		●
	102-23	Chair of the highest governance body	39		●
	102-24	Nominating and selecting the highest governance body	42		●
	102-25	Conflicts of interest	40		●
	102-26	Role of highest governance body in setting purpose, values, and strategy	39, 40		●
	102-27	Collective knowledge of highest governance body	39		●
	102-28	Evaluating the highest governance body's performance	42		●
	102-29	Identifying and managing economic, environmental, and social impacts	40		●
	102-30	Effectiveness of risk management processes	40, 68		●
	102-31	Review of economic, environmental, and social topics	39, 40, 68		●
	102-32	Role of highest governing body in preparing sustainability reports	It is the Board of Directors that reviews it, following a review by the chairman and the CEO.		●
	102-33	Communicating critical concerns	44		●
	102-34	Nature and total number of critical concerns	42, 44, 82		●
✓	102-35	Remuneration policies	42		●
	102-36	Process for determining remuneration	42		●
	102-37	Stakeholders' involvement in remuneration	Corporate Governance Report 2018, page 61: "The remuneration policy for Abengoa's directors reflected in this report was approved by the Ordinary General Meeting of Shareholders held of 30 June 2017. The remunerations policy was prepared, discussed and signed in the meeting of the Appointments and Remunerations Committee. The proposal was submitted to the Board of Directors, approved thereby as proposal to the General Meeting and approved by the General Meeting on the date indicated."		●
✓	102-38	Annual total compensation ratio	43		●

07. GRI index

External verification	General	Content	Page or direct response	Omissions	Key aspects
	102-39	Percentage increase in annual total compensation ratio	43	Indicator not available in 2017 to calculate the change ratio.	●
<b>Stakeholders participation</b>					
	102-40	List of stakeholder groups	190, 195		●
✓	102-41	Collective bargaining agreements	130, 190		●
	102-42	Identifying and selecting stakeholders	190		●
✓	102-43	Approach to stakeholder engagement	190, 195		●
✓	102-44	Key topics and concerns raised	82, 148, 190		●
<b>Reporting practice</b>					
	102-45	Entities included in the consolidated financial statements	190		●
	102-46	Defining report content and topic Boundaries	190		●
✓	102-47	List of material topics	192		●
	102-48	Restatements of information	190		●
	102-49	Changes in reporting	192		●
	102-50	Reporting period	189, 190		●
	102-51	Date of most recent report	189, 190		●
	102-52	Reporting cycle	189, 190		●
	102-53	Contact point for questions regarding the report	217		●
✓	102-54	Claims of reporting in accordance with the GRI standards	190		●
	102-55	GRI content index	203		●
	102-56	External verification	199		●

07. GRI index

External verification	General	Content	Page or direct response	Omissions	Key aspects
<b>Management approach</b>					
	103-1	Explanation of the material topic and its Boundary	33		●
✓	103-2	The management approach and its components	33, 52, 192		●
✓	103-3	Evaluation of the management approach	33		●
<b>Economic performance</b>					
✓	201-1	Direct economic value generated and distributed	33		●
	201-2	Financial implications and other risks and opportunities due to climate change	173, 174-176		●
	201-3	Defined benefit plan obligations and other retirement plans	131		●
	201-4	Financial assistance received from government	33, 56		●
<b>Market presence</b>					
	202-1	Ratios of standard entry level wage by gender compared to local minimum wage	127		
	202-2	Proportion of senior management hired from the local community		No material	
<b>Indirect economic impacts</b>					
	203-1	Infrastructure investments and services supported		No material	
	203-2	Significant indirect economic impacts		No material	
<b>Procurement practices</b>					
✓	204-1	Proportion of spending on local suppliers	156		●
<b>Anticorruption</b>					
✓	205-1	Operations assessed for risks related to corruption	During 2019, apart from other cross-cutting work, no preventive or detective actions were carried out to reduce the risk of corruption or fraud.		●
✓	205-2	Communication and training about anti-corruption policies and procedures	48, 49, 50		●
✓	205-3	Confirmed incidents of corruption and actions taken	53		●

07. GRI index

External verification	General	Content	Page or direct response	Omissions	Key aspects
<b>Anti-competitive behaviour</b>					
✓	206-1	Legal actions for anti-competitive behaviour, anti-trust, and monopoly practices	<p>1. Concerning an inspection during 2013 by the European Commission of Abengoa and the companies that were directly or indirectly under its control, with regard to their possible participation in anti-competitive agreements or actions allegedly aimed at manipulating the results of the valuation of the Platts daily closing price (CDD), and to deny access to one or more companies wishing to participate in the valuation process of the CDD price, an oral hearing was held in Brussels on 28 and 29 January of 2020 in which the parties requested the closure of the investigation.</p> <p>2) Concerning the start of the investigation by the Markets and Competence National Commission (hereinafter, "CNMC") against manufacturers and some companies in the sector (including Nicsa and its parent company Abengoa S.A.), indicating that on 21 May 2019 Nicsa was been notified of the response to the claim submitted by the State Attorney's Office. The application submitted by Nicsa was accepted granting it a period of 10 days to prepare a written summary of conclusions, which was submitted on 4 June 2019.</p> <p>3) Concerning the submission of a requirement of information by the Markets and Competence National Commission to several companies in the rail sector, including Instalaciones Inabensa, S.A., indicating that on 22 March 2019 a CNMC Council Resolution was received which imposed two penalties, which in combination amount to €11.6 million. On 22 May 2019 applications were filed before the National Court and the Request for Precautionary Measures, both accepted for processing. On 11 July 2019 a contentious-administrative claim was filed. On 18 July the requested precautionary measures were granted (payment of the penalty and prohibition against contracting). On 25 July an appeal was filed against the request to provide guarantee for the acceptance of the precautionary measure (payment of the penalty). On 26 July a complaint was received from the State Attorney's Office against the measure regarding the suspension of the prohibition against contracting, which was contested by Inabensa on 2 September, resolved by the National Court on 24 October which dismissed the claim filed by the State Attorney's Office. On 18 October 2019 a guarantee was presented for the suspension of the payment of the fine. On 21 November the response to the claim by the State Attorney's Office was received.</p>		●
<b>Materials</b>					
✓	301-1	Materials used by weight or volume	185		●
	301-2	Recycled input materials used		No material	
	301-3	Reclaimed products and their packaging materials		No material	

07. GRI index

External verification	General	Content	Page or direct response	Omissions	Key aspects
<b>Energy</b>					
✓	302-1	Energy consumption within the organization	33, 182		●
	302-2	Energy consumption outside of the organization		No material	
✓	302-3	Energy intensity	33, 182		●
✓	302-4	Reduction of energy consumption	The company has defined an action line in its 2019-2023 Strategic CSR Plan which introduces specific medium-term objectives and follow-up actions and indicators that allow the implementation of compliance guidelines.		●
	302-5	Reduction in energy requirements of products and services		No material	
<b>Water</b>					
✓	303-1	Water withdrawal by source	33, 183		●
	303-2	Water sources significantly affected by withdrawal of water		No material	
	303-3	Water recycled and reused		No material	
<b>Biodiversity</b>					
✓	304-1	Operational sites owned, leased, managed in, or adjacent to, protected areas and areas of high biodiversity value outside protected areas	185		●
✓	304-2	Significant impacts of activities, products, and services on biodiversity	186		●
✓	304-3	Habitats protected or restored			●
	304-4	IUCN Red List species and national conservation list species with habitats in areas affected by the operations	185		●
<b>Emissions</b>					
✓	305-1	Direct (Scope 1) GHG emissions	33, 180		●
✓	305-2	Energy indirect (Scope 2) GHG emissions	33, 180		●
✓	305-3	Other indirect (Scope 3) GHG emissions	33, 180		●
✓	305-4	GHG emissions intensity	33, 181		●

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External verification	General	Content	Page or direct response	Omissions	Key aspects
✓	305-5	Reduction of GHG emissions	The company has defined an action line in its 2019-2023 Strategic CSR Plan, which introduces specific medium-term objectives and follow-up actions and indicators that allow the implementation of compliance guidelines.		●
	305-6	Emissions of ozone-depleting substances (ODS)		No material	
✓	305-7	Nitrogen oxides (NO <sub>x</sub> ), sulphur oxides (SO <sub>x</sub> ), and other significant air emissions	33, 181		●
<b>Effluents and waste</b>					
	306-1	Water discharge by quality and destination		No material	
✓	306-2	Waste by type and disposal method	33, 184		●
	306-3	Significant spillages		No material	
	306-4	Transport of hazardous waste		No material	
<b>Environmental compliance</b>					
✓	307-1	Non-compliance with environmental laws and	187 During 2019, no significant fines or penalties for noncompliance with environmental legislation and regulations have been recorded.		●
<b>Supplier environmental assessment</b>					
✓	308-1	New suppliers that were screened using environmental criteria	155		
✓	308-2	Negative environmental impacts in the supply chain and actions taken	155		
<b>Employment</b>					
✓	401-1	New employee hires and employee turnover	33, 128		●
	401-2	Benefits provided to full-time employees that are not provided to temporary or part-time employees	131		●
	401-3	Parental leave	Concerning the return of workers after enjoying paternity and maternity leave, the percentage of employees returning to their jobs is 100 %, a figure similar to previous years.		●
<b>Labour/management relations</b>					
	402-1	Minimum notice periods regarding operational changes	130		●

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External verification	General	Content	Page or direct response	Omissions	Key aspects
<b>Occupational health and safety</b>					
✓	403-1	Workers representation in formal joint management-worker health and safety committees	132		●
✓	403-2	Types of accidents and accident frequency rates, occupational disease, days lost, absenteeism and number of deaths by accident at work or occupational disease	33, 133		●
	403-3	Workers with high incidence or high risk of diseases related to their occupation	There have been no occupational diseases during the last three years.		●
✓	403-4	Health and safety topics covered in formal agreements with trade unions	130		●
<b>Training and education</b>					
✓	404-1	Average hours of training per year per employee	33		●
✓	404-2	Programs for upgrading employee skills and transition assistance programs	128		●
	404-3	Percentage of employees receiving regular performance and career development reviews	128		●
<b>Diversity and equal opportunity</b>					
✓	405-1	Diversity of governance bodies and employees	37, 122, 124, 126		●
✓	405-2	Ratio of basic salary and remuneration of women to men	127		●
<b>Non-discrimination</b>					
	406-1	Incidents of discrimination and corrective actions taken	159 There were no discrimination cases during the year.		●
<b>Freedom of association and collective bargaining</b>					
	407-1	Operations and suppliers in which the right to freedom of association and collective bargaining may be at risk	159 Abengoa does not perform operations or work with suppliers where its right to freedom of association or collective bargaining may be jeopardised.		●
<b>Child labour</b>					
	408-1	Operations and suppliers at significant risk for incidents of child labour	159 The supplier assessment that Abengoa has resumed during 2019 identifies different factors that could be considered risk factors, based on international indices that contemplate aspects related to human rights, including the risk of child labour.		●

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External verification	General	Content	Page or direct response	Omissions	Key aspects
<b>Forced or compulsory labour</b>					
	409-1	Operations and suppliers at significant risk for incidents of forced or compulsory labour	159 The supplier assessment that Abengoa has resumed during 2019 identifies different factors that could be considered risk factors, based on international indices that contemplate aspects related to human rights, including the risk of forced labour.		●
<b>Security practices</b>					
	410-1	Security personnel trained in human rights policies or procedures	160 Abengoa suppliers must consider the code of conduct, which is included in the procurement documentation. This code includes guidelines and measures to prevent incidents related to human-rights violation, together with the requirement of the highest standards of honesty and ethical conduct.		●
<b>Rights of indigenous peoples</b>					
	411-1	Incidents of violations involving rights of indigenous peoples	No cases of violations involving the rights of indigenous peoples have been identified.		●
<b>Human rights assessment</b>					
✓	412-1	Operations that have been subject to human rights reviews or impact assessments	155		●
	412-2	Employee training on human rights policies or procedures	Due to the company's situation this year, training has been carried out primarily in Health and Safety or technical areas. However, employees can access the intranet to check the NOCs (compulsory rules) or the Code of Conduct that includes all the information, policies and procedures related to Human Rights.		●
	412-3	Significant investment agreements and contracts that include human rights clauses or that underwent human rights screening		No material	
<b>Local communities</b>					
✓	413-1	Operations with local community engagement, impact assessments, and development programs	33		●
✓	413-2	Operations with significant actual and potential negative impacts on local communities	159		●
<b>Supplier social assessment</b>					
✓	414-1	New suppliers that were screened using social criteria	152		●
	414-2	Negative social impacts in the supply chain and actions taken	155	No material	

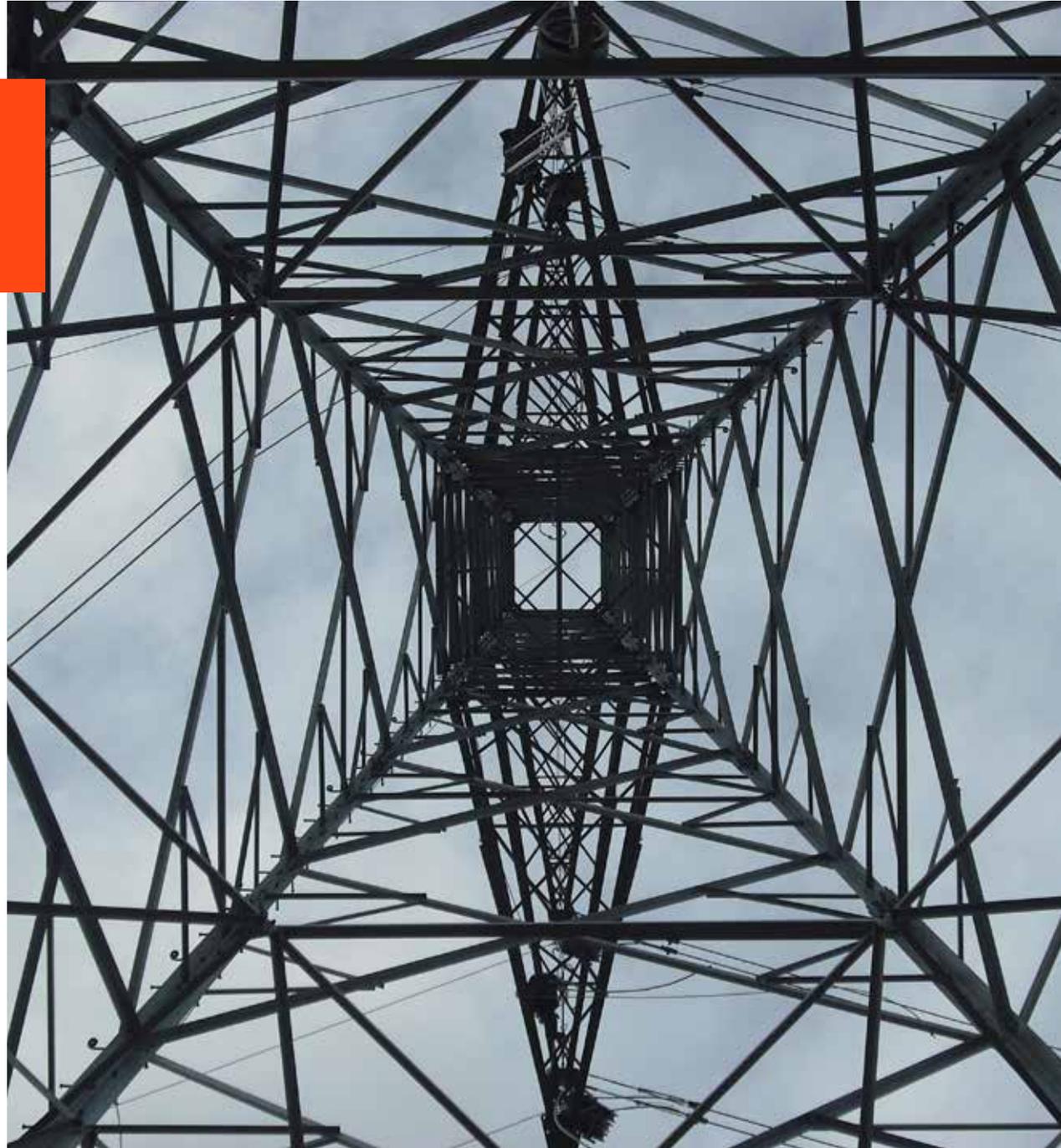
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External verification	General	Content	Page or direct response	Omissions	Key aspects
<b>Public policy</b>					
✓	415-1	Political contributions	48, 49		●
<b>Customer health and safety</b>					
	416-1	Assessment of the health and safety impacts of product and service categories	138		
✓	416-2	Incidents of noncompliance concerning the health and safety impacts of products and services or voluntary codes relating to	During 2019, there have been no breaches of regulations the health and safety impacts of products and services during their life cycle.		●
<b>Marketing and labelling</b>					
	417-1	Requirements for product and service information and labelling			
✓	417-2	Incidents of noncompliance concerning product and service information and labelling on the information and labelling of products and services	During 2019, there have been no breaches of the regulations or the regulation of voluntary codes.		●
✓	417-3	Incidents of noncompliance concerning marketing communications	During 2019, there have been no breaches of regulations relating to marketing communications.		●
<b>Customer privacy</b>					
✓	418-1	Substantiated complaints concerning breaches of customer privacy and losses of customer data	During 2019, there have been no complaints related to the violation of the privacy or disappearance of the company's customers.		●
<b>Socioeconomic compliance</b>					
✓	419-1	Noncompliance with laws and regulations in the social and economic area	130 During 2019, there have been no monetary fines related to noncompliance with regulations relating to the supply and use of products and services.		●
<b>Own indicators</b>					
✓	ID1	Number of patents	33		●
✓	ID2	R+D+i and innovation employees	33		●
✓	ID3_4	R+D+i and innovation investment	33		●

08. Appendix

8

| Appendix



08. Appendix

## Main references services



	Technology	Power	Location	Status	Activity in 2019
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.
Solar platform Castilla La Mancha	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 Helioenergy 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 Maria Antofagasta (Chile)	In operation	O&M.
Hassi R'Mel	Hybrid solar-gas	50 MW (20 MW from the solar field)	Hassi R'Mel (Algeria)	In operation	O&M and asset management.
Nagalapuram	Solar thermal parabolic trough	50 MW	Andhra Pradesh (India)	In operation	Advisory service and performance optimization.

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	Technology	Power	Location	Status	Activity in 2019
Shams	Solar thermal parabolic trough	100 MW	Abu Dhabi (UAE)	In operation	Optimization service of the solar field. Corrective maintenance of the solar field services.
Ain Beni Mathar	Hybrid solar-gas	470 MW (20 MW from the solar field)	Ain Beni Mathar (Morocco)	In operation	O&M.
A3T	Efficient cogeneration	220 MW	Mexico	In operation	O&M.
Talas de Maciel II	Wind farm	50 MW	Trinidad (Uruguay)	In operation	O&M.
Peralta	Wind farm	50 MW	Cuchilla de Peralta (Uruguay)	In operation	O&M.
Pintado	Wind farm	90 MW	Villa de Pintado (Uruguay)	In operation	O&M.



Water

	Technology	Capacity	Location	Status	Activity in 2019
Desalination plant in Cartagena	Reverse osmosis	65,000 m <sup>3</sup> /d	Cartagena (Spain)	In operation	O&M.
Desalination plant in Almería	Reverse osmosis	50,000 m <sup>3</sup> /d	Almería (Spain)	In operation	O&M.
Desalination plant in Skikda	Reverse osmosis	100,000 m <sup>3</sup> /d	Skikda (Algeria)	In operation	O&M.
Desalination plant in Honaine	Reverse osmosis	200,000 m <sup>3</sup> /d	Honaine (Algeria)	In operation	O&M.
Desalination plant in Ténès	Reverse osmosis	200,000 m <sup>3</sup> /d	Ténès (Algeria)	In operation	Plant under concession. Abengoa is currently responsible for its operation and maintenance as well as asset management.
Desalination plant in Accra	Ultra filtration + reverse osmosis	60,000 m <sup>3</sup> /d	Accra (Ghana)	In operation	O&M.
Desalination plant in Chennai	Reverse osmosis	100,000 m <sup>3</sup> /d	Chennai (India)	In operation	Plant under concession. Abengoa is currently responsible for its operation and maintenance as well as asset management.

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The present report is also available at: [www.abengoa.com](http://www.abengoa.com).

Your opinion really matters to us because it helps us keep doing things better each year. Therefore, should you have any comments regarding Abengoa's Integrated Reporting or Corporate Social Responsibility policy at Abengoa, we would appreciate your addressing them to:

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