

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



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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



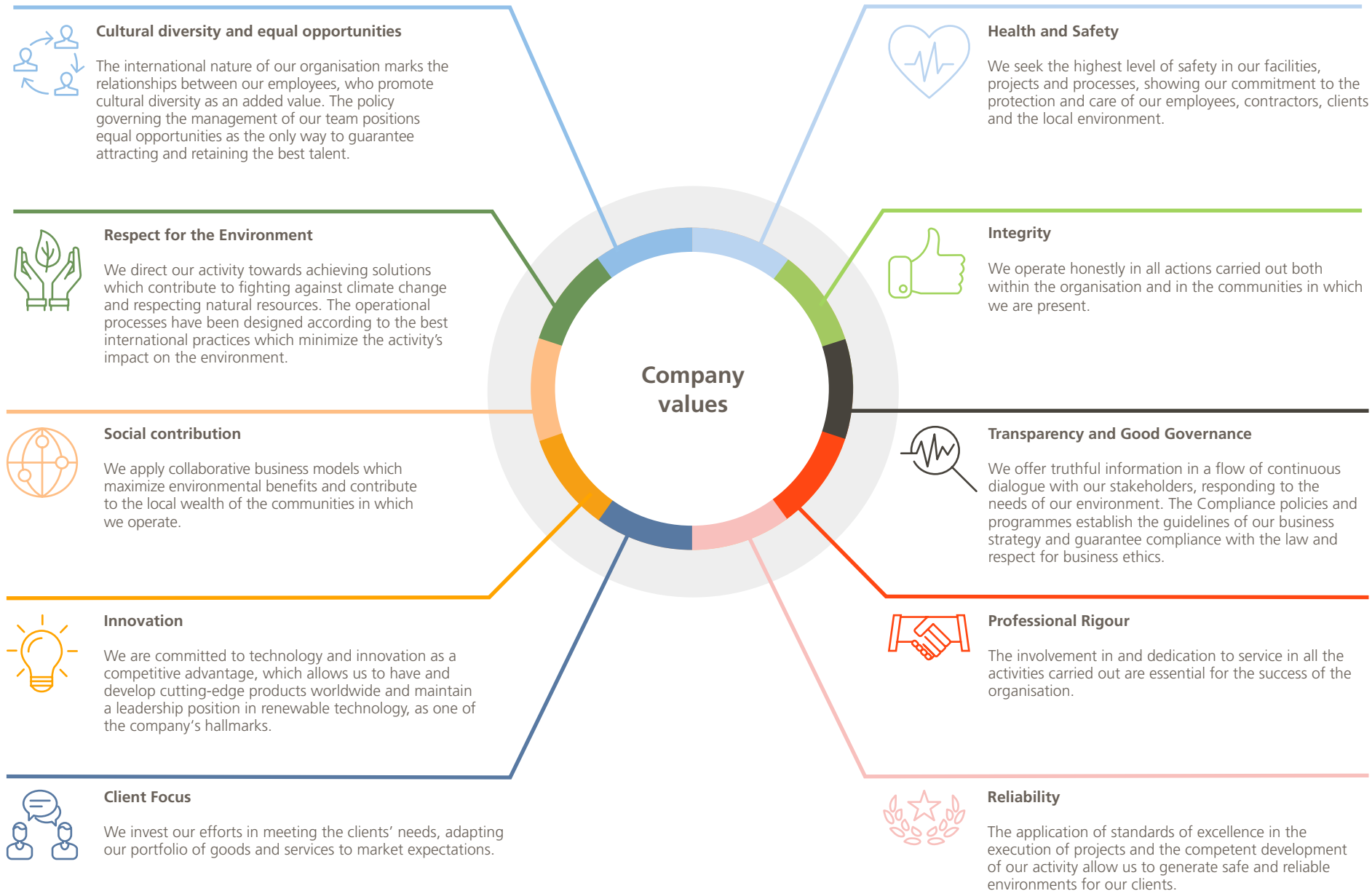
To be a world leader in the development of innovative technological solutions in the Infrastructures, Energy and Water sectors, in a way that contributes to **economic and social progress**, developing an ethical culture which enhances a **model of responsible management** with our environment, and a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

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## 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:



**6 CLEAN WATER AND SANITATION**

**Goal No. 6:** Ensure availability and sustainable management of water and sanitation for all

Abengoa offers products and services to manage the comprehensive water cycle, guaranteeing the availability of resources with an efficient approach.

**7 AFFORDABLE AND CLEAN ENERGY**

**Goal No. 7:** Ensure access to affordable, reliable, sustainable and modern energy for all

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.

**9 INDUSTRY, INNOVATION AND INFRASTRUCTURE**

**Goal No. 9:** Build resilient infrastructure, promote inclusive and sustainable industrialisation and foster innovation

The organisation contributes to the corporate growth and development through the construction, operation and maintenance of sustainable infrastructures that protect the environment and society.

**11 SUSTAINABLE CITIES AND COMMUNITIES**

**Goal No. 11:** Make cities and human settlements inclusive, safe, resilient and sustainable

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.



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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>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>Contribution in communities where the company operates through education to ensure professional training, being able to promote equal opportunities.</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>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>Through its social action programmes, the company carries out training actions for local communities.</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>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>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>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>Strengthening the company's code of ethics with the compliance area and consolidation of the whistleblowing channels through its internal and external channels.</p>

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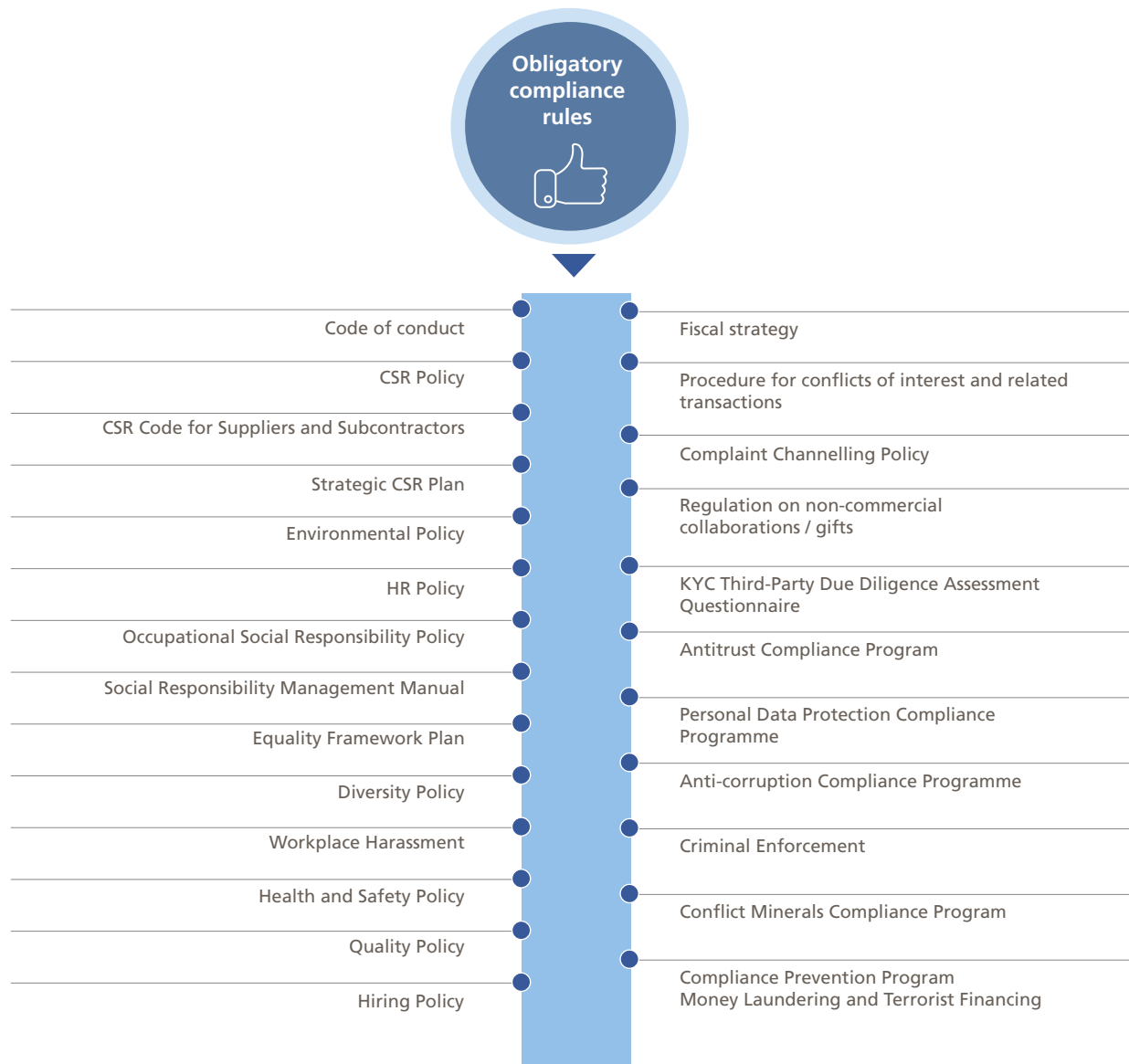
Abengoa’s Framework for Action

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:



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## 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>	

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## 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:

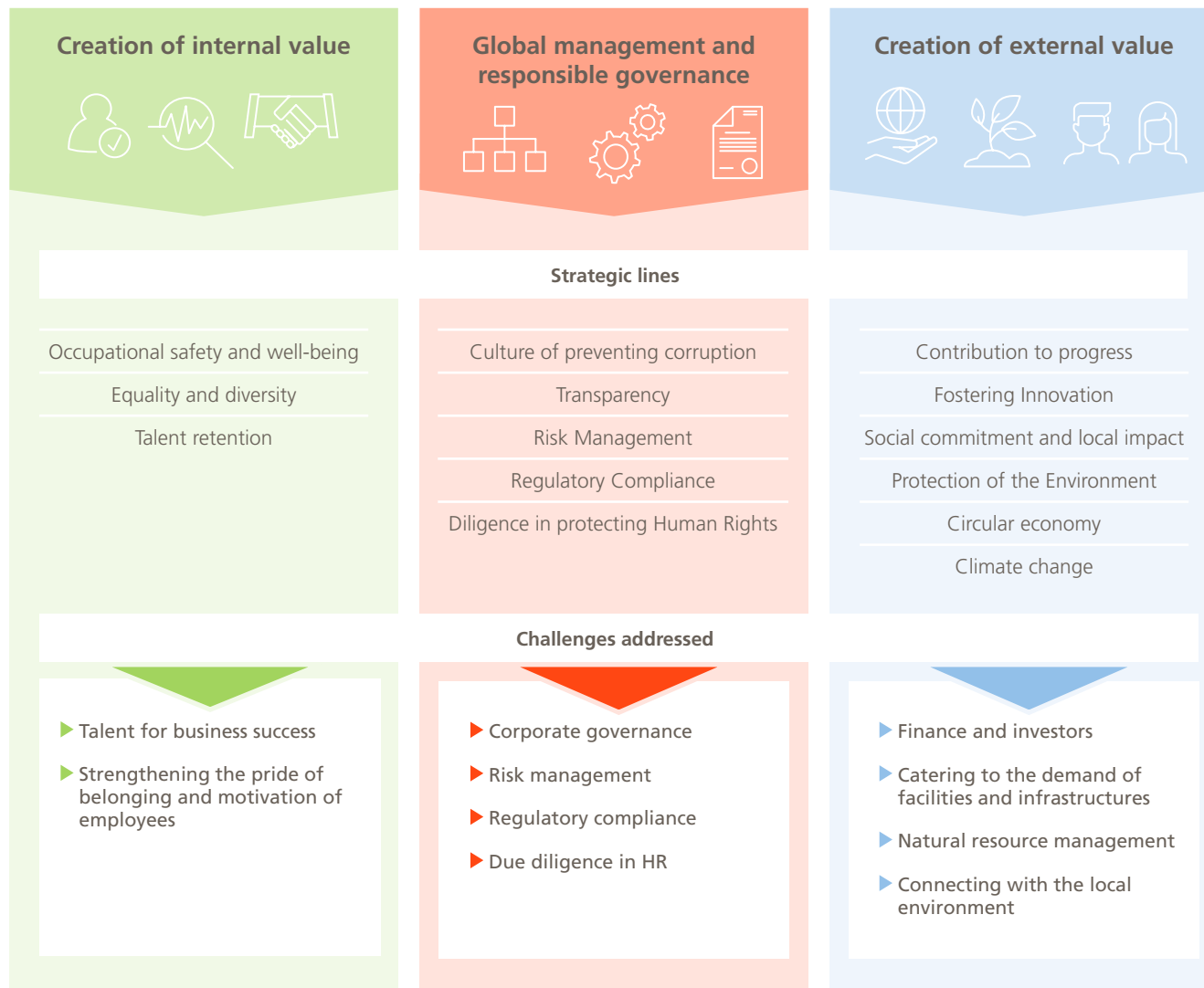




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As a result of this process, the following lines of action and strategic lines have been defined:

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.



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## 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.

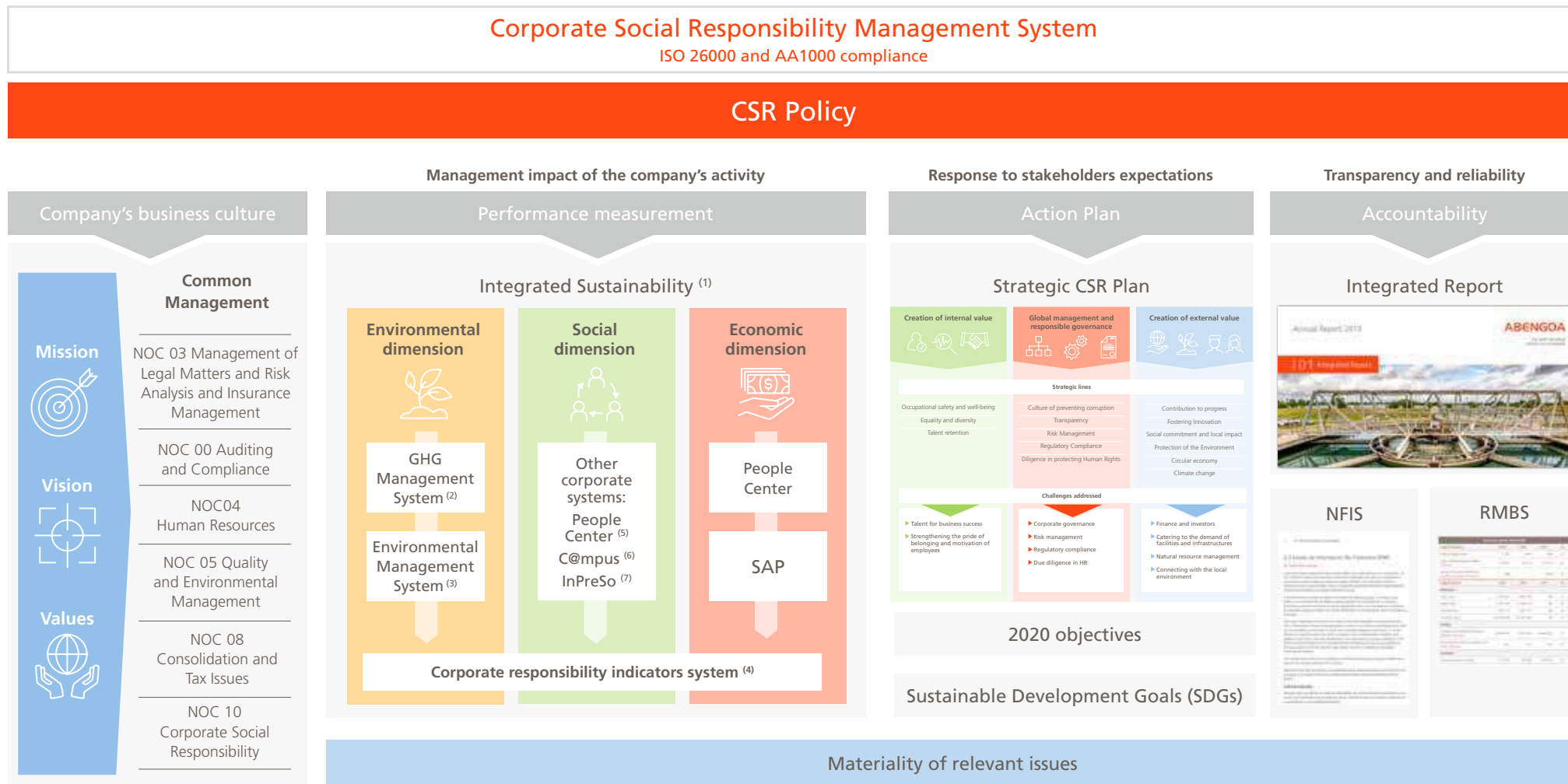
All this work is materialized in the **accountability** and in the publication of the different CSR reports carried out by the company (Non-Financial Information Status, Integrated Report and Responsible Management Balance), which are **audited by an independent external to ensure** their reliability.

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.



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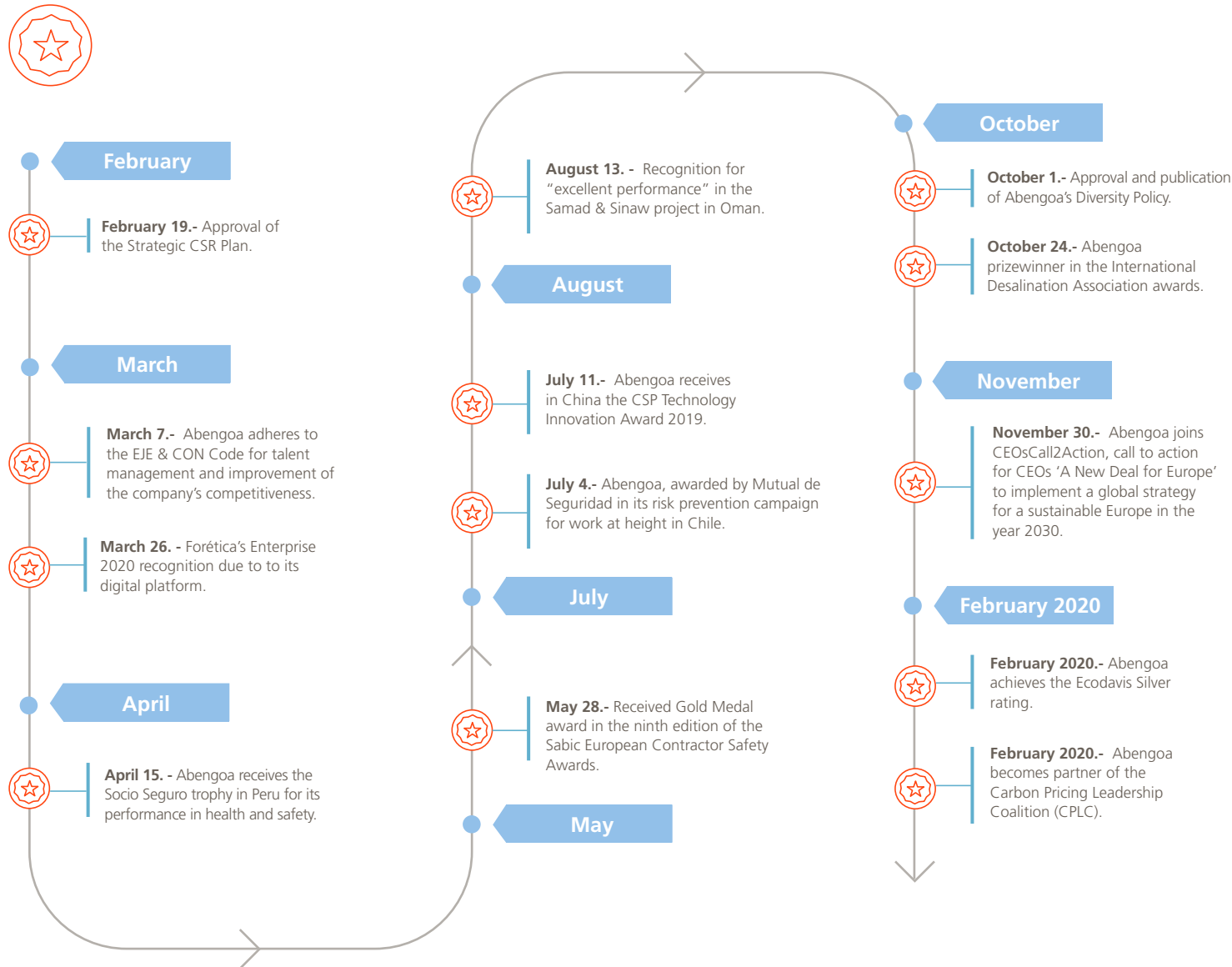
The following is a graphic summary of this system:



(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.

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## CSR milestones





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## 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

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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.

