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Annual Report 2016
Integrated Report

ABENGOA

Innovative technology solutions for sustainability



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01. A message from the chairman



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

Dear All,

2015 and 2016 represent a key stage for us that has undoubtedly marked a turning point in the history of Abengoa. After more than 70 years' experience, our company faced a major crisis that required us to address a financial restructuring and a rethink of our business model, to ensure that we were able to achieve the Abengoa of the future that we finally see today.

Thus, as is well-known, throughout 2016 the Abengoa team has been immersed in the design and approval of a restructuring plan which, so far this year, has come to fruition, and has been completed and put into practice. This process culminated on 31 March 2017 with the announcement of the end of the financial restructuring process. This date signified the end of a period of huge efforts, and the start of a new and more promising stage.

The company has completed its financial restructuring plan agreed in 2016

In the design and approval of the restructuring plan, as well as the accompanying viability plan, the active involvement of the main financial creditors and a group of new investors has proved decisive, allowing an initial agreement to come to fruition during last August and September.

I should point out that major sacrifices have been assumed by all parties involved, firstly by the previous shareholders who have seen their positions significantly reduced as a consequence of the dilution of shareholdings, and also by creditors who have experienced a significant reduction of their receivables. The agreement has also needed the support of a group of entities that have contributed new loans and guarantees, both vital to provide the necessary financial resources for the continuation of our activity.

As regards the divestment plan, we have conducted different sales of assets, including our partial exit from the bioenergy business, the sale of our stake in Yoigo, our Campo Palomas wind farm in Uruguay, the Shams-1 thermal solar power plant in the UAE, the photovoltaic plants in Seville and Jaén, and our Abentel business, among many others.

These are all key milestones in understanding the future of the company we have today. An Abengoa with a debt 70 % lower than at the beginning of the process; focused on its core engineering and construction business; resized yet still committed to sustainable development and the environment. In short, an Abengoa that seeks to continue being a benchmark in the sectors where it operates and which has more than 70 years' experience in the development of all types of projects, yet adapted to its new business needs, size and structure.

The first step we took in this new phase -and with the approval at the last Meeting of Shareholders- was the configuration of a new Board of Directors

In order to introduce best practices in issues of transparency and corporate governance, the first step we took in this new phase –and with the approval at the last Meeting of Shareholders– was the configuration of a new Board of Directors. The board is made up entirely of independent directors -except the director acting as executive chairman- and seeks to instil transparency, rigour and good practices both in regulatory compliance as well as corporate governance.

Throughout this process, Abengoa has enjoyed great support, in particular from all of the people that make up our team, one of the company's biggest assets, the solid base on which all of our experience

and know-how is constructed and a fundamental asset for this major achievement. Elsewhere, I must also thank the financial community, especially Banco Santander, La Caixa and Bankia, as well as public institutions, including the Government of Spain, through the support of its agencies (the Official Institute of Credit (ICO), the Spanish Export Credit Corporation (CESCE), the Spanish Development Funding Corporation (COFIDES) and the Social Security Department), as well as the Regional Government of Andalusia, who have demonstrated their support from the outset.

In terms of business and activity, throughout 2016 we have continued to work for the award of new projects, despite the situation we were going through. Accordingly, we are beginning to reap the rewards in our portfolio of projects. We closed the year with a portfolio of awarded projects that reached 2.7 billion euros and we are currently assessing potential projects that we could carry out, for a total value of 30 billion euros. These figures are a sign that our clients continue to place their trust in us and our teams for the performance of projects.

We look ahead with a new strategic approach and with confidence in our staff members

Now we have our eyes on the future. A future that Abengoa faces with the enthusiasm to demonstrate all its experience and all its knowledge of the engineering and construction market in the sectors of energy and water. As we have explained to the different investors, clients, suppliers and other stakeholders -and this is covered in our strategic plans-, Abengoa will focus on the activity that it considers core, both for its tradition and for its competitiveness, that is, on the development of turnkey projects that include the engineering, procurement and construction of plants for third parties in four key areas: energy, water, transmission and infrastructures and, finally, services. We will maintain our commitment to R&D, as an engine that sets apart our services and products.

In the short term, our aim is to put all the necessary mechanisms in place so that Abengoa can resume its leadership position and, of course, re-generate liquidity. We are aware that much remains to be done, but we are convinced that we will achieve it.

At Abengoa, first and foremost are the people and, therefore, our commitment to the health and safety of all of us who form part of the company or who collaborate with us could not be higher. Our target is zero accidents. Accordingly, we work decisively beyond compliance with legislation, with our principles of integration, leadership and management, training and ongoing improvement that shape our health and safety policy.

Once again, I would like to thank everyone for the commitment and trust placed in our company since commencement of the process. I take this opportunity of presenting our Integrated Report to convey my great expectation and determined commitment to undertake this new stage that we have before us; a blank page that we ourselves will be able to write with the experience and talent that all of our teams possess, and without which it would have been impossible to get where we are today. Let's commit to a job well done, let's fight for new projects and let's recover the trust of our markets.

Germán Luján
Germán Luján

02. Abengoa today



Where the company is going

After completion of the financial restructuring, Abengoa is currently recuperating the normal course of business. The main guarantee for the success of this stage is the support of financial creditors, thus demonstrating their confidence in the feasibility of the organisation's new business plan.

The restructuring process to which the company is subjected, and which considers injections of liquidity in addition to the required debt restructuring, **will enable Abengoa to re-establish the equity balance** and lend the company the liquidity necessary to recover **market confidence** and enable it to continue with its activity in a competitive and sustainable way in the future.

Main figures G4-9

	2016	2015 ⁽²⁾	(%) Var
Profit and Loss Statement (€M)			
Sales	1,510	3,647	(58.59)
Ebitda ⁽¹⁾	(241)	343	(170.17)
Net profit	(7,629)	(1,213)	528.7
Balance Sheet (€M)			
Total assets	9,914	16,628	(40.38)
Equity	(6,780)	453	(1,596.69)
Net corporate debt	5,986	4,480	33.6
Significant ratios (%)			
Operating margin	(15.9)	9.4	–
Share data (€)			
Earnings per share	(7.40)	(1.35)	448.1
Last quoted price (€ / share B)	0.19	0.19	–
Capitalisation (shares A + B) (€M)	195	202	(3.47)
Average daily trading volume (€M)	5	35	(85.71)

(1) Ebitda and provisions.

(2) Income statement figures restated through the discontinuity of the transmission line activity in Brazil and the Bioenergy operating segment.

Areas of activity and geographic regions

Areas of activity (%)	2016		2015	
	Sales	Ebitda	Sales	Ebitda
Engineering and construction	90.5	135.4	92.7	49.3
Concession-type infrastructures	9.5	(35.4)	7.3	50.7
Consolidated total	100	100	100	100

Sales per geographic region (%)	2016		2015	
	2016	2015	2016	2015
North America	23.8	19.8	23.8	19.8
Latin America (excluding Brazil)	15.8	35.6	15.8	35.6
Brazil	6.5	14.3	6.5	14.3
Spain	14.1	12.0	14.1	12.0
Europe (excluding Spain)	10.6	0.6	10.6	0.6
Africa	17.1	12.7	17.1	12.7
Asia and Oceania	12.1	5.0	12.1	5.0
Consolidated total	100	100	100	100

Pillars of the future

This entire process of restructuring will result in a new business model that aims to support its future growth in two of its main strengths: **excellence** in its technical capabilities and international **positioning**.

Accordingly, in this new stage Abengoa will focus its efforts on **key activities of the organisation**, where it has a solid and consolidated experience:

- Development of energy infrastructures**
 - › Generating energy in a conventional and renewable way
 - › Transporting and distributing energy
- Portfolio of solutions to the integral water cycle**
 - › Developing processes of water desalination and treatment
 - › Building hydraulic infrastructures
- Promoting new horizons of development and innovation**
 - › Storage of renewable electric energy and new technologies for the promotion of sustainability
 - › Energy efficiency and water consumption

Abengoa will continue to focus on **technology and innovation as a competitive advantage**. The work carried out during these years has allowed the company to have and develop leading products worldwide that have kept us in a **leading position in renewable technology**, something that will remain as one of the hallmarks of the organisation.

With its headquarters in Seville (Spain), Abengoa operates in 46 countries through more than 630 companies, subsidiaries, investee companies, facilities and offices.

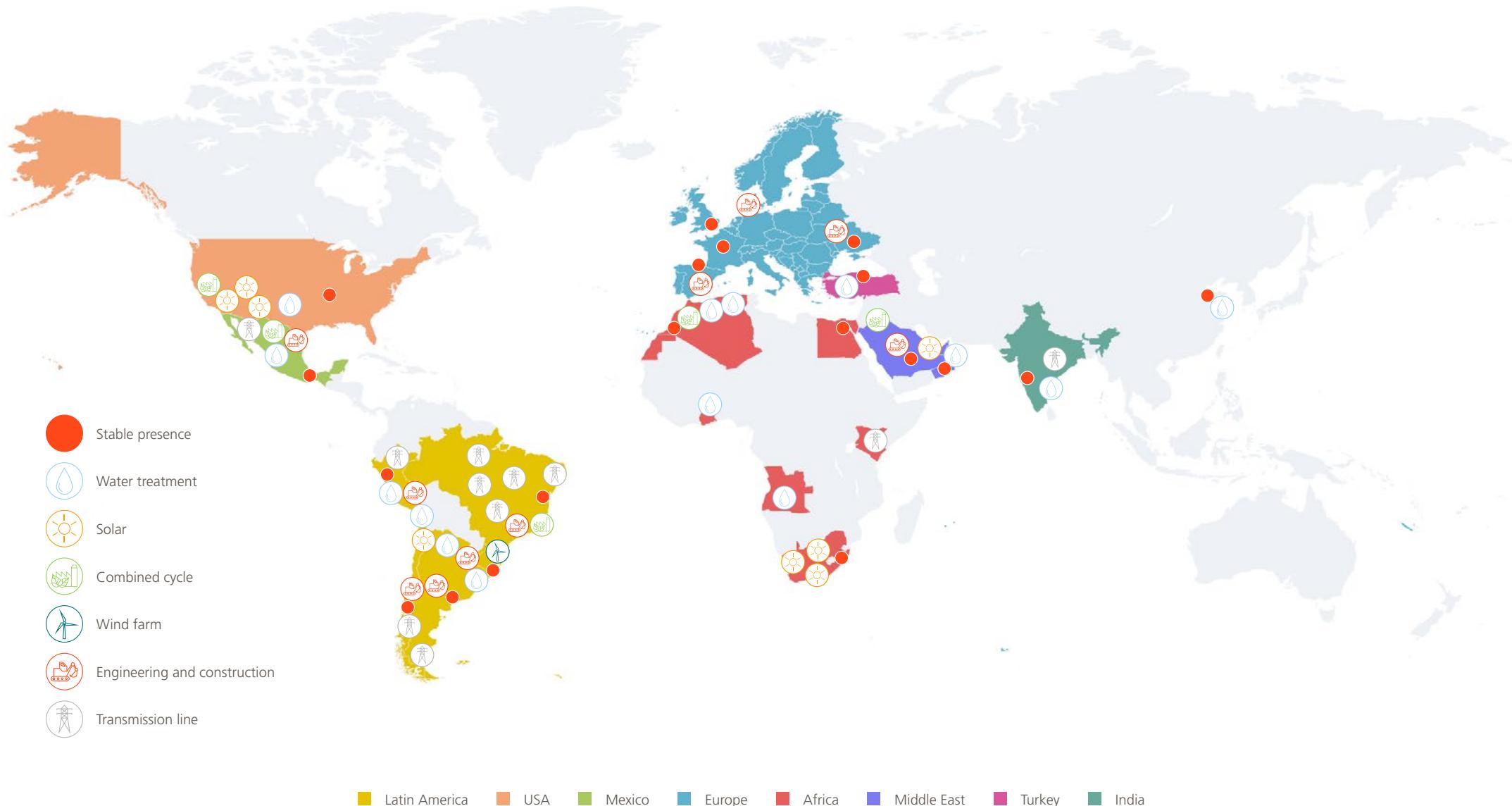
Map of international presence

Countries where it operates



Abengoa's business presence

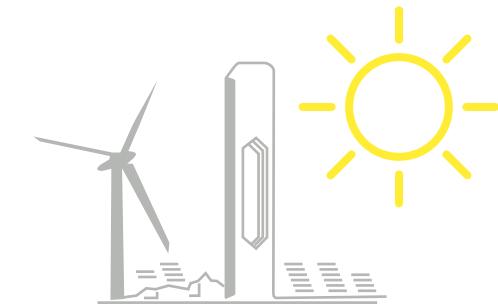
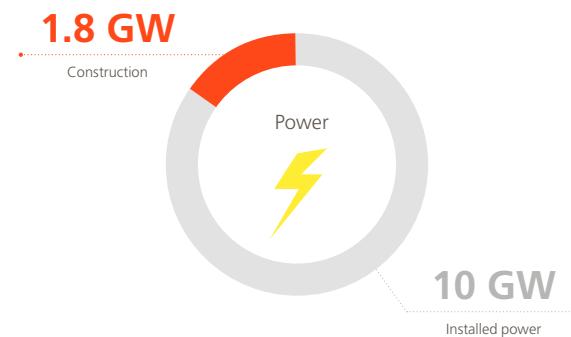
G4-8



The key performance figures are



Presence in all five continents with a recognized position of leadership in main world rankings (ENR, GWI)

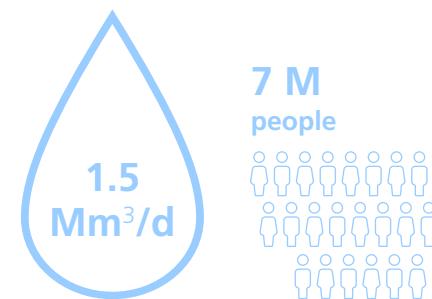


+ 10 GW of installed power and more than 1.8 GW from conventional generation plants under construction

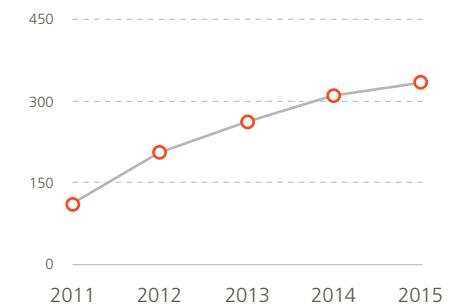
2.3 GW solar power completed and 232 MW from wind power



27,000 km of transmission and distribution lines and more than 330 substations worldwide over the last 15 years



+ 1.5 million of m³/day of desalinated installed capacity and 270,000 m³/day under construction



332 patents awarded and requested since 2008

Capacity to adapt to change

Abengoa is demonstrating its capacity to adapt to the new reality. Firstly, the company **will prioritise turnkey (EPC) projects** in the aforementioned sectors, which will enable it to leverage its technical expertise and international presence to execute projects.

However, this does not mean that **concession-based projects** will be dropped altogether, rather they will be dealt with in a different way. In fact, concessions will continue to be a major growth vector, albeit with a **relatively lower weighting** than EPC projects and with smaller equity contributions from the company, which will include partners who allow the company to significantly reduce its stake in the capital.

Another of the vectors of future growth is Abengoa's human capital, which represents a competitive advantage compared to other companies in the sector: **a human team**, committed and capable, **possessing specialised and competitive know-how**.

Lastly, **a significant effort is being made to rotate non-strategic assets and businesses** as an essential part of the deleveraging process, in order to continue generating cash flow through the selective sale of assets that contribute to the debt decrease.

Consequently, the new model being proposed includes management tools and systems that will prevent financial risks and **limit the capacity to finance with corporate guarantees**. Likewise, this model seeks to restore credibility with clients, suppliers, partners and financial institutions, as well as proposing a business model that is less intensive in cash requirements.

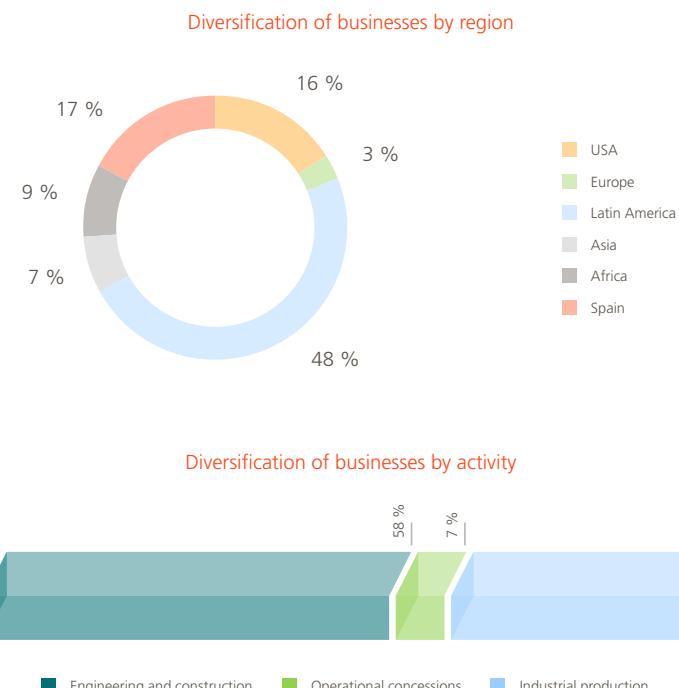
Sustainability remains a core value

To achieve the targets established in the new strategic plan, it is essential to increase the operational efficiency of the business. We need to adapt the structure to the new reality, which also means operating in a more local way in those markets where we are present.

This implies a greater commitment to local suppliers and communities, as well as a lower environmental impact. Sustainability is and will be a distinguishing element and a priority for Abengoa.

Operation in sectors with high growth potential

As it has been designed in the strategic plan, the new organizational model is diversified both by activity and by geographic regions, which gives the organisation greater coverage and security in case of business slowdown in some areas and specific geographic regions.



03. Management of capitals



Criteria governing the Abengoa business model

The chapters which make up the Integrated Report describe how the company manages its capitals, which are divided into five major areas (financial, industrial, human, social-relationship and natural), as well as the strategic focus with regard to each of them. The aim is to report on results obtained and company performance in 2016 through the corresponding indicators based on the G4 Guidelines of the GRI.

Although every area is managed with a global focus, each one has its particular features which are described in the following chapters of the report.

The chapters that make up the Integrated Report have been prepared with special attention to the identified material issues, in order to provide more detailed information on those aspects that have been critical to stakeholders. In a year of transparency, efforts have been made to improve the understanding of the Report in those areas that may be technically more complex.

Abengoa manages its capitals in accordance with sustainability criteria covered under its [CSR policy](#).

The chapters which follow show specific information on the management of the issues that were most relevant in 2016:

Material issues	Addressed in:	Challenges
Financing	▶	Financial capital
Attracting and retaining talent	▶	Human capital
Capacity to adapt to change	▶	Abengoa today
Transparency in communications to the market	▶	Financial capital
Business ethics and anticorruption	▶	Governance, transparency, risk management and compliance

Mission, vision and values *G4-56*

The philosophy that determines the organisation's mission, vision, values and hallmarks is based on the solutions Abengoa brings to its environment in order to achieve a more sustainable development, directly linked to the business objectives set by the company.

The process of restructuring in which Abengoa is presently involved will entail redefining these aspects in order to adapt to the new company structure. Accordingly, Abengoa's mission, vision and values are also being updated as the guidelines for the new structure are introduced.

Further information is accessible on the [corporate website](#).

Corporate Social Responsibility policy

In 2015, the Corporate Social Responsibility policy was unanimously approved by the Board of Directors.

[The Policy](#), which is available for consultation on the corporate website, establishes the guidelines to be followed throughout the organisation in this area and the manner in which **CSR is integrated into all company areas and serves** as a leverage for businesses, to achieve their business objectives.

Additionally, owing to the Board of Directors' commitment to Corporate Social Responsibility, this Integrated Report was presented at the General Meeting of Shareholders held on 30 June 2017.

With the publication of this policy and oversight thereof by the Audit Committee, Abengoa upholds principles 24¹ and 53² of the Unified Good Governance Code of Listed Companies.

Note 1 Principle 24: The company should deploy an appropriate corporate social responsibility policy, as a non-delegable board power, and report transparently and in sufficient detail on its development, application and results.

Note 2 Principle 53: Oversight of compliance with rules of corporate governance, internal codes of conduct and policy on corporate social responsibility should be delegated to one committee or distributed among various committees of the Board of Directors, which may be the Audit Committee, the Appointments Committee, the Committee on Corporate Social Responsibility, if there is one in place, or a specialized committee the Board of Directors decides to set up for this purpose in exercising its powers of self-organization.

The Corporate Social Responsibility department, which reports directly to the chairman's office, is responsible for managing the company's non-financial information. The CSR department meets every week with the chairman of the executive commissions to review and analyse all issues concerning social, economic and environmental matters. **G4-36**

Strategic Corporate Social Responsibility Plan (SCSRP)

Due to the complex restructuring process carried out in the last period, the company had to temporarily suspend the Strategic Corporate Social Responsibility Plan (approved in 2015) until the new structure and scope of the group's activities was defined.

This strategic plan, which defined the CSR framework and guidelines through a set of actions that identify specific targets and design specific actions that contribute to a closer relationship with society, will be updated according to the new structure and reality of the company to define realistic targets that allow us to integrate the CSR strategy into the new business model.

The supreme governing body's commitment with the CSR area, especially during the complex situation that the company has experienced in recent months, has allowed the company to intensify its efforts to continue with the systematic reporting and analysis of established indicators, to study the evolution of the company's CSR information and ensure traceability of its content. This will enable the implementation of effective improvement measures adapted to the circumstances of the organization.



United Nations Global Compact

G4-15, G4-16

Since 2002, Abengoa has maintained its commitment to the United Nations Global Compact, by means of which the company undertakes a commitment to abide by and implement its 10 principles into the company's operations, business model and strategy. Accordingly, since 2005 the company has published its annual Progress Report, through which it informs stakeholders about the activities conducted during the past year in relation to implementation of the principles.

Responsible Management Balance Sheet

In 2011, the Responsible Management Balance Sheet (RMBS) was devised with the aim of grouping together the CSR-related indicators which, due to their relevance, are critical for the company and for its stakeholders.

Given their importance, the company carries out more exhaustive continuous monitoring of these data in order to ensure greater reliability in managing and reporting the information.

This scorecard is verified by an independent third party and is published twice a year on the Abengoa website, for the purpose of reporting to stakeholders on developments in company performance.

As in the previous year, the structure of the RMBS has been adapted to the capitals-based scheme set out in the <IR> framework published by the International Integrated Reporting Council (IIRC), to reflect the connectivity of financial and non-financial information.

Financial capital	2016	2015	(2)
Revenue (€M)	1,510	3,647 ⁽¹⁾	
Significant financial support received from governments (€k)	12,031	81,747	

Intellectual capital	2016	2015	(2)
Investment in R&D and innovation (€M)	4.8	345.2	✓
Employees dedicated to R&D and innovation	232	797	
Granted patents accumulated	294	332	
Investment effort in R&D and innovation (R&D and innovation investment / Sales)*100 (%)	0.32	6	

Natural capital	2016	2015	(2)
Energy			
Energy consumption (GJ) (primary, electrical, thermal)	33,692,874	55,602,638	✓
Energy consumption intensity (GJ) / Sales	22.3	9.7	
Emissions			
Direct emissions (tCO _{2eq})	1,044,098	2,135,808	✓
Direct emissions from biomass (tCO _{2eq})	2,025,292	3,289,005	✓
Indirect emissions (tCO _{2eq})	2,725,577	4,713,618	✓
GHG emissions intensity (tCO _{2eq}) / Sales	3.8	1.8	
Water withdrawal			
Desalinated water produced (m ³)	154,690,622	105,346,138	✓
Seawater withdrawal (m ³)	336,653,375	221,199,378	✓
Water withdrawn from other sources (m ³)	8,648,659	21,028,296	✓

Human capital	2016	2015	(2)
Job creation (%)	(31.1)	(9.82)	✓
Total voluntary turnover (%)	18.22	9.09	✓
Female staff members			
In senior management positions (%)	10.38	10.77	✓
In middle management positions (%)	21.97	22.2	✓
Training (number of hours over the average number of employees)	6.21	53	✓
Work-related accident rate			
Frequency rate	14.22	11.76	✓
Severity rate	0.23	0.13	✓

Social capital	2016	2015	(2)
Number of countries where the company operates and carries out CSR activities or actions	20	20	

(1) Economic figures restated based on Note 7 of the economic and financial information.

(2) Indicators audited by an independent external.

G4-DMA, G4-9, G4-EC1, G4-EC4, G4-LA1, G4-LA6, G4-LA9, G4-SO1, G4-EN3, G4-EN5, G4-EN8, G4-EN15, G4-EN16, G4-EN17, G4-EN18, G4-ID1, G4-ID2, G4-ID3, G4-ID4

03.1 Financial capital



Current financial situation

Abengoa's activity during 2016 has been determined by the financial restructuring process that began in November 2015 and ended in March 2017.

On 16 March 2016 and after four months of negotiations with its financial creditors, Abengoa presented a proposed business plan and financial restructuring that would provide the basis for determining the final restructuring agreement.

While the final plan was being developed, and in view of the deadline of legal protection provided for in Article 5bis of Law 22/2003, on 28 March Abengoa submitted the application for approval of a standstill agreement to the Mercantile Court No. 2 of Seville, with the support of 75 % of creditors at whom it was addressed.

This standstill agreement was approved by the court on 6 April, giving Abengoa a maximum period of seven months to complete negotiations with its financial creditors and sign a definitive financial restructuring agreement.

In this vein, on 16 August 2016 Abengoa presented the market with the principles on which the final Restructuring Agreement would be based. This agreement was signed by Abengoa and a group of its creditors on 24 September 2016 and, subsequently, with the support of 86 % of creditors at whom it was targeted, an application for approval was lodged with Mercantile Court No. 2 of Seville and this was obtained on 8 November 2016.

Lastly, on 22 November 2016 approval was obtained at the Extraordinary Shareholders Meeting with regard to the resolutions necessary to implement the Restructuring Agreement, primarily a share capital increase.

The implementation of these resolutions occurred during subsequent months, concluding on 31 March 2017.

Abengoa's **main objective** in the **restructuring process** has been **to balance its capital structure** and endow the company with the **necessary stability to resume its normal activity** in the **shortest possible time**. In the medium term, Abengoa must be able to develop a balanced business model, with special emphasis on cash generation that allows it to operate and grow in a sustainable way.

Abengoa's financing model

The financial restructuring that took place during 2016 and which Abengoa completed in March 2017 marked a **significant change in the capital structure**, the shareholding structure and the model of medium-term financing.

At 31 December 2016, before implementation of the financial restructuring, Abengoa's financing model was based on the following pillars:

- › **Capitals market** (40 % of financing): includes mainly high performance bonds but also two convertible bonds¹, a redeemable bond² and a commercial paper scheme.
- › **Credits with financial institutions** (35 % of the financing): the main source of corporate financing is a credit syndicated by a banking pool. In addition, there are institutional lending agencies such as the Official Credit Institute (ICO) or several export credit agencies. Together with the capitals market debt, these represent the corporate financing.
- › **Project financing** (25 % of the financing): this kind of financing is generally used as a resource for the construction or acquisition of assets, taking as collateral exclusively the assets and cash flows of the company or group of companies that perform the activity associated to the asset being financed. It constitutes the long-term financing (Project Finance) of concession projects, whose guarantee are the projects themselves. This type of debt also includes non-recourse financing in process (bridging loan) serving as temporary financing until the closure of long-term non-recourse debt.

Financial restructuring effect

Most corporate financing and bridging has undergone financial restructuring through release or capitalisation, and refinancing, replacing existing instruments with others of new issue ("Old Money"). In addition, the new liquidity injected into the company as part of the restructuring ("New Money") was also instrumentalized in the form of debt. Both the New Money and the Old Money have been instrumented primarily in bonds traded on a regulated market and loans with credit institutions.

Note 1 Convertible bond: fixed-income financial asset that can be converted into a specific number of shares of the issuing company through a share capital increase.

Note 2 Redeemable bond: fixed-income financial asset that can be converted into a specific number of shares of a company in which the issuer has a stake.

As a consequence of the financial gross restructuring, the debt at 31 December 2016 is estimated to have been reduced from €M 9,681 to €M 3,477. This amount is distributed into the following categories:

- › **Capitals market** (52 % of the financing): comprising five new bonds issued as "New Money" and "Old Money".
- › **Loans with credit institutions** (42 % of the financing): comprising eight new loans signed primarily with credit institutions as "New Money" and "Old Money".
- › **Project financing** (5 % of the financing): the bridging loan was practically restructured in full in order to form part of the bonds traded on capitals markets or loans with credit institutions, while project finance has remained untouched.

Transparent communication G4-27, G4-50

One of the main objectives and priorities of Abengoa is to provide a transparent and accountable communication that enables it to offer investors and analysts the information needed to carry out a comprehensive analysis of the organisation's performance in different areas (economic and financial, social and environmental, etc.).

Abengoa is **keenly aware** of the importance of **continuously enriching the information provided to its stakeholders**, providing increasingly comprehensive content tailored to their needs and circumstances, building better relationships while perfecting channels of dialogue **to provide a greater information flow**. This commitment becomes even more relevant considering the delicate situation in which the company has been immersed in 2016, and the major impact that this situation has had on its stakeholders.

During 2016, activity in communication with investors has been very different from that of other years. In these extraordinary circumstances, for example, there have not been any roadshows or attendance at conferences with investors, events that are usually focused on sharing information related to the business activity and the company's future.

The company engaged its efforts on keeping its investors, shareholders and creditors informed on progress in negotiations of the financial restructuring and to explain the details of this and the impact at economic level it would have on their investments in Abengoa. Accordingly, the following actions took place:



Creation on the [Abengoa website](#) of the new section dedicated exclusively to providing information on new items related to the restructuring, that included:

- › Five explanatory presentations of the details of the restructuring.
- › Summary of all communications in the form of a Relevant Fact to the CNMV (Spanish Securities Exchange Commission) relating to this process from November 2015 to March 2017.
- › Section of specific frequently asked questions (FAQs) for each stakeholder group: shareholders, bondholders, financial institutions, customers and suppliers. This section has been updated as milestones in the process were reached.
- › Specific contact details within the company for shareholders, bondholders and financial entities.



The holding of six specific telephone conferences for bondholders and financial institutions safeguarding these securities to explain the specific procedure of participation in the restructuring process.



Telephone helpdesk for all shareholders, bondholders and custodians of bonds that had doubts about the restructuring process.



Management of around 4,068 applications through the shareholder's mailbox.



Extremely limited communication with analysis agencies, many of which stopped covering Abengoa due to the company's situation. None of these entities closed the year with a positive recommendation.



Number of visits to the shareholders' website: 137,948 visits, equivalent to 18.73 % of all visits received at [www.abengoa.com](#).

The **main doubts and questions of stakeholders** concerned:

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

On the Abengoa website, the shareholder and investor section is the most visited –after the main or home page– with approximately 20 % of visits. Within the section of shareholders and investors, interested parties will be able to find a lot of relevant information, the most prominent of which is:

- › A section dedicated to the financial restructuring
- › Relevant events and other communications to the CNMV (Spanish Securities Exchange Commission)
- › Annual report
- › Presentations
- › Information on the share
- › Fixed income and bonds
- › Structure of governing bodies

Within the “Shareholders and Investors” section of the website, the most visited sections by some distance were those dedicated to the restructuring process and the relevant events.

Shareholding structure G4-7, G4-9

Abengoa's shareholder structure has undergone a complete transformation as a result of the financial restructuring which will end on 31 March 2017.

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

Accordingly, the **new ownership structure of Abengoa³** as a result of part of the Restructuring Agreement was as follows:



Abengoa's **shareholding base** is composed almost entirely of **financial institutions** and **investment funds**, so a high rotation is to be expected. Following the share capital increase, the existing reference shareholders (Inversión Corporativa and Finarpisa) saw their stake diluted and, in the absence of reference shareholders we can consider that **Abengoa's free-float is close to 100 %**.

Abengoa is a listed company with share capital of € 36,654,895.16⁴, represented by 18,836,119,300 shares fully subscribed and paid up, belonging to two different classes:

- › 1,660,993,500 shares belong to class A⁵, with an individual face value of € 0.02, which individually confer 100 votes.
- › 17,175,125,800 shares belong to class B⁶, with an individual face value of € 0.0002, which individually confer one vote.

Note 3 Abengoa's shareholding base is composed almost entirely of financial institutions and investment funds, so a high rotation is to be expected, modifying the shareholding structure resulting from the financial restructuring. Following the share capital increase, the existing reference shareholders (Inversión Corporativa and Finarpisa) saw their stake diluted and, in light of the nonexistence of reference shareholders, we can consider that the free-float of Abengoa is close to 100 %.

Note 4 The figure following the issue of 17,894 million shares in the share capital increase carried out on 29 March 2017 as part of the financial restructuring. These new shares were accepted for trading on 31 March 2017.

Note 5 Class A shares: shares that have 100 votes per share ([+ info](#)).

Note 6 Class B shares: shares that have one vote per share ([+ info](#)).

The class A and class B shares are accepted for official trading on the Stock Markets of Madrid and Barcelona and on the Spanish Electronic Market (SIBE)⁷. The class A shares have been accepted for trading since 29 November 1996 and the class B shares since 25 October 2012. During 2016 Abengoa completed the process of opting out its American Depository Receipts (ADRs) from the NASDAQ Stock Market and exclusion of its Class B shares from the Securities and Exchange Commission ("SEC").

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

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

The B share started the year at € 0.212 / share, and at the end of the same was trading at € 0.188 / share, equivalent to a devaluation of 11 %.

The share began the year continuing the downward trend with which it ended 2015, reaching the year's minimum of € 0.132 / share on 12 February. Thereafter, during the first half of the year the share price has been conditioned by the news about Abengoa's negotiations with its creditors. In this regard, during March the share shifted to an upward trend reaching the year's maximum of € 0.363 / share on 8 March, as a result of progress on Abengoa's initial agreement with its creditors on restructuring which was announced on 11 March and presented to the public on 16 March. This standstill agreement removed the immediate risk of Abengoa requesting an Arrangement with Creditors and gave the company time to draw up the definitive agreement with shareholders in more detail. This positive trend ended on 30 June, when the chairman of Abengoa confirmed at the General Meeting of Shareholders the progress made for signing the final restructuring agreement.

From then until the end of the year, the share suffered erratic behaviour caused mainly by speculative movements of market participants and also by the continuous flow of positive and negative information about the company, mainly the delay in implementing the financial restructuring announced in September and expected by the end of 2016, but which was finally completed on 31 March 2017.

Share trend

The stock market trend of Abengoa's shares during 2016 has been determined by the financial restructuring process that began in November 2015 when Abengoa requested the protection of Article 5bis of the Spanish Insolvency Act.

Note 7 Spanish Stock Market Interconnection System (SIBE): an electronic platform for trading equity securities of the national stock exchanges that offers real-time information on the activity and trend of each share.

03.2 Industrial capital



Projects in which the company works

As a result of the restructuring, Abengoa will henceforth focus on its specialist EPC role (Engineering, Procurement and Construction) or turnkey projects, viz., the engineering, procurement and construction of plants for third parties in four key areas: energy, water, transmission and infrastructures and, finally, services.

Abengoa will thus be focused on sectors and products with high growth potential, in which it is not only internationally recognised, but from which a wide portfolio of projects and commercial opportunities will emerge. To carry out these opportunities, Abengoa needs a smaller organization, adapted to the new reality, to accompany operations in the same sector and activity, but on a smaller scale, in line with the new strategy and the availability of resources.

Abengoa's activity by areas is as follows:

Energy

G4-4

Through its Energy vertical, Abengoa integrates the activities of business development, promotion, bids, engineering, technology and project performance, referring to the generation business, both conventional and renewable, covering the entire value chain of turnkey projects or EPC, from the commercial phase, design and basic and detail engineering through to construction and start-up.

Looking ahead to 2017, the energy vertical is tasked with becoming a benchmark in the EPC electricity generation market, concentrating its efforts on those products and markets that allow it to comply with the bases established in the organisation's new strategic plan.

From its energy vertical, Abengoa is developing the following products:

Generation of conventional energy

- › **Combined cycles:** electricity production plants that combine the direct potential of gas combustion and the steam produced as a consequence of re-utilisation of the combustion gases. Abengoa has delivered over 2,000 MW in recent years and is in the process of completing projects for an additional 640 MW.
- › **Cogeneration:** plants producing electricity and steam from the combustion of natural gas or other fuels such as biomass. Located in industrial environments with major self-consumption needs, it allows the surplus to be fed into the grid for sale. In recent years, Abengoa has built and delivered more than 320 MW.

Generation of renewable energy

- › **Thermosolar power tower:** 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.

Also, thanks to the combination of this technology and the salt storage, it guarantees the plant production during lengthy periods without solar radiation or even during the night.

- › **Thermosolar parabolic trough plants (STEP):** these base their operation on the collection of solar energy through parabolic trough technology that allows the heating of a heat transfer fluid for the use of heat in a conventional thermal cycle. Abengoa is a pioneer in the construction of these types of plants, with more than 2,000 MW in operation and 500 MW under construction.

Likewise, the company has been the first to integrate a solar field into a conventional generation plant using combined cycle.

Water

G4-4

Abengoa, as a global technological operator in the water sector, provides solutions both to the scarcity of water resources, generating drinking water and transporting it, as well as protecting the environment, with the treatment of urban and industrial discharges.

The activity in the water sector is carried out for industrial clients and public institutions, in the areas of:

- › **Desalination:** Abengoa is one of the world leaders in the design and construction of this type of plant, with more than 20 large desalination plants in Spain, Africa, Latin America, Middle East and Asia, for the production of drinking water or industrial water from seawater or brackish water, using conventional and advanced membrane processes, which account for more than 1.5 Mm³/day of installed desalination capacity.
- › **Water treatment:** Abengoa has an extensive track record with more than 120 plants built in Spain, Africa and Latin America, for the potabilization of water and also for treatment and reuse of wastewater of urban or industrial origin through physical-chemical and biological processes, including treatments for digestion and recovery of sludge.
- › **Hydraulic infrastructures:** throughout its more than 70 years of history, Abengoa has always been at the forefront of hydraulic initiatives, collaborating with public and private institutions in the implementation, improvement and operation of infrastructures for regulation, transportation (more than 40 pumping stations), distribution (more than 4 million people served), irrigation (more than 500,000 ha) and hydroelectric plants (350 MW installed in more than 30 activities –plant construction, improvement, upgrading, etc.).

During 2016, Abengoa has continued to build desalination plants, urban and industrial water treatment plants; hydraulic infrastructures for the transport, storage and distribution of water for supply and sanitation grids, either under concession or through construction contracts for the public or private sectors.

Likewise, it has also continued the O&M of two desalination plants whose concession Abengoa owns, located in Ghana and Algeria, as well as five other plants built by Abengoa and with which it has long-term O&M contracts.

The aggregate drinking water production capacity of these plants in operation is more than 775,000 m³/day, which would be able to supply more than 3.5 million people.

For 2017, Abengoa has set itself the challenge of finalising the concession divestment plan and consolidating its activity, accelerating ongoing projects and culminating in the contract awards for new water projects, especially in the Middle East.

Transmission and infrastructures

G4-4

The Transmission and Infrastructure vertical of Abengoa has four areas of activity:

- › **Electrical transmission and distribution,** with more than 27,000 km of transmission lines developed worldwide and more than 330 substations built in the last 15 years.
- › **Railway:** we have exceeded 2,300 km of railway lines and 80 traction substations.
- › Over 70 years' experience in **installations and infrastructures.**
- › Auxiliary manufacture of **electrical and electronic equipment**, with own design capabilities.

In 2016, as part of its divestment plan, Abengoa sold the assets and liabilities of Abengoa's Production Centre in Seville to the company Cuadros Eléctricos Nazarenos (CEN). The production centre in Seville engaged in the design, manufacture, testing and logistics of electrical equipment for the electricity generation, transmission and distribution markets.

Electricity transmission and distribution

Abengoa offers a wide range of technical solutions in transmission and distribution. It includes electric lines and substations of all types and sizes: alternating current and direct current; all voltage levels (low, medium, high and very high); overhead and underground lines; cable laying and live work, transmission grids (HV), distribution grids (MV) in primary and secondary substations, evacuation of thermosolar plants in booster and collector substations, air, oil, gas and hybrid-insulated substations.

It also has capabilities to carry out the integral management of projects, from feasibility studies, design and engineering and supply to construction, assembly, commissioning, operation and maintenance.

Railway

Abengoa is an international benchmark in the development of turnkey projects for catenary, traction substations, communications, signalling, electrical installations in high voltage and low voltage (LV), lighting and ventilation associated with both conventional and high speed railways, metro, tram and monorail.

From the area of railway engineering, Abengoa covers any technical needs of its projects, regardless of the geographical area where they are located.

It also has one of the most advanced railway machinery ranges in the sector, highly sophisticated and with maximum functionality.

Installations and infrastructures

Abengoa has over 70 years' experience in the industrial and infrastructure facilities, carrying out the construction of facilities at all types of plants (conventional and renewable generation, oil&gas, food and paper) and singular buildings (hospitals, prisons, cultural, educational and administrative centres), covering the design, supply, manufacture, assembly and testing of systems as well as operation and maintenance.

Auxiliary manufacturing

Manufacture of electronics with own design capability, software and hardware and equipment with integrated electronics, as well as the supply of control racks, ticketing and access control, X-ray machines and power supplies.

Services

G4-4

Abengoa provides comprehensive predictive, preventive and corrective maintenance and operation services for renewable, conventional and water treatment plants, with the objective of optimising their reliability, performance and uptime, minimising the consumption of fuels, chemicals and consumables, as well as the emission of GreenHouse Gases (GHG) and maximising their production.

In the same way, the company manages its own assets in operation. To do this, the asset management lifecycle is conceived as an important source of cost savings, regulatory compliance, improvements in uptime and competitive advantages. Through the application of asset management systems throughout their life cycle, Abengoa is able to manage the work and maximise the fixed or physical performance or capital goods that have a direct and significant impact on achieving the economic, environmental and social objectives, always maintaining a high commitment to the prevention of occupational risks.

The Abengoa Services vertical focuses on four main areas:

- › Operation and maintenance
- › Asset management
- › Factories for metal structures
- › Commercialisers

Operation and maintenance

Abengoa offers Operation and Maintenance (O&M) services in the field of energy, water and the environment. With more than 15 years' experience in this activity, it performs corrective, preventive and predictive maintenance, as well as computer-assisted maintenance at thermal, renewable and conventional plants, hydraulic and environmental infrastructures.

The operation and maintenance ensures that the assets work correctly throughout their useful life. Designing and building with an operator's vision is a competitive advantage for Abengoa, which has established itself as a leader in the O&M of solar plants. It has an installed capacity of 1,603 MW in commercial operation of thermosolar plants (tower -a technology in which Abengoa is a pioneer-, parabolic troughs and hybrids integrated with conventional cycles) and photovoltaic, which place it as the company with highest amount of installed thermosolar capacity in the world.

Thanks to this know-how and the technological development it entails, the company has made it possible for the plants it operates to achieve high levels of production and uptime. In addition, Abengoa assumes responsibility for the upkeep and operation of machines and equipment to obtain maximum productivity, profitability and safety at the plants.

Asset management

The Services vertical manages its assets in a safe, reliable, efficient, profitable and sustainable way in the fields of energy, water and the environment.

With extensive experience in electrical, renewable and conventional power plants, hydraulic and environmental infrastructures, the objectives of the company are:

- › Apply the most modern management techniques that guarantee the generation of value and the sustainability of assets throughout their useful life, in line with the company's vision of safe, reliable, efficient, cost-effective and focused on sustainable development.
- › Provide a professional service with a highly qualified team with a high commitment to the safety of people and facilities.

Factories for metal structures

In its seven decades of experience, Abengoa has manufactured more than 1.5 Mt of metal structures for its own and third-party projects worldwide. Abengoa thus offers an integrated service, covering the entire value chain, from engineering to manufacturing, including full scale load testing of structures. In the test station in the factory of Spain, towers up to 72 metres in height can be tested by applying loads equal to those that will be supported in service in their real enclave once installed.

The Services vertical has three production centres, located in Spain, Mexico and India, which have a common form of work and add up to a global production capacity of 15,000 t of metal structures per year.

- › **Eucomsa**, located in Utrera, Seville (Spain): a factory with high quality standards, as leading electricity companies are required to have. It has an excellent structural engineering capability, which gives it additional value for problem-solving and optimisation of designs (some of them under patent).
- › **Comemsa**, in Querétaro (Mexico), is the largest and most modern structures factory of Abengoa. It has two independent Galvanising and Railway Spur plants, all in the same location and serving both Latin America and North America.

- › **APS India**, located in Haloi Gujarat, to the west of the country, manufacturing structures with huge economic competitiveness and representing an important gateway to the Asia and Middle East markets.

Commercialisers

Abengoa carries out its commercial activity in the Services area through Abencor and Nicsa. These companies specialise in the distribution of electrical equipment (power and distribution transformers, insulated low-, medium- and high-voltage cables, bare and submarine cables, UPS, etc.) and with more than 70 years' experience. The core activity of Abencor and Nicsa is focused on supplying equipment and spare parts during construction and operation stages, both for internal and external clients.

The main supplies for Abengoa have been developed in the Chile Metro project and in the Xina Solar One Thermosolar plant project in South Africa.

Presence of Abengoa G4-8

Abengoa's activity during 2016 was carried out mainly in the following geographies:

South America

Abengoa has been present in South America for more than 50 years. In fact, the first international projects were carried out in Colombia, Venezuela and Guatemala, creating the first international office in Argentina. Since then, South America has become one of Abengoa's most important regions, with a presence mainly in:

- › **Peru**: present in this country for more than two decades, Abengoa offers comprehensive solutions to its clients in the sectors of mining, energy, water, industry, oil&gas and infrastructure, with a particular focus on civil, hydraulic and electromechanical projects. It also operates and maintains high-voltage transmission systems.
- › **Argentina**: Abengoa has specialised in turnkey energy projects (conventional and renewable generation and transmission and distribution); water and sanitation (infrastructure and sewage) and industrial plants (cement).

› **Uruguay:** established in the country since 1980, Abengoa continues here by participating in its main infrastructure projects. It has performed around 400 projects, including approximately 450,000 m² built, more than 100 hydraulic works, 70 electrical projects, including the development of several wind energy projects and numerous industrial projects.

Also in Uruguay, through the company Consorcio Ambiental del Plata (CAP), Abengoa carries out waste management and the development of urban sanitation services. Work is also carried out on the collection of waste from containers both with trucks and by hand, and the sweeping of roadways, washing of avenues, squares and esplanades, cleaning and washing of fairs, removal of debris and special services.

It also has a forestry business area, in which it carries out 100 % mechanized harvesting and extracting activities; supply of biomass for industries –at all stages of the supply chain, from the field to the boiler –and operation of stockyards. For this last item, it works jointly with the company Schandy SA.

Moreover, in Uruguay Abengoa performs the operation, maintenance and management of wind farms, treatment plants and unique buildings, as well as providing technical advisory services, start-up of electrical installations, electrical tests and thermography in the industrial, electrical area and wind areas, among others.

› **Chile:** Abengoa opened for business in Chile in 1987. Since then, the organisation has developed engineering and construction activities and infrastructure concessions for the electric, mining and consumer industries. Of particular note are the development of power lines and substations, civil engineering, railway works, electromechanical assemblies, sanitary and waste treatment works, desalination plants and renewable energy.

United States and Mexico

Abengoa has achieved a leading position within the construction, technology and water sectors in the United States, where it has carried out major projects such as Solana, the world's largest thermosolar plant for parabolic trough technology at the time of its construction. Abengoa is currently responsible for its operation and maintenance.

Meanwhile, in Mexico, the company carries out infrastructure projects for renewable energy (solar and wind), conventional energy (combined cycle), environmental infrastructure (aqueducts), transmission lines and electrical substations.

It has been present in the country for more than 25 years, it has its own resources and capabilities to capitalize on market opportunities and overcome environmental threats.

Europe

Throughout its history, Abengoa has performed a wide variety of projects throughout Europe (Spain, France, UK, Holland, Ukraine, Poland, Denmark, etc.). Special mention should be made of the projects for the generation of conventional and renewable energy, transmission, desalination, treatment and hydraulic infrastructures and one-off buildings. In addition, the company has the largest solar R&D centre in the world, a pioneer in this technology and a global reference, which has allowed the company to develop new technologies, services and systems of operation and maintenance, as well as maximize capacity and production of plants.

North Africa and South Africa

Abengoa currently carries out EPC and O&M activities for large thermosolar power projects in South Africa. Specifically, the company has been present in this country since 2011. And this is because South Africa, as well as being the southern region of the continent, offers great opportunities for Abengoa to expand its commercial base in the energy and water sectors in the near future.

Through this activity and the development of generation and transmission projects throughout the continent, as well as the construction of desalination plants and water treatment plants, Abengoa stands as one of the key companies in the development of the energy and water sectors in Africa.

Middle East

Abengoa is present in the Middle East, a high growth market, in countries such as Saudi Arabia, Kuwait, United Arab Emirates (UAE), Oman, Qatar, Bahrain, Jordan and Egypt, where the company has a large portfolio of projects and opportunities, as well as offices in various locations.

Innovation ID1, ID2, ID3_4

Technological development remains the main competitive advantage of Abengoa to carry out projects of high value-added in any part of the world. Today's society values technological solutions that contribute to sustainable development and the number of countries that consider it indispensable is increasing.

Throughout 2016, and as part of its restructuring process, Abengoa has also restructured the R&D and innovation area, integrating the various innovation activities that are taking place in the new verticals that make up the company. However, in the case of certain projects, a portfolio of technology packages has been created, and with them, what we call the "Technological Incubator".

The aim of the incubator is to showcase these packages not aligned with Abengoa's strategy (in the areas of bioenergy, catalysis, thermosolar, photovoltaic solar and water) and, thus, continue with the development of these technologies. To this end, the incubator is considering preserving knowledge through different formulas, such as collaboration schemes with third parties, joint ventures, spin-offs, licences or even through the complete transfer of technology.

Investment made in 2016 amounted to € 4.72 M, a decrease of 98.6 %, due to the situation experienced by the company during 2016, when it was focused on the development of its financial restructuring. Nonetheless, R&D and innovation activity continued, reaching 294 priority patents applied for up to the year of the report, with a total of 232 employees dedicated to R&D and innovation.

Main figures	2016	2015	2014
Investment in R&D and innovation (€M)	4.76	345.2	597.7
Personnel	232	797	882
Cumulative priority patents applied for	294	332	312

Main lines of technological development

R&D and innovation in the thermosolar area

In the development of thermosolar plants, Abengoa remains a world leader. To carry out these high value-added projects, it continues to develop R&D and innovation projects, with the conviction that it will be able to keep ahead in the future. This will help it identify new lines of business and acquire new skills that will keep it positioned in the market as a consolidated brand.

In the solar area, we have targeted optimization of all electric power generation technologies, promoting the renewable energy and allowing manageable generation that adapts to the new demand models. To this end, the company has worked on projects in partnership with the most important national and European centres in the field of energy generation and storage.

Thus, thanks to the work performed in the area of technology, 2016 has been a year in which Abengoa achieved the following technological milestones:

- › The consolidation of the **first commercial superheated steam receiver** at the Khi Solar One plant in South Africa, where more than eleven patents have been fully developed by Abengoa personnel.
- › The **central receiver technology** remains the most promising in solar power generation. Abengoa continues to maintain a strong commitment to the optimization of its components, especially the use of molten salts as heat transfer fluid. Solar salt, a blend of sodium nitrate and potassium nitrate, is presented as the fluid with the greatest potential for energy transfer and storage. The optimization of its use, the development of solar components for salts and the compatibility with building materials have represented a constant development throughout 2016. Also this year, different projects have been carried out for the experimental evaluation of salts at high temperatures, which will allow us to optimise the design of key equipment materials, both in solar receiver technology as well as parabolic troughs.
- › In thermosolar tower plants, the **ongoing improvement in the efficiency of thermal energy capture** is critical and therefore in 2016 we worked on three lines simultaneously:
 - I. The design of absorbent paints for the receiver tubes to improve the capture of the energy at high temperatures and the durability of the same.
 - II. The development of new coatings for mirrors, which will improve efficiency in the concentration of the energy.

- III. The development of a closed-loop control of heliostats system, which will allow the calibration of a solar field focus of up to thousands of concentrators automatically, quickly and easily.
- › Likewise, Abengoa continues to participate in European projects where it encourages the creation of **international partnerships** and focuses on new developments of **high temperature technology**.

In fact, in 2016, two FP-7 (Restructure and Storre) projects aimed at validating high temperature solar technology that fed into advanced power cycles were successfully closed. Abengoa also actively participates in the StageSte project, a consortium subsidised by the FP7 European programme, in which 40 partners participate, including the most important research centres, universities and companies in the solar field at European and international level. This alliance aims to ensure European excellence in concentrated solar energy including solar fuels, solar process heat and solar desalination of water.

In line with the strategy and developments discussed, 2017 reveals new objectives:

- › **Technological support to the development of commercial plants**, in the design phase as well as construction and operation. There are different working groups specialized in the most critical systems of each technology, providing technical support in the design, purchase and manufacture of the main equipment. For plants in operation, an exhaustive analysis of the production and self-consumption is carried out, in order to increase the overall efficiency of the plant.

Moreover, there are experts focused on the control and monitoring of other critical systems such as corrosion of materials and the degradation of storage and heat transfer fluids at future thermoelectric solar plants with molten salt technology.

In the medium term, one of the most important steps in reducing costs for thermosolar plants with tower technology that use molten salts is the increase in operating temperature. This will improve the efficiency of the cycle and thus significantly reduce the costs of electricity produced. For this reason, Abengoa will develop a small-scale pilot loop in 2017 in order to determine the impact of an increase in the maximum operating temperature in the salts.

- › As remarked upon above, the **thermal storage systems** hold the key to future competitiveness of thermoelectric solar generation plants and, therefore, R&D efforts should be largely focused on **improving their efficiency, reducing costs and optimising the components**. In this regard, and with a more long-term approach, one of the most promising lines is that of thermo-chemical storage, which allows the accumulation of energy at high temperature, with high density and the additional capacity to deliver thermal energy at a higher and more constant temperature.

- › On the other hand, 2017 aims to encourage the use of solar energy for a purpose other than electricity production, focused more towards **minimising the generation of emissions in technology with high energy consumption**. In this context, Abengoa participates in two major projects funded by the European Union as part of the H2020 programme. Firstly, the Solpart project, whose objective is to demonstrate on a pilot scale the viability of the use of solar energy in cement production, one of the most energy-intensive industries today. Secondly, the Sun-to-liquid project, whose purpose is the complete validation of the production process of hydrocarbon fuels from water, CO₂ and solar energy.

With these objectives, Abengoa continues to promote the creation of a network of strategic collaborators, from national and European universities and research centres, developing specific projects and medium- and long-term partnership agreements that facilitate the exchange of researchers and the transfer of knowledge.

R&D and innovation in the bioenergy area

Abengoa's own technology has included the production of biofuels (bioethanol and biodiesel), as well as other chemical bioproducts using cereal, oilseeds and biomass (grain, sugar cane, cellulosic biomass, oilseeds and solid waste) as raw material.

More specifically, in 2016 the following developments took place:

Production of bioethanol from lignocellulosic material

During the last year, Abengoa has analysed -at the level of detail engineering- the set of improvements that make second generation biofuel technology (2G) economically profitable. In this area, the company uses an innovative approach to diversify the raw material resources used to produce not only biofuels but also bioproducts. Using enzymatic hydrolysis (EH) technology, developed by Abengoa, the biomass (agricultural waste) is transformed into renewable sugars that, after fermentation, results in bioethanol. Also the second generation sugars can be converted into butanol and cosmetic products.

Furthermore, advances in the field of EH have led to the patent protection of an enzymatic cocktail that shows the highest yields in the market, making the 2G technology from biomass more competitive and cutting edge worldwide thanks to advances in bioproducts.

Production of second generation bioethanol (2G) from Municipal Solid Waste (MSW)

The objective of the Waste-to-Biofuel (W2B-waste-to-biofuels) project is to develop a comprehensive solution for the management of municipal solid waste (MSW), which allows biofuels and energy to be converted into a larger amount of waste and reduce the quantity that goes to the landfill. This provides a **more sustainable and efficient alternative to traditional waste management**.

Thanks to a major technological effort, Abengoa has adapted and transformed the second generation pilot plant that it developed in Salamanca, which used cellulosic biomass as raw material for the production of second generation bioethanol, in a demonstration plant that uses the organic fraction of the MSW as raw material, for the production of second generation ethanol. This plant is a unique installation in Europe.

The W2B project reduces greenhouse gas emissions associated with fuel use, as well as landfill waste (at least 20 %) and, in addition to ethanol, generates a solid fuel that has been classified as level 2 by the European Community, guaranteeing its environmental quality.

Industrial production of enzymes

An extensive team of highly qualified engineers, chemists and biochemists has developed a technology for the production of an industrial enzymatic cocktail that reaches 100 grams of protein per kilo of broth. These productions are in the order of 1.5 to 2 times higher than those of other industrial systems. The demonstration plant in Salamanca (Spain) has been crucial for the development of enzyme production engineering. The work has been implemented in reactors of 500 m³, a level never seen in the industry of enzymes.

The work process established at Abengoa has led to the **reformulation and evaluation** of new enzymatic cocktails by identifying genes and encoding enzymes with a high performance profile. The development of **more effective and lower cost** enzyme combinations is of strategic interest for the competitiveness of second generation technology.

Development of bioproducts

Abengoa has developed a unique platform for the production of sugars from biomass in its first and second generation plants. The company is currently developing innovative technologies through the use of microorganisms to produce different bioproducts such as aromatic compounds for perfumery and alkanes for use in motor vehicles. Aware of the industrial value of these solutions, Abengoa is protecting these intellectual developments and industrial technologies, generating a solid portfolio of patents.

R&D and innovation in the water area

In the water area, during 2016 Abengoa continued (and continues in 2017) with the development of the Life+ ZELDA (Zero Liquid Discharge Desalination) project. The aim of this project is the development and demonstration of a new process for the treatment of brines based on the use of electrodialysis metathesis and on the recovery of valuable compounds, with the ultimate goal of achieving a zero liquid discharge (ZLD). The project is being developed within a consortium formed by the Fundació Centro Tecnológico de Manresa (CTM), the European Water Platform (WssTP), FujiFilm and Abengoa.

During 2016, the demonstration-scale experiments campaign was carried out with rejections from a process of reverse osmosis of brackish water and in 2017 we continued the campaign of experiments with brine from the Almería desalination plant. With these types of ZLD systems, the consortium intends to prove that the technology is an **energy efficient alternative** to other thermal **processes for the concentration of saline effluents** and, at the same time, that it is **economically** and technically feasible to recover naturally occurring salts in the brine.

Thus, in the future, solutions for the management of saline effluents that are more sustainable, efficient and aligned with the new paradigm of so-called circular economy could be commercialized.

R&D and innovation in the railway area

Through its participation in numerous international projects with major technological challenges, the detection of the needs of our customers and the study of their solutions, Abengoa is at the international forefront of the development of railway innovation products and projects.

We currently specialise in the development of projects related to the study of the behaviour of facilities under extreme conditions, as well as new materials, development of sensor systems for the monitoring and protection of infrastructures, energy storage systems and the development of railway simulation software.

Abengoa has been leading the creation of a **railroad cluster in Malaga** since 2016. This cluster is organized with the intention of supporting the sector and stimulating aid in innovation at national and international level and becoming an international benchmark and a meeting or consultation point for both agencies and railway administrators or any other customer with technological needs.

Currently, Abengoa is leading this initiative in its position as vice-chairman and it comprises the companies Adif, Ferrovial, Siemens, Thales, Alstom, Vías y Construcciones, Comsa, Deimos Elecnor, Telice and Azvi.

Broken Track Project. Real-time track break detection system for high-speed trains

Between 2012-2014, Abengoa developed a track break detection system capable of real-time monitoring of the breakage of any of the dual tracks and their location.

The key outstanding features of this system are the simultaneous detection of breaks in any of the four tracks of a dual-track high-speed line (HSL) in real time. This is a **non-intrusive solution independent** of the railway line's own installation, with maximum measurement distance (from 15 km), immunity to noise typical of the railway environment, non-interference with other systems installed on track or signalling, monitoring of the condition of tracks in real time and installable on any type of railway lines.

During 2016, improvements were made to the design and development of earthing filters for this system. Recently, it has been finalized and patented internationally and is in the process of negotiation for commercialization with Adif.

Alis Project. Simulation software for the integration of electrification, safety and energy efficiency in rail systems

In 2016 Abengoa began to develop an **integral tool of complete simulation** of a railway line, unique and new in the market, comprising the following modules:

1. Electric traction simulations for DC and AC systems
2. Optimization of location, number and power of electric traction substations and auto-transformation centres
3. Simulation of pantograph-catenary interaction
4. Integration and simulation of electrical protection equipment
5. Integration of return currents by earth, drift currents, reachable, step and touch voltages
6. Study of electromagnetic disturbances, electromagnetic compatibility and effects on human beings
7. Simulations of efficient driving and energy saving
8. Integration of energy storage and renewable energy within the sector

RAIN - Railway Inspector

For 2017, the RAIN -Railway Inspector project is planned, consisting of the design, manufacture and commissioning of RAIN (Railway Inspector), an **autonomous vehicle** capable of listening to multiple elements of a railway line and its environment to guarantee safety in operation, with the ability to move at high speeds up to the auscultation zone, or at low speed for data collection.

This project also raises the possibility of leaving the track in case of an emergency and, in case of detecting any anomaly that prevents the circulation of trains in a certain section, RAIN could be sent to the risk area and record the necessary information to diagnose the problem from a remote operation centre. Likewise, it contemplates the possibility of taking image and video in real time for a quick diagnosis of the anomaly. In addition, the vehicle will be able to act as a inspection train in normal operating situations, on-site rethinking or any other functionality required to record as many parameters as necessary, reducing time and cost of these habitual measures, while also rebuilding a 3D area to develop a detailed analysis.

03.3 Human capital



2016 has undoubtedly been the year in which Abengoa has faced the **most demanding** and complex **challenges** of its entire history: challenges in **financial** terms and their **implications on the company's employees**.

The restructuring process in which the company has been immersed since the end of 2015 has involved the adoption of complex decisions concerning all stakeholders and, especially, in relation to the human team of professionals.

In the last year there has been a deconsolidation of some of the company's main businesses, a fact that has inevitably led to changes in personnel. Abengoa, in all cases, has tried to obtain the subrogation of employees in the event of selling companies.

Moreover, the uncertainty and lengthy duration of the restructuring process have led to a significant increase in voluntary rotation rates.

At the same time, the limitation of financial resources has implied the paralysis of some projects, with the consequent decrease in the contracting and renewal of temporary contracts, interns and work experience, as well as the execution of measures of collective adjustment.

In an environment as competitive and changing as the current one, full of challenges, it is essential that the company **invests significant efforts in retaining its talent, as well as in maintaining the key skills**, which are those that will equip the company with specialised and competitive know-how. Accordingly, this year we have worked on a talent retention plan to retain key personnel.

During these difficult times of uncertainty, all the people who make up the organization have demonstrated an exceptional professionalism and commitment to the organization. Fortunately, Abengoa continues to have an **excellent, motivated, committed and capable staff** whose contribution is and will continue to be the distinguishing element of Abengoa and is the basis on which the company's future will be built.



Our team in figures

Abengoa currently comprises 15,979 persons¹, which represents a 27 % workforce reduction with regard to the close of the previous year. **G4-9**

Distribution of the workforce

G4-10, G4-LA12

The organization promotes local employment, which allows its capacity to be improved to adapt to the challenges that arise in each of the countries where it is present. The distribution of Abengoa's workforce by gender, activity areas, category of employees and type of contract has been the following:

Groups	Males			Females			Total		
	2016	2015	2014	2016	2015	2014	2016	2015	2014
Executives	328	464	507	38	56	62	366	520	569
Managers	945	1,379	1,668	266	393	466	1,211	1,772	2,134
Engineers and graduates	1,740	2,649	3,120	753	1,188	1,392	2,493	3,837	4,512
Assistants and professionals	1,413	1,742	1,531	630	960	1,111	2,043	2,702	2,642
Operators	9,175	12,032	13,045	605	748	791	9,780	12,780	13,836
Interns	44	185	366	42	124	247	86	309	613
Total	13,645	18,451	20,237	2,334	3,469	4,069	15,979	21,920	24,306

24 % of the workforce is in Spain, while 76 % is among the United States, Latin America, Europe, Africa and Asia.

	Number of workers	% over the total
USA	357	2
Latin America	10,002	63
Europe	307	2
Spain	3,903	24
Africa	846	5
Asia	564	4
Total	15,979	100

Note 1 At 31 December 2016.

Considering the nature of their employment relationship, the overall index of permanent employees is 54.5 %.

Contract type	Males			Females			Total		
	2016	2015	2014	2016	2015	2014	2016	2015	2014
Indefinite	7,328	8,561	9,260	1,373	1,570	2,084	8,701	10,131	11,344
Temporary	6,273	9,705	10,610	919	1,775	1,739	7,192	11,480	12,349
Interns	44	185	366	42	124	247	86	309	613
Total	13,645	18,451	20,236	2,334	3,469	4,070	15,979	21,920	24,306

G4-10, G4-LA12

The average number of people employed during the year with a disability greater than or equal to 33 % is 59 disabled persons, representing a decrease of 46.5 %.

The distribution of the workforce by age groups and gender, the average age and its evolution over the past three years has been:

Age	Males			Females			Total		
	2016	2015	2014	2016	2015	2014	2016	2015	2014
20 - 30	3,176	5,358	6,066	547	1,107	1,534	3,723	6,465	7,600
31 - 40	5,027	6,547	7,272	1,129	1,597	1,713	6,156	8,144	8,985
41 - 50	3,262	4,007	4,124	478	543	562	3,740	4,550	4,686
51 - 60	1,640	1,975	2,137	149	191	218	1,789	2,166	2,355
> 60	540	564	639	31	31	41	571	595	680
Total	13,645	18,451	20,238	2,334	3,469	4,068	15,979	21,920	24,306

G4-10, G4-LA12**Age ranges of the workforce**

Age ranges	20 - 30	31 - 40	41 - 50	51 - 60	> 60
2016 (%)	22.9	38.7	23.5	11.3	3.6
2015 (%)	29.5	37.2	20.8	9.9	2.7
2014 (%)	31.3	37	19.3	9.7	2.8

G4-10, G4-LA12

Due to the complicated situation that the company has experienced this past year, the number of females on the staff has decreased by 33 %, a percentage similar to the decrease in the male category.

As a result of this change in workforce, the presence of women in executive positions and middle managers decreased by 32 % compared to 2015.

Presence of women in executive posts and middle management	2016	2015	2014
Female executives and managers	304	449	528
Total of executives and middle	1,577	2,292	2,703

Employee commitment

Abengoa is aware that the future of the company and the international prestige of its projects is based on the daily work and the commitment of its team. The **human capital** is one of the **fundamental levers** to feed the expectations of growth and new business opportunities that present themselves, which shall require **trained professionals geared** to the **demands of the market**.

The importance that Abengoa attaches to talent makes it pay particular attention to the rotation indicators. In 2016, voluntary rotation was 18.22 %, versus 9.09 % in 2015.

G4-LA1**Total voluntary rotation indexes**

Type of rotation	2016	2015	2014
Total voluntary rotation (%)	18.22	9.09	6.9

	Groups	2016	2015
Gender (%)	Man	18.84	9.8
	Woman	16.65	9.75
Age (%)	20 - 30	25.07	12.52
	31 - 40	20.55	10.09
	41 - 50	13.47	7.65
	51 - 60	6.97	6.11
	> 60	6.14	4.09

2016 total voluntary rotation indexes by geography

Geography	Rotation (%)
Africa	18.37
Asia / Oceania	24.21
Spain	18.19
Europe (except Spain)	14.68
Latin America	16.10
North America	25.52

Protection of Human Rights

Abengoa is **firmly committed** to **respect for human rights**, both within the organization and in its catchment area.

However, to ensure these rights are effectively respected and protected, the company assumes the principles of the United Nations Universal Declaration of Human Rights, the SA8000 standard and the principles of the Global Compact, and integrates them into its Common Systems Of Management, mandatory for all members of the organization.

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

G4-11, G4-LA8

In accordance with the social responsibility commitments acquired through its adherence to the United Nations Global Compact and the Code of Conduct itself, Abengoa is committed through its own Labour-related Social Responsibility (LRSR) policy, which establishes a management system of social responsibility in accordance with the SA8000 model.

Diversity and equal treatment and equal opportunities

Abengoa maintains an explicit commitment to equal opportunities and non-discrimination on grounds of sex, race, colour, religion, opinion, nationality, economic position or any other circumstance.

These principles are expressly declared in the various policies of the organization (recruitment, selection, training, performance evaluation, promotion, remuneration, working conditions, reconciliation, prevention of harassment, etc.).

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

Within the framework of this plan, the organization has a protocol for reporting harassment at work in order to address any situation that may be considered discriminatory. In addition, there is an **Equality Commission**, tasked with the global follow-up of issues related to gender equality.

Due to the company's complex situation of restructuring, during 2016 there were no meetings of the Commission, but in the short term it is expected to continue its normal activity.

Occupational health and safety

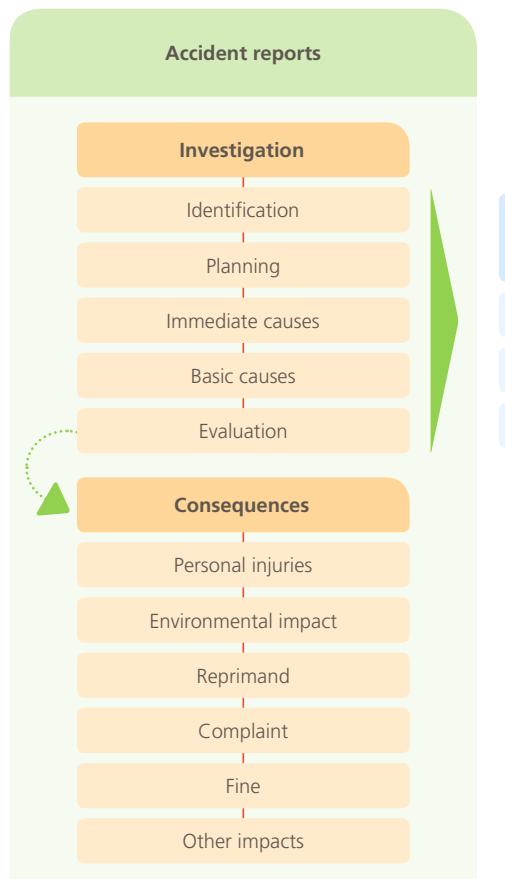
Abengoa is firmly **committed** to the **prevention** and **improvement of occupational health and safety**, both in its own premises and in the areas where subcontracted activity takes place. That is why all sessions of the Executive Committee and the Steering Committee begin with the area of Health and Safety.

The company's businesses have **health and safety committees** that meet regularly to monitor and draw attention to those aspects that may pose risks to workers' safety, analyse accident rates and implement the necessary measures to achieve the goals set in this matter. These committees are made up of executives managers and ORP managers and almost all of the company's staff are represented on these committees. *G4-LA5*

The company believes it is critical to eliminate the levels of workplace accidents and integrate OHAS management into the daily activity of the organization. With a **goal of zero accidents** in all its facilities and projects, the commitment extends to both own staff and subcontracted staff, with all personnel linked to the organization required to adhere to the same levels of responsibility.

In 2016, a new internal tool, the **Abengoa Incident Report (AIR)**, was implemented to homogenize the investigation of incidents that occur and to identify and quantify their causes and consequences in the personal, material or environmental spheres. The tool provides a homogeneous model for managing and analyzing a case for any process or hierarchical level of the organization through reports that describe all aspects of the incident, linking it with its consequences and corrective actions.

The tool allows links to be established with another internal company application: Abengoa Easy Management (AEM), a corporate platform for the management of tasks which, in the area of risk prevention, allows management of corrective actions and action plans arising from the incident.

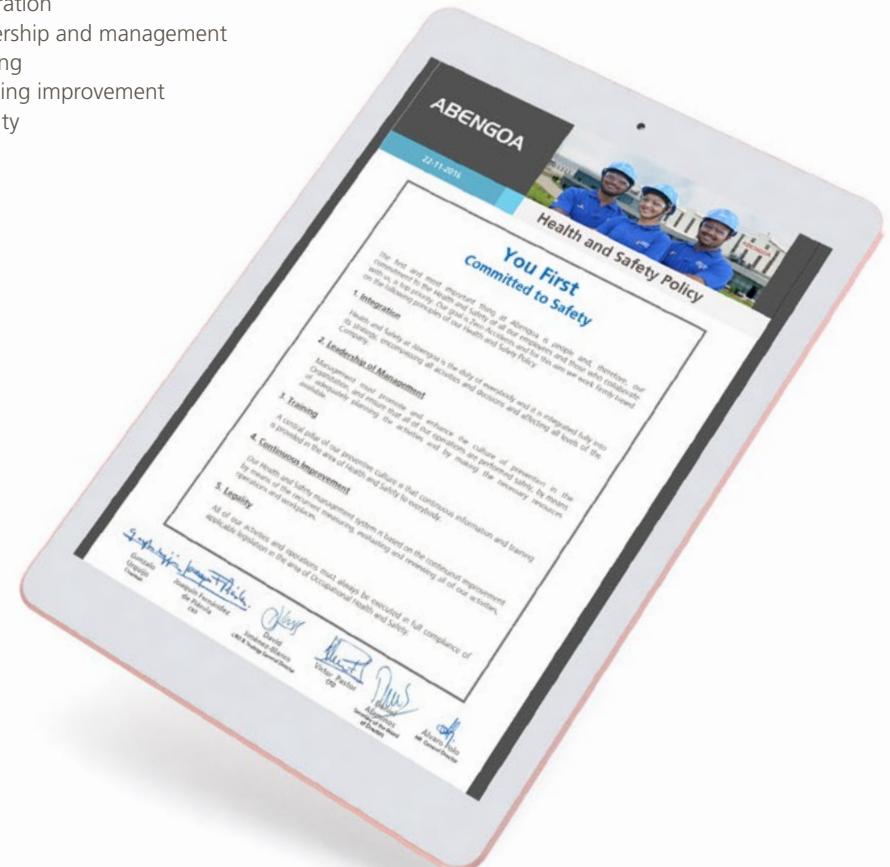


This system enables us to optimise management of incidents and maximize the usefulness of preventive knowledge in all activities. **G4-LA6**

Fatal accidents	2016	2015	2014
Own personnel	1	2	2
Subcontracted personnel	–	3	6

In 2016, Abengoa, with its Executive Committee, launched its new **Health and Safety policy**, which consolidates and reflects the principles on which the company's activity is carried out and works firmly on the basis of the principles of:

- › Integration
- › Leadership and management
- › Training
- › Ongoing improvement
- › Legality



Evolution of the accident rate

The company places **special emphasis** on the **evolution of the accident rate** and **absenteeism**, with special attention paid to all those companies and professional spaces where works are carried out.

G4-LA6

	Overall frequency rate	Frequency rate with sick leave	Severity rate	No. of work accidents with sick leave
2016	14.22	8.76	0.23	286
2015	11.76	6.60	0.13	336
2014	14.22	8.56	0.23	416

The accident data provided correspond to own personnel.

In 2016, Abengoa received the "I Promote Safety" award from the company "Metro de Santiago", in Chile. This recognition has been awarded for good health and safety practices in the electricity supply project for metro lines 3 and 6 of the Chilean capital, which will have a 20-year maintenance period.

This recognition is in addition to others already granted in terms of health and safety and places on record the high standards of quality and safety in labour matters that Abengoa applies in all projects that it carries out.

Training

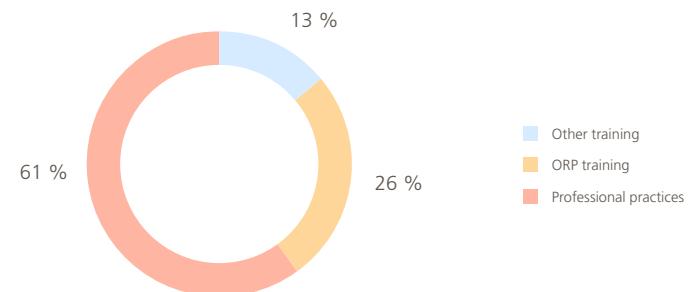
Abengoa has always promoted **personalized training** to maximize the company's talent by tailoring training plans to the individual needs of each employee. The limitation of resources during the restructuring process that the company has experienced in 2016 has involved the temporary suspension of the plans originally put in place for the workforce, adapting these to the circumstances of the organization.

In 2016, 98,733 training hours were given to a total of 8,886 employees, 93.2 % less than in 2015, resulting in a direct investment of € 194,458. In addition, the professional practices reached 155,925 hours, for a total amount of 246 interns. **G4-LA9**

Variation in hours of training over the last three years

	2016	2015
Training hours	98,733	1,454,798
Professional practices	155,925	773,722

Distribution of training hours by category



Executive development programme **G4-LA10, G4-LA11**

Irrespective of the specific training plans, Abengoa has introduced a **programme** for people with **special managerial potential**, to ensure compliance with the strategic plan in this new stage and to guarantee that the organization is prepared in the event of any key personnel being off work. Currently **more than 500 employees** are included in this programme.

Flexible salary G4-EC3, G4-LA2

The company's headquarters, in Seville (Spain), showcase the company's commitment to a model based on the reconciliation between personal and professional life, making the following benefits available to employees:

- › Nursery in the work centre: 124 students enrolled in 2016
- › Breastfeeding room
- › Gym with group classes and a bodybuilding room. More than 600 employees enrolled in 2016
- › Food and beverage areas, with an average of 1,339 daily users
- › Rest home: Abengoa has a rest home in Huelva (Spain), available for employees and their families, with capacity for 360 people. 1,939 people enjoyed these facilities in 2016

Aware that currently it is not so much the remuneration and economic incentives that retain the best professionals but rather the "**emotional salary**", the company is working on the **analysis** and **design** of different measures of **work-life conciliation**. These would be at no extra cost to the company and **would improve employee satisfaction** as well as **greater productivity, commitment** and involvement in the performance of their work, and which would undoubtedly be reflected directly on the company's balance sheet.

03.4 Social and relationship capital





The organisation considers all of its **stakeholders** to be **essential** for the **development of its activity**, in particular its **clients**, with whom, despite the difficult situation over the last year, it has continued to make efforts to comply with the obligations and undertakings acquired by maintaining a high level of quality.

In 2016, clients have stood by the company, demonstrating understanding, support and loyalty, as well as lending their collaboration. For its part, Abengoa continues its efforts to recover its normal activity, responding to clients' needs.

The organisation has **also strengthened its communication channels** to increase transparency and intensify the fluidity of communications in order to **minimise the negative impact** that may be linked to the company's current situation.

Despite the efforts the company has made to try to minimise the impact of the financial restructuring process, unfortunately it has not been possible to achieve a satisfactory solution in all cases.

As a result of this exceptional situation, during this period the business has been adversely affected from the submission of bids through to implementation of projects that had already been contracted. Moreover, given the difficulty of providing tender guarantees, bonds or other securities, Abengoa has failed to submit proposals for specific projects.

In 2016 the company's clients were as follows:

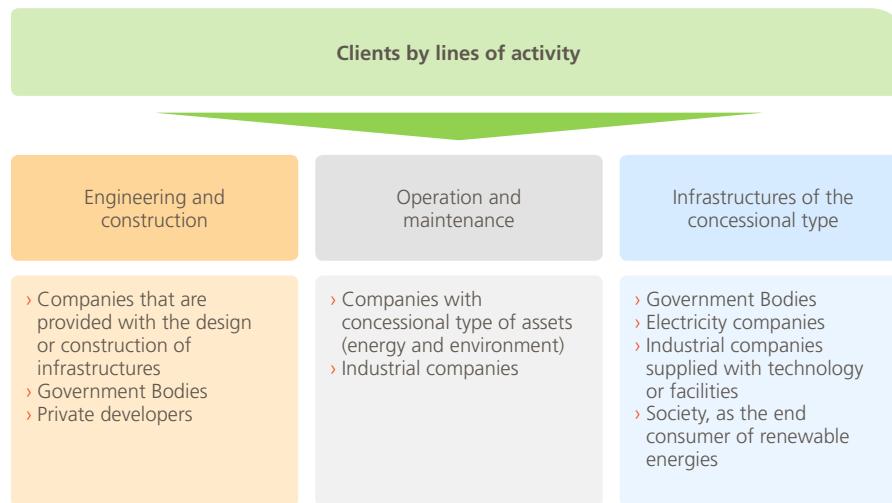
		Sectors				
		Energy		Environment		Other
Activity Areas	Engineering and construction	Renewable Energies	Conventional Generation	Transmission & Distribution	Water	
		Solar power plants (thermal, photovoltaic and solar-gas hybrid)	Combined-cycle plants	Transmission lines AC ⁽³⁾ and DC ⁽³⁾	Desalination plants	Waste recovery plants (W2E ⁽⁴⁾ , others) Railway electrification
		Wind farms	Cogeneration plants	Electrical substations	Water treatment and reuse plants	Telecommunications, electrical and mechanical installations, Marketing and ancillary manufacturing, Industrial plants, Unique buildings
	Operation and maintenance	Hydro-electric power plants			Water transportation and distribution (pipelines, aqueducts, etc.)	
		O&M ⁽²⁾ of solar plants (solar energy, photovoltaic and solar-gas hybrid)	O&M ⁽²⁾ of combined-cycle plants	O&M ⁽²⁾ of major transmission systems (transmission lines and substations) AC ⁽³⁾ and DC ⁽³⁾	Desalination plants	Marketing of components for solar power plants, O&M equipment ⁽²⁾ and industrial applications
		O&M ⁽²⁾ of wind farms	O&M ⁽²⁾ of cogeneration plants	O&M ⁽²⁾ of electricity substations	Water treatment and reuse plants	
	Infrastructures of the concessionary type	O&M ⁽²⁾ of hydroelectric power plants			Water transportation and distribution (pipelines, aqueducts, etc.)	
		Energy production through solar energy plants (solar power, photovoltaic and solar-gas hybrid)	Generation of electricity from combined-cycle plants	Major transmission systems (transmission lines and substations) AC ⁽³⁾ and DC ⁽³⁾	Production of drinking water and water for industrial through the desalination of seawater or brackish water	Waste recovery plants (W2E ⁽⁴⁾ , others) Unique buildings (hospitals, prisons, cultural centres, courthouses)
		Energy production through wind farms	Generation of electricity/heat from cogeneration plants		Management of water resources in a river basin	Urban Solid Waste (USW) and forestry waste
Technology		Licensing ⁽¹⁾ own technology to third parties				

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

(2) Operation and Maintenance.

(3) Alternating Current and Direct Current.

(4) W2E: Waste to Energy, energy generation from waste.



To minimise the negative impact that the financial restructuring has had on business, we have reinforced our work with **two kinds of clients**:

- › **Private developers who are provided with technology and expertise.** Through exclusivity agreements, the company assists and advises them on the development of projects so that, as soon as they are adequately prepared, they can be implemented.
- › **Partners:** collaborative relationships with business partners have allowed Abengoa to continue taking part in tenders.

In addition, we have established a solid control both in the bid phase and in the implementation of projects, creating a sustainable business model focused on two key elements:

- › Growing in local resources
- › Being close to clients throughout the entire project (Planning-Performance)

One of the great strategic milestones developed during 2016 has been the restructuring and regrouping of its businesses, in **order to optimise the use of its resources and capabilities from the perspective of efficiency**. The reorganisation depending on the products and services and the effective adaptation of its management systems will once again allow us to reach the levels of excellence in the quality of our business portfolio.

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

Focus on the client

Abengoa believes that striving for the full **satisfaction** of its **clients** is **essential** in the proper development of the business. Therefore, now more than ever, compliance with our obligations and undertakings with high levels of quality is a priority element of our management.

This way of leading activities is endorsed by accredited entities that certify that the company's management systems comply with international standards such as ISO 9001. In 2016, the set of company businesses that had Quality Management Systems in place pursuant to this standard covered most of the group's activity.

The application of this international standard enables us to ensure the monitoring of legal, contractual and best practices requirements in terms of management, as well as guiding the taking of corporate decisions based on controlling the risks associated with non-compliance.

Client satisfaction is assessed through **tools that make it possible to receive any suggestion or complaint that arises**. Complaints are rigorously logged and analysed, and a manager is assigned to each of these. In 2016, 625 customer complaints or incidents were logged, of which more than 400 have already been resolved.

In addition to remedying these, the reception of complaints activates an identification protocol on the reasons and the introduction of corrective measures required to avoid similar situations in the future, using the "Abengoa Easy Management (AEM)" internal tool, designed to maximise the benefits of lessons learned.

In addition to this management tool, Abengoa has three internal tools that aim to facilitate decision-making and ensure proper monitoring of trade-related issues in real time: Salesforce, Acción Comercial and Abengoa Easy Management.

Salesforce	Acción Comercial	Abengoa Easy Management (AEM)
Implemented in 2014, enables the commercial network to optimise their processes, registering the opportunities detected around the world so that all users can stay updated and follow their progression	Also available on mobile devices, allows for the daily management of clients and open business processes	This enables the registration of incidents and customer complaints, as well as the introduction of corrective or improvement actions



Suppliers

Suppliers are key stakeholders for the organisation and their support is essential to ensure that the company is able to continue its activity in a sustainable manner.

In 2016, the organisation has focused its attention on completing the process of financial restructuring, marked by the uncertainty that inevitably extends to its stakeholders. In spite of the enormous effort to minimise the negative impact on our value chain, the process has suffered delays that have hampered the resolution of the same, generating a direct effect on suppliers with whom the company maintains a commercial relationship.

Reviewing the main dates involved in this complex process, on 25 November 2015 Abengoa sought protection under Article 5bis of the Insolvency Act in order to be able to carry out negotiations with its creditors with the necessary guarantees. On 28 March 2016, the company presented a standstill agreement, by means of which creditors consented to suspending the exercise of certain rights involving resolution and anticipated debt maturity for a period of seven months. This agreement was legally recognised on 6 April 2016.

Within this context, on 28 October the company submitted an application to the Commercial Court No. 2 of Seville for approval of the restructuring contract agreed between Abengoa and its creditors. During the accession period that ended on 25 October, 86 % support was obtained from the financial creditors at which it was addressed, surpassing the majorities required by law (75%). Following the additional period authorised in January, the final number of accessions to the Restructuring Agreement amounts to 94% of the financial creditors at which it was addressed.

Lastly, on 31 March 2017, the company notified a relevant event to the National Securities Market Commission (CNMV) insofar as it completed the financial restructuring, which involved the restructuring of the debt owed to Abengoa's suppliers through certain discharge of debts in accordance with the forecast of revenue inherent to the business activity estimated in the viability plan.

In spite of the complex situation, the company has had the invaluable support of its partners, who have facilitated the achievement of objectives. Thanks to their loyalty and to the fact that they have made a significant effort to allow Abengoa to continue its activity has it been possible to finalise the restructuring process in a favourable manner.

The company therefore considers management of its suppliers as a priority aspect, and since it is aware of the impact it can create on a significant number of small- and medium-sized enterprises, Abengoa has involved more than seventy people from the team exclusively on this task.

Next steps towards restructuring

The financial restructuring and the subsequent viability plan have been accompanied by an organisational restructuring of the company, aimed at optimising existing resources and assets.

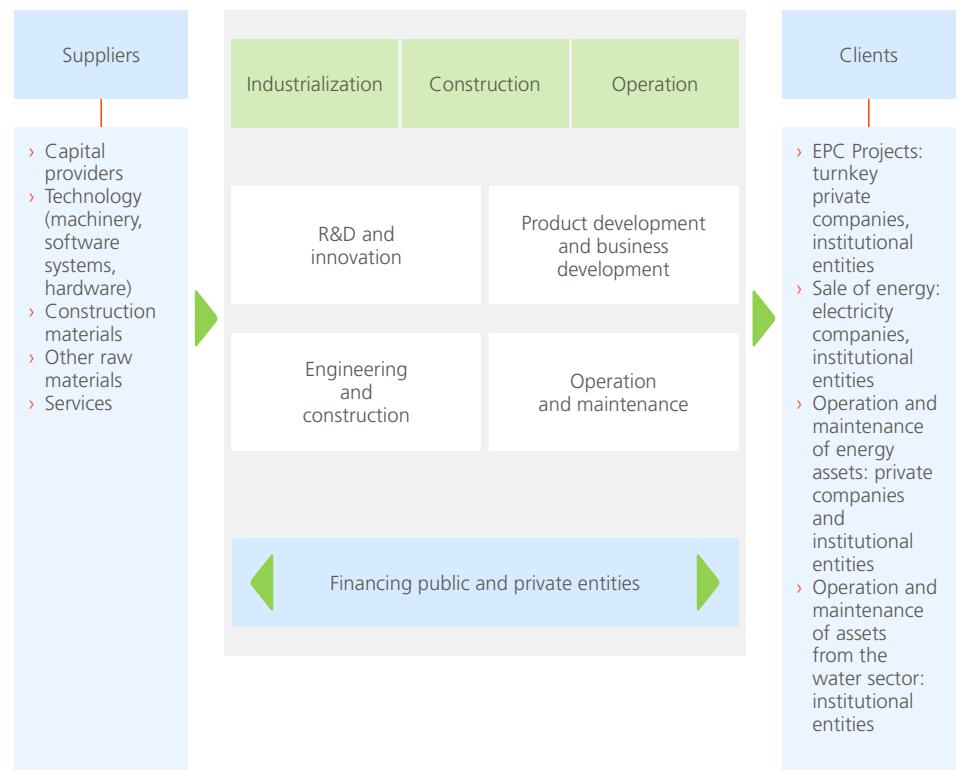
This structure has been designed to address the new stage that Abengoa is commencing, and is focused on promoting a more simplified and efficient organisation and oriented towards business development.

In order to optimise process efficiency, the organisation's activity will be reorganised into two major areas: business and geographies, which are intended to cover all future activities of Abengoa, focusing on our core operations of Engineering and construction and maintaining technology and innovation as key elements of competitiveness. This new structure will maximise the **synergy between the businesses** and increase the traceability in the purchase management of supplies.

The company's goal, on conclusion of the restructuring, is to regain the solid relationship and trust it has built with its suppliers and partners throughout its activity and which has undoubtedly contributed strategically to obtaining the quality and the innovative nature of the sustainable solutions Abengoa offers the market.

The company suppliers

Throughout the entire value chain of Abengoa, in 2016 the company worked with different types of suppliers, as shown in the following chart:



In 2016, Abengoa worked with approximately 15,000 suppliers in 69 countries in every region of the world.

The countries with the largest concentration of suppliers are: Brazil, Spain, USA, Chile, Mexico, Uruguay, Peru, and India, which account for 80 % of total suppliers. **G4-12**

Management of the supply chain

Because of its strong international character, Abengoa places special emphasis on establishing, promoting and maintaining sustainable criteria in the development of the business, **fostering compliance with ethical, labour and environmental standards**. It also promotes the search for efficiency in the generation of products and services with quality standards that make it possible to reduce costs and increase profits.

In its supply chain, Abengoa **promotes all the principles assumed in the Spanish network of the Global Compact, in the Declaration of Human Rights, in the Global Reporting Initiative (GRI) and in the company's own code of conduct**.

The organisation has established strict internal protocols that have allowed us to measure, in real terms, the impact of our own activity as well as our supply chain, both socially and environmentally.

Likewise, the commitment shown by our suppliers and their efforts to improve their levels of responsibility to the environment, through the calculation of greenhouse gas emissions (GHG) and the application of our Corporate Social Responsibility code, help to position the organisation on the indexes of excellence.

The complex situation that the company has undergone in recent times has meant that, without overlooking our responsibility and commitment to sustainability, we have adapted our demanding approval requirements to the current circumstances in order to minimise the impact on the supply chain.

This has enabled the organisation to remove the requirement for calculation of greenhouse gas emissions by suppliers, as a condition for the approval of purchases. Nevertheless, Abengoa considers it essential to continue with the control and reporting of their emissions in order to take measures that reduce their environmental impact. For this reason, the measurement system has been replaced with a detailed estimate of emissions, for this purpose using the record of emission factors that includes information from the last eight years.

During this period the company has adapted the Social Responsibility Code of suppliers and subcontractors, reinforcing it in areas of regulatory compliance. Abengoa will continue to require all suppliers with whom it operates to **adhere to the Social Responsibility Code** based on the principles of the UN Global Compact and inspired by the international standard SA8000. **G4-15**

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

Once again this year, the health and safety of our employees and third parties involved in our activity has played a prominent role in the management of the activity. Strict compliance with health regulations and the ongoing search for improvements to increase safety guide the practical development of our business. In 2016, companies subcontracted by Abengoa have received 34,732 hours of training in Health and Safety.

Local suppliers

Fostering collaboration with local partners helps to boost the local economy by helping to improve living conditions in the areas in which it operates, creating direct and indirect employment and indirectly attracting investment.

In 2016, despite the significant decrease in activity, the company has continued to set its targets around a **mostly local supply chain**, encouraging the priority contracting of suppliers in the environment where the company operates.

In compliance with its commitments to foster local wealth, Abengoa has developed a programme to support entrepreneurship in South Africa. Through an external consultant, GO HI Consultancy, it has implemented financial training and business management courses, as well as a mentoring programme that means we can significantly increase the viability indices of business projects. With customised advice, it also assists local companies in obtaining loans for the development of their activity. In a parallel fashion, all beneficiaries come to form part of a database that the organisation uses as a priority tool for the procurement of services in the area.



Community

Abengoa performs its **activity in 46 countries** with a team of **15,979 persons**, generating a significant impact on its economic, social and environmental setting.

G4-6, G4-10

As described in its **business model**, Abengoa's activity generates **positive impacts** on **society** and the communities where it operates, through:

- **Facilitating access to drinking water**, thanks to desalination, re-utilisation and construction of water pipelines in regions where water supply previously proved unfeasible
- **Generating electricity** from renewable sources
- **Ensuring access to electricity** in isolated regions as the product of local power transmission lines
- **Promoting sustainable transportation** through bioethanol production

Abengoa's projects must be in keeping with the company's mission and vision and, accordingly, with its sustainability-based business model as well. This requires having a methodology in place that enables the company to manage (prevent and mitigate) any potential negative impacts deriving from its projects, drawing up prevention and remediation measures appropriate to each specific situation.

The complex financial system that the company has faced in recent times, mainly due to the debt restructuring, has entailed a restriction on the financial and human resources available. Although the company is confronting this new stage with the moderation that the circumstances require, Abengoa continues with its **firm commitment** to **society** and to **contributing benefits in the communities where it operates**.

Mechanisms for protecting Human Rights

Abengoa integrates the principles governing the Universal Declaration of Human Rights of the United Nations, the rights of the Global Compact, the SA8000 standard and the OECD guidelines into each of the initiatives that it undertakes throughout its value chain, irrespective of the geographies where it performs its activity. The company likewise categorically condemns all forms of child labour in accordance with the provisions of Convention 138 of the International Labour Organisation (ILO). **G4-15**

Because the company is present in 46 countries, prevention and control of possible violations of human rights must be carried out in an even more comprehensive way, if at all possible. Accordingly, Abengoa has **Common Management Systems**, which are applied to 100 % of the company without exception, which include **internal compliance standards** ultimately approved by the company chairman.

Furthermore, the company has a **Universal Risk Model (URM)**¹, which ensures proper prevention and management of the risks associated to violation of human rights throughout the value chain.

In addition, there are other mechanisms designed to protect Human rights, such as: **G4-58**

- › **Code of conduct:** this sets out guidelines and measures to prevent incidents related to the violation of human rights or any other of the organisation's values, as well as demanding compliance with the very highest standards of honesty and ethical conduct, including procedures to deal with conflicts of professional and personal interests. **G4-56**
- › **Internal and external whistleblowing channels**²
- › Accession by suppliers to the **Code of Corporate Social Responsibility**³
- › **Monitoring** of Abengoa **companies** considered material
- › Non-financial **internal audits**
- › **Monthly committee** meetings with the chairman

The company's relationship with communities

Abengoa believes that the good relationship it has with local communities, as well as respect and development in the areas where it operates, reaps benefits, referring to this method as "**social licence to operate**".

Since its inception, Abengoa's social engagement has been channelled through the Focus-Abengoa Foundation, which has been working for more than 25 years in furtherance of the social and cultural development of the communities where Abengoa operates.

From 2014 to 2016, the company reported its social performance in line with the criteria proposed by **the London Benchmarking Group (LBG) methodology**. This model defines a method to measure, manage, assess and disclose contributions, achievements and impacts of the company's social engagement with the community.

Social Development Program: PE&C

1. Social development

Objective	Abengoa is committed to the socioeconomic development of the communities and geographies where the company conducts its business. A flagship initiative of the company is the PE&C (People, Education and Communities. Committed to Development) programme. The programme embraces the mission of social development of the most vulnerable social groups through education. The programme, which was launched in 2005 in Argentina and is now present in nine countries (Argentina, Peru, Brazil, India, Mexico, Chile, Spain, Sri Lanka and Morocco), promotes integration through education of the most vulnerable social groups: children, women, senior citizens, disabled persons or families in a situation of poverty or social exclusion.
Key initiatives	Currently, the complex situation that the company is undergoing and the severe limitation of financial resources in recent months has meant the gradual and temporary reduction of the contributions made to social projects in the different regions. As part of the restructuring plan agreed with creditors and in order to limit the social engagement items based on the resources available in the different business units, each company has assessed its capacity to fund social development projects, maintaining, in some cases, their commitment to certain local social projects. In an effort to avoid the negative impact on these communities and disadvantaged groups, the company has worked hard to find partners and collaborators who could provide continuity to these projects until Abengoa can recover a solid economic position that allows it to continue working and giving support to them.

Note 1 Further information in the chapter on [Risks](#).

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

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

Social development in South Africa

Abengoa, as part of the commitment to provide value-added to the growth of communities where it operates, has worked intensively in South Africa in recent years.

In 2016, the Khi Solar One solar plant launched its management model based on the **promotion of local value** as a differentiating factor in the market, through socioeconomic and entrepreneurial programmes that are able to increase wealth in the long term and in a sustainable manner over time.

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

Actions carried out

› University scholarships for young people from local communities

Ten students have been awarded scholarships at different universities of the country, through the financing of university fees, the course materials needed and a monthly income to cover all subsistence expenses.

In order to encourage university education, the beneficiaries will see their scholarship renewed until the end of their studies as long as they pass their subjects.

› Paid training in Operation and Maintenance (O&M) tasks

In this programme, students acquire the knowledge required to train as specialists in O&M of solar plants. Each student has an assigned tutor who monitors and supplements their training. In 2016, three participants joined the workforce and two other beneficiaries were recruited by companies in the sector.

› Local business regeneration

Khi Solar One implemented an ambitious local business regeneration programme through a specialised economic consultant. The project offers free-of-charge consultancy and guidance services to local companies and entrepreneurs to obtain financial resources from financial institutions with which a collaboration agreement has been signed.

The programme currently has 57 small- and medium-sized enterprises registered, 26 of which are at an advanced stage in the financing process.

› Technical training courses for local entrepreneurs and business persons

In order to improve the operational and financial capacity of local entrepreneurs or business persons, the project offers courses in technical training and includes the study of accounting, operational management, suppliers and marketing, among others.

So far, more than 30 Small- and Medium-Enterprises have participated in the training courses.

› Opening of a specialised centre

In 2016, Khi Solar One opened a centre whose aim is to concentrate all activities aimed at boosting skills, as well as providing a space equipped with computer resources and meeting rooms to meet the infrastructure needs of local businesses. In addition, the economic consultant has a space enabled to assist local businesses through personalised advice.

Promotion of Education and culture

2. Education and research

Objective	Promoting education and scientific research on renewable energies and climate change.
Key initiatives	<ul style="list-style-type: none"> › Award for the best doctoral thesis on a topic related to Seville. The winner was Ramón Queiro Quijada, for his work "Municipal Patronage and Royal Patronage of Affordable Housing in Seville. Contributions to the shaping of the city through social housing 1913-1986." › I Conference on Museums, Art and Education, in conjunction with the University of Seville.

3. Supporting art and culture

Objective	The Foundation is dedicated to preserving, sharing and disseminating art through initiatives and heritage revolving around the Baroque.
Key initiatives	<p>1.- "Velázquez. Murillo. Seville (1)" exhibition, which has received more than 100,000 visitors during its opening to the public (November 2015 – April 2016). The exhibition has become the most visited exhibition in the history of the Focus-Abengoa Foundation.</p> <p>This cultural initiative is the first of the events planned to commemorate the 4th Centenary of Bartolomé Esteban Murillo. The prestigious curator Gabriele Finaldi proposed establishing a comparative vision between the two painters through 19 works from the Focus Abengoa Foundation's own collection and national and international loans. To this end, the Foundation had the special collaboration from the Prado Museum and the contribution of prestigious international museums such as the Louvre, National Gallery, Meadows, Kunsthistorisches, The Frick Collection, Wellington Collection, Dulwich Picture, Nelson-Atkins, Orleans Museum, and the Villar-Mir Cultural Fund.</p> <p>In addition, the "Velázquez. Murillo. Seville" exhibition has become the first one accessible for persons with cognitive difficulties, thanks to the application Es+Facil (It's Easier), developed by the "Autism of Seville" association.</p> <p>2.- Cultural activities to complement the exhibition: the Foundation offers guided tours for educational centres; family visits organised by "Cogs of culture", as well as the possibility of arranging private tours.</p>

(1) The exhibition was undertaken with the assistance of Cajasol, ABC and Heineken.

03.5 Natural capital



The market demands surrounding sustainable business management as the only way to develop economic activity are what mark Abengoa's commitments, as well as an opportunity for the continuity of its business.

The financial restructuring that the company has faced in the last year has led to a process of asset sales and redefinition of the business structure. The processes of optimising the organisation have also had a repercussion in environmental terms, subjecting the operational criteria to prioritisation of the main impacts that our activity generates on its environment. The variation of assets and the appreciable decrease in activity during this period has produced some distortions in the reported figures that affect to a greater or lesser extent the comparability of the information.

Due to the difficult and complex situation that has been experienced in recent times, the company has carried out a thorough review of its procedures and the resources used in order to optimise processes and maximise their performance. This has involved taking measures such as defining a basic environmental management system focused on the required aspects for control and environmental management of Abengoa companies and introducing common objectives.

Abengoa focuses its actions in terms of sustainability, based on the following principles:

- › Integrating environmental management into the company's corporate strategy
- › The commitment to environmental protection
- › Efficient use of resources
- › Reducing impacts on the environment in the life-cycle of products and services
- › Encouraging correct management of waste
- › Reduction of the effects of climate change
- › Encouraging collaboration with other organisations to achieve greater awareness and sensitivity for environmental protection

Integrating environmental management into the company's corporate strategy, defining guidelines for implementing environmental management systems in its activities

The certification of its management models allows control of its processes to be ensured. At the close of 2016, the business's companies as a whole with Environmental Management Systems (EMS) introduced pursuant to ISO 14001 standard covered most of the group's activity.

This international standard ensures that all legal, contractual and good environmental management practices are identified and are subject to effective compliance controls.

Guaranteeing the commitment to environmental protection in all its activities, guiding them beyond compliance with prevailing legislation and taking into account the requirements of customers and other stakeholders

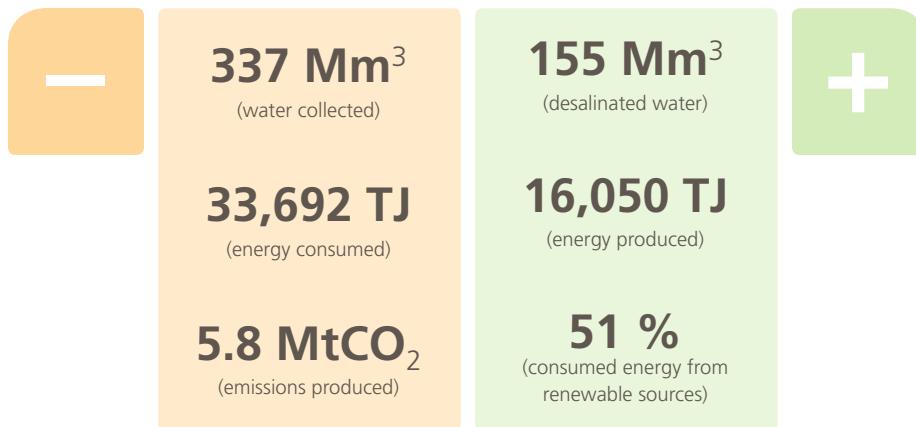
Abengoa has always been aware that its services and processes must be respectful of the environment and the preservation of natural resources. Its commitment to environmental protection goes beyond compliance with prevailing legislation.

Abengoa sees the **supply chain** as a key **factor in the management of sustainability**. For this reason, it has been working hand in hand with its suppliers and subcontractors for many years to involve them in its commitment to the environment and to share common objectives such as the fight against climate change.

Due to the special situation experienced, Abengoa removed the mandatory requirement of signing an agreement to implement a GHG reporting system, in which all suppliers were required to provide the emissions associated with each purchase order the company made. Since suppliers have been reporting this information for 8 years, the company has considerable knowledge of the **emissions associated with the main products and services** and the historical information stored in the company's management systems. For this reason, and to continue reporting this information, estimates will be made based on the use of emission factors per family of materials, defined based on these years of experience in the calculation and management of GHG emissions.

Encouraging the efficient use of resources and promoting the purchase of recycled and / or certified materials

Abengoa seeks to minimise the environmental impact of its activities and the use of the resources it employs.



Materials

The company is aware that its businesses are intensive in the use of raw materials, so it **seeks to minimise the negative impact associated with their consumption**. The main focus of work are the materials **it purchases for the development of its activities**. Accordingly, it has established an exhaustive control for their purchase and promotes the **acquisition of recycled or certified materials**.

In addition, Abengoa requests its suppliers to provide the safety data of the substances supplied for the purpose of considering the main environmental and health risks associated to the handling of these, as well as the regulatory requirements for proper transportation.

Water

Water is a basic resource of unequal access and distribution in the world geography. In this sense, Abengoa's management is aimed at its **rational, sustainable and efficient use**, avoiding competition with human consumption, minimising the effect on masses of protected water and addressing the risks related to its scarcity.

Water is essential for the development of Abengoa projects. Its application as a refrigerant at the facilities or the use as raw material in the desalination processes show the value that the water resource has in the performance of our activity.

Accordingly, the organisation has a commitment to efficiency in its use, promoting its minimisation and reuse.

The volume of water abstracted in 2016 was 345,302,034 m³, representing a 43 % increase on the previous year. This increase is mainly due to the company's increased desalination capacity, with the full operation of the Ghana (Africa) and Tenés (Algeria) plants, which contributed to an increase in tonnage of 115 Mm³ more than in 2015.

Consequently, the values of production of desalinated water have risen, reaching 154,690,662 m³, 47 % more than in 2015.

G4-EN8

Water collection (m ³)	2016	2015	2014
River water	6,976,001	9,455,579	17,310,479
Seawater	336,653,375	221,199,378	161,825,953
Grid supply	1,256,693	3,336,161	7,857,499
Well water	369,382	4,378,293	10,008,679
Rainwater	4,611	3,665	297,405
Used water	41,972	3,854,598	3,949,218
Total	345,302,034	242,227,674	201,249,233

The percentage of water reuse has decreased compared to the previous year, reaching 1.08 % of the total consumption of our companies (excluding sea water consumption). The fall in value is justified by the sale of the bioethanol production plants, which represented the highest share of Abengoa's reused water. **G4-EN10**

Water reutilisation (m ³)	2016	2015
Air-conditioning	295	295
Processing	7,307	409,115
Cooling	75,751	71,075
Others ⁽¹⁾	10,155	12,659
Total	93,508	493,144
Water reuse %	1.08	2.35

(1) Irrigation of green areas.

Likewise, in order to remedy possible damages caused by the use of water in its activities, Abengoa undertakes to perform correct treatment and discharge of the water used so that the final quality is within the limits established under legal regulations. The total volume of discharges in 2016 was 190,755,578 m³, of which 96 % corresponds to discharge of brine to the sea, taking the necessary measures to guarantee the minimum impact on the marine ecosystem.

G4-EN22

Discharges (m ³)	2016	2015	2014
Discharged to surface water masses	182,934,628	121,599,041	94,421,928
Discharged to sewer networks or external facilities	85,306	600,880	1,115,880
Discharged due to soil infiltration	7,854	6,594	226,241
Disbursed or undefined land discharge	100,185	61,817	-
Delivered to third parties for reuse	7,627,604	8,229,846	7,455,368
Total	190,755,578	130,498,178	103,219,417

Intensity of water consumption	2016	2015	2014
Consumption of water / sales (m ³ / k€)	228.68	66.4	28.1

Energy

As regards the pillars of its own business philosophy, Abengoa **promotes the use of renewable energy sources**, as well as the promotion of measures aimed at increasing efficiency indices in our activities.

In 2016, direct energy consumption stood at 30,085,591 GJ, of which 51 % came from renewable sources. Elsewhere, intermediate energy consumption stood at 1,002,023 MWh.

Compared to previous years, there has been an overall reduction of 51 % in energy (direct and intermediate), coinciding with the reduction in activity that the company experienced in 2016. The main decline is in the consumption of natural gas in production of bioethanol, as a result of selling the five plants of Abengoa Bioenergy in the USA and the cessation of activity of the Rotterdam bioethanol plant in the first half of the year.

G4-EN3

Direct energy consumed (GJ)	2016	2015	2014
Natural Gas	12,662,200	32,108,747	64,897,055
Biomass	15,372,412	15,907,281	16,688,290
Oil derivatives	2,023,164	2,682,318	2,241,744
Biofuels	25,677	63,410	75,887
Others	2,138	1,187	24,560
Total direct energy	30,085,591	50,762,943	83,927,536

Intermediate energy consumed (MWh)	2016	2015	2014
Electrical power	704,696	3,483,537	3,409,157
Thermal power	297,326	1,356,158	1,359,623
Total intermediate energy	1,002,022	4,839,695	4,768,780

G4-EN5

Intensity of energy consumption	2016	2015	2014
Energy consumption / sales (GJ / €k)	22.3	9.7	12

Reducing impacts on the environment in the life-cycle of products and services produced by the company, including the supply chain and production of raw material

One of Abengoa's main activities is the production of energy from renewable sources, actively contributing to mitigation of climate change and the transition towards an emission-free energy model. In 2016, the company's restructuring process has led to a reduction in our energy generation business, resulting in a 69% decrease in energy production compared to the previous year:

G4-EN3

Type of energy (GJ)	2016	2015	2014
Biofuels	8,763,890	43,903,987	57,175,927
Electrical power	6,659,421	8,584,401	28,371,617
Thermal Power	619,121	–	15,882,830
Biomass	7,426	6,981	122,410
Total	16,049,858	52,495,369	101,552,784

Since 2008 Abengoa has created an inventory of Greenhouse Gases (GHG), whose management is carried out through an internal tool integrated in the SIGS (Integrated System of Sustainability Management) information systems. Financial restructuring has involved, as described above, changes in procedures to maximize its efficiency. To this end, in 2016, emissions from supplies have been estimated using the historical emission factors we have built with the help of our suppliers over the last eight years.

G4-EN15, G4-EN16, G4-EN17

GHG emissions (tCO _{2eq}) ⁽¹⁾	2016	2015	2014
Scope 1	1,044,098	2,135,808	3,802,197
Scope 2	418,938	637,810	564,254
Scope 3	2,306,639	4,075,808	3,437,861
Total	3,769,675	6,849,426	7,804,312

(1) The historic data from Scope 1 have been correct in order to disaggregate the emissions from the biomass.

Emissions from the biomass (tCO _{2eq})	2016	2015	2014
2,025,292	3,289,005	3,445,101	

To objectively quantify the evolution of GHG emissions, Abengoa uses ratios, i.e. analyses emissions from different indicators. The evolution of the emissions analysed compared to sales over the last three years is shown below:

G4-EN18

Emission intensity	2016	2015	2014
GHG emissions / sales (tCO _{2eq} / k€) ⁽¹⁾	3.8	1.8	1.5

(1) Biogenic emissions have been also considered.

Efficient offices

Abengoa promote energy efficiency in all its areas of activity, not only in its projects, but also in its offices and facilities. In this manner, the company has obtained LEED certification in its singular buildings of Campus Palmas Altas, Seville (Spain), which has the platinum LEED certification. The LEED certification (Leadership in Energy and Environmental Design), in its different levels, is an assessment method from the US which recognises the efficiency of so-called green buildings through objective design guidelines and quantifiable parameters.

The certification recognise the commitment acquired by Abengoa with the environment and in responsible management, as well as its involvement in the development of measures and initiatives that contribute to improving efficiency in the performance of its activity.

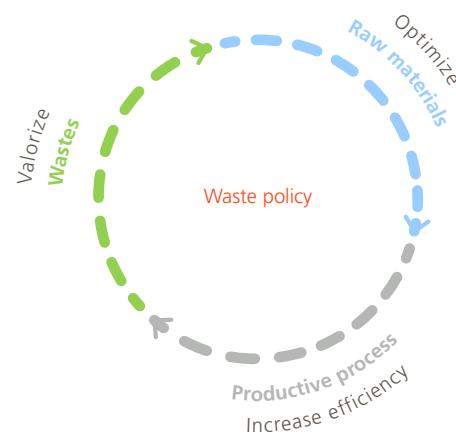
Abengoa and the circular economy

Efficiency in the use of resources through a circular economy system is the main alternative to an already outdated linear model of economic growth.

The company is aware that natural resources are finite so, in the face of the new business structure, the company began to work on integrating this new concept into the organisation's strategy and to focus attention on a sustainable use of resources throughout our value chain.

Encouraging correct management of waste, affecting its reduction at source and promoting its recovery and reuse

The expansion of the current economy based on consumption is causing an exponential growth in waste generation, making its management a problem that must be addressed due to its significant impact on the environment.



Waste

Regarding the generation of waste from our activities, in 2016 there were 41,646 t, 66 % fewer than in 2015. The main reason is the decrease in construction activities, the main contributors to waste generation within the company perimeter.

The total waste recovered in 2016 reached 13,139 t, representing 32 % of total waste produced.

G4-EN23

G4-EN23

Treatment method	2016	2015	2014
Reutilisation	3,735	19,940	30,063
Recycling	6,855	26,679	9,944
Composting	2,033	2,035	3,896
Recovery	516	970	107
Incineration	150	410	10,487
Landfill (1)	23,560	18,464	8,068
Permanent storage	619	34,600	33,426
Others	4,178	17,816	26,561
Total (t)	41,646	120,914	122,552

(1) The data from 2015 have been corrected due to an error in the consolidation data from last year.

Waste generation by type	2016	2015	2014
Non-hazardous	37,344	111,010	111,087
Hazardous	4,301	9,903	11,464
Total	41,645	120,913	122,551

Promoting the adaptation and reduction of the effects of climate change

The activity performed by Abengoa is marked by its possible impact on climate change. Therefore, it takes into account all factors involved in the business that may impact its local environment, including the emissions associated with its products and services. Aware of its responsibility, the company carries out various initiatives that contribute to alleviating these impacts and that cover each of the areas that are part of the organisation.

Risks and opportunities G4-EC2

Abengoa publishes the company's performance in relation to risks and opportunities associated with climate change through the Carbon Disclosure Project (CDP), a non-profit organisation that manages the global outreach system for investors, companies, cities, states and regions, in order to manage their impact on the environment.

In 2016 Abengoa was again awarded an A rating in an "A to E" scale by the Carbon Disclosure Project (CDP) Southern Europe, for its leadership in the fight against climate change.

Specifically, Abengoa was awarded in the category "*Best Voluntary Responder*" of the Iberia region (Spain and Portugal) in 2016, for the best performance in terms of climate change.

The company analyses the environmental and climate change risks to which the projects are exposed, as well as the implementation of the necessary measures to mitigate these.

The **environmental risks** of greatest impact for the company are:

- › Uncertainty regarding new environmental regulation
- › The changes in the conditions of the physical environment
- › Vulnerability to natural catastrophes
- › Use of crops as raw material in the bioethanol production process competing with food

To control and manage these, Abengoa establishes mitigation mechanisms, such as increasing safety coefficients in the design of projects considering the most unfavourable meteorological and environmental parameters, or research focused on the use of alternative raw materials for the production of ethanol.

In addition, the Global Risk Management System allows us to detect **new business opportunities** such as:

- › Increase of renewable energies business, if regulations governing fossil fuels become more stringent
- › Increase of water demand caused by the potential rise in temperatures or greater number of sunlight hours through decreased rainfall
- › Lobbying from stakeholders to introduce measures against climate change, through consolidated collective awareness in environmental terms

Encouraging collaboration with other organisations to achieve greater awareness and sensitivity for environmental protection and sustainable economic development

G4-16

Mutual cooperation with associations, forums and working groups, as well as active participation in environmental initiatives is key to achieving a greater impact on making society aware of the responsibility the parties have to protect the environment.

In 2016, the company has collaborated with the following organisations:

Carbon pricing Leadership Coalition

Abengoa is a member of the Carbon Pricing Leadership Coalition (CPLC), a joint initiative of 20 governments and more than 90 companies and other organisations, whose common aim is to foster systems and mechanisms to fix carbon prices through rates or the creation of CO₂ markets worldwide, in support of the Paris Agreement.

As a result of this commitment, Abengoa has continued to develop its mechanisms for **calculating internal carbon prices in 2016**, to align them with the emerging climate regulation as a result of the Agreement and with the evolution of the business itself.

This year, two internal carbon pricings differ for the first time: one applicable to our businesses in countries with mature systems for taxing GHG emissions and another for countries that do not have these mechanisms:

6 tCO₂ / €

Regions with
emission trading
schemes

0.1 tCO₂ / €

Regions without
emission trading
schemes

For the company, this new internal calculation mechanism makes it possible to foresee the impact of the new climate change policies as a result of the Paris Agreement and its possible derivation in CO₂ levies in the different geographic areas where we operate.

These prices also incorporate the cost of the actions developed by the company to reduce emissions.

Spanish Group of Green Growth (GECV)

The purpose of this group is to share with society and public administrations its vision regarding the implementation of an economic growth model in line with the [Barcelona Declaration](#), as well as to contribute to the generation and dissemination of the necessary knowledge to enable the required changes for sustainable development to be achieved.

Abengoa has belonged to the GECV since its inception. In 2016, the company assisted in preparing the reports presented at the Marrakech Summit held in November 2016, highlighting the position of the Spanish Group of Green Growth with regard to climate policy and energy transition.

Caring for Climate (C4C)

An international initiative of the United Nations Global Compact promoted by Ban Ki-moon in 2007 that brings together leading companies worldwide in the management of climate change. C4C proposes to its members a framework of action in the fight against climate change and encourages them to contribute to the preparation of public policies that support the aim.

Abengoa joined the working group 'Caring for climate business leadership criteria on Carbon Pricing' in September 2014. The company currently sits on the Governing Board.

Climate Change Cluster

Abengoa has formed part of the Climate Change Cluster launched by Foretica, as Spain's only representative from the World Business Council for Sustainable Development (WBCSD) and the Spanish Business Council for Sustainable Development (CEEDS).

During 2016, Abengoa and other partner companies have worked to **lead the strategic positioning of climate change** in the management of organisations, talking and exchanging opinions and good practices, to be part of the global debate and to play a key part in the decisions taken at administrative level.



04. Governance, transparency, risk management and compliance



2016 turned into a year of extraordinary difficulty and complexity for Abengoa, due to the combination of different circumstances that occurred during the company's restructuring process.

Abengoa renewed its Board of Directors, which, like the previous one, will be governed and will thoroughly comply with the principles of efficiency and transparency established in the main recommendations and existing standards, as well as by the International Corporate Governance Network (ICGN) or the Good Governance Code of Listed Companies at the National Securities Market Commission (CNMV). We believe that applying these guidelines in decision-making not only favours proper management of the company's operations, but also improves its profitability and contributes to sustainable development wherever the company performs its activity.

In March 2016, the new **Corporate Governance policy** was approved, which is based on the **following principles**:

- (i) **Compliance with current legislation**, seeking to **assume the best national and international practices** in matters of **good corporate governance** and adapting both the internal rules that govern the performance of Abengoa and its governing bodies as well as the mechanisms introduced for internal control to the very highest standards in this issue, always in accordance with the corporate reality.
- (ii) **Achieving the social interest**, understood as the creation of a profitable business that promotes its sustainable success over time, while maximising the economic value of Abengoa.
- (iii) **Transparency in management of the company**, ensuring that the information transmitted to the market is always truthful and correct.
- (iv) The **participation of Abengoa shareholders**, with respect to the principle of equal treatment of shareholders who are in the same circumstances, attempting to promote their involvement in corporate life and introducing mechanisms for effective and recurrent communication with them. To this end, the Board of Directors of Abengoa has approved a policy of communication and contacts with shareholders, institutional investors and proxy advisers to establish the basis for communication and its channels.

- (v) Adapting both the **composition of the company's management body** and its operating and organisational standards to the most advanced corporate governance practices, ensuring that its structure and composition enable the effective functioning of that body and in accordance with the reality of Abengoa.

The Board of Directors assures the regulatory compliance, applying due diligence to ensure that the company complies with all regulatory and legal requirements that apply in the countries in which it operates.

For the purpose of disclosing its corporate governance performance to its stakeholders, Abengoa has published a [Corporate Governance Report](#) every year since 2009.

Governing bodies

At the date of this report, the Board of Directors¹ comprises six directors: five men and one woman. Of these, five are independent and one executive. The chairman, Gonzalo Urquijo Fernández de Araoz, sits on the Board of Directors of other listed companies, Vocento, S.A., Gestamp Automoción, S.A. and Fertiberia. Likewise, José Luis del Valle Doblado sits on the Board of Directors of Lar España Real Estate SOCIMI, S.A.

[G4-34, G4-LA12](#)

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

The CV of all members of the governing bodies of Abengoa are available on the company's [website](#).

At 31.12.2016 the Board of Directors also included Javier Targhetta Roza as independent director, who resigned his position in January 2017 for personal reasons.

[G4-38, G4-39](#)

This Board is the governing body of Abengoa. In accordance with good governance practices, the strengthening and efficiency in the development of the board's duties requires specialised commissions. Accordingly, the Abengoa Board of Directors is assisted by the Appointments and Remuneration and Audit commissions.

The two commissions are composed exclusively of independent nonexecutive directors and are assisted by a secretary who is not a board member.

Note 1 For further information, please refer to the [Corporate Governance Report](#).

In 2016, the **Board met on 32 occasions**, at which it addressed the most significant operational issues and those situations that required management responses. Chief among the items dealt with was the **financial and recapitalisation restructuring process** that began in November 2015, following notification to the court of the communication set out in article 5bis of the Insolvency Act², informing the court that negotiations had commenced with the company's main creditors to reach a refinancing agreement.

This restructuring process was carried out during 2016, requiring close monitoring by the Board of Directors until its closure in March 2017.

The Board also reviews the tasks assigned to the different commissions and commissions whose functions depend on the Board. In this regard, the Board of Directors is responsible for **approving**, among other issues, **the company's general strategies and policies and, more specifically, the strategic or business plan, as well as management targets, the investments and financing policy, the Corporate Social Responsibility policy³ and the risk management and control policy**, which nevertheless is supervised by the Audit Commission.

G4-35, G4-42, G4-43, G4-47

The Board regulations set out that the principle of equal treatment must apply in relations with shareholders in the same position and be guided by the corporate interests. Accordingly, to create the appropriate mechanisms to be aware of proposals from shareholders related to social management, organising informative meetings on the company's progress and opening the channels required for the regular exchange of information with groups of shareholders⁴.

The company has a [shareholder portal](#), accessible from the website, through which shareholders can send their enquiries. **G4-37, G4-49, G4-50**

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

In addition to the provisions of the aforementioned Regulations, on 30 March 2016 the Board approved the policy of communications and contacts with shareholders and institutional investors. This can be consulted on the company's website www.abengoa.com.

Appointments and Remuneration Commission

The Appointments and Remunerations Commission⁵ is composed exclusively of independent non-executive directors, which confers greater objectiveness in the performance of its duties. Its main purpose is to **inform or propose**, as appropriate, to the Board of Directors with regard to the **appointments, re-elections, resignations and remuneration** of the Board and of its positions, as well as with regard to the general policy on remunerations and incentives⁶ of its members and of senior management, which is also approved at the General Meeting of Shareholders.

G4-51, G4-52

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

We should point out that members of the Board of Directors of Abengoa were appointed by the General Meeting of Shareholders on 22 November 2016 and, in compliance with the undertakings assumed within the framework of the restructuring agreement signed on 24 September 2016, were proposed by the Appointments and Remuneration Commission on the basis of the selection and proposal made by the consultancy firm Spencer Stuart.

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

Note 2 More detailed information about the article can be found in the 2015 Integrated report.

Note 3 The Corporate Social Responsibility policy was unanimously approved at the Board of Directors on 27 July 2015.

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

Note 5 Further information on pages 30-32 of the Corporate Governance Report.

Note 6 No outsourced consultants have taken part in determination of the remuneration policy.

This committee is also tasked with **assessing performance** of the Board of Directors, examining and organising the succession of the chairman and CEO, notifying appointments and removals of senior managers, and reporting on gender diversity issues.

G4-40, G4-44

Audit Commission

In compliance with the requirements set out in the good governance regulations, the Audit Commission⁷ comprises non-executive and independent directors that provide greater objectivity in the performance of its duties. From its independent standpoint, it **ensures that companies are responsible in their actions**, guaranteeing ethical behaviour.

The functions of the Commission and its statutory powers can be summarised as follows: monitoring and resolving conflicts of interest; reporting to the Board on the financial statements of the company; communicating changes in accounting criteria; overseeing the internal audit functions; being aware of the financial reporting process and supervising the internal control systems; and interacting with the auditors to identify issues that could jeopardize its independence. In addition, it is responsible for supervising the risk control system based on the functions of internal auditing and risk management, compliance with the corporate governance rules and the Corporate Social Responsibility policy. *G4-41, G4-42, G4-45, G4-46, G4-47*

The Commission meets at least four times a year and is assisted by the Secretary of the Board of Directors.

Both the Commission on Strategy and Technology and the Investment Commission and the International Advisory Council were eliminated by the end of 2016 to simplify the structure of the organisation.



Transparency and anti-corruption

Abengoa builds its strategy based on the values that govern its corporate culture: **honesty, integrity, good judgment and professional rigor. G4-56**

The application of these values is the individual responsibility of all employees of the organisation and the commitment to ensuring these values implies the introduction of mechanisms and processes that guarantee transparency, a cornerstone that governs Abengoa's relationship with its stakeholders.

Through a system of continuous improvement, management tools are regularly assessed to maximise coverage of risks related to unethical practices by employees, suppliers or partners.

The company's chairman, as the spearhead figure and responsible for promoting the values of the organisation, is actively involved in the preparation, dissemination and compliance with internal ethical standards.

In 2016, the organisation has made changes in matters related to its Corporate Governance, as well as in the design and implementation of new policies and procedures aimed at reinforcing corporate values, commitment to stakeholders, and strengthening the control environment, thus mitigating the risk of fraud throughout the company.

Practices for preventing corruption

Abengoa has **mechanisms and procedures** in place **to prevent and detect fraudulent and corrupt practices**. These mechanisms have been **incorporated** into the **common management systems** and are updated continuously to ensure a balance between business opportunities, appropriate risk management and the execution of processes.

In addition to the internal procedures and standards, every year the organisation targets major resources at the prevention and detection of corrupt practices through the prevention and detection of fraud plan, and the compliance area. Furthermore, the regulatory compliance department, in conjunction with the non-financial audit department, the risk management unit and the Corporate Social Responsibility area (CSR), extends its framework of action, in a crosscutting way, to all of the company's activity lines.

Anti-corruption law

Abengoa adheres to local and international laws on anti-corruption, particularly the provisions of the US Foreign Corrupt Practices Act (FCPA). The FCPA regulates the actions of all companies that, independently of their country of origin, perform activity in the United States.

Abengoa's common management systems are designed to ensure and watch over compliance by company employees, executives and directors.

The fraud prevention and detection plan and compliance developed within the Internal Audit area aims to watch over compliance with this standard in the performance of the activity. In 2016 a total of 18 forensic audit reports were drawn up¹ which include, among other aspects, reviews and analyses of the risks related to corruption in those companies that have been considered material.

The internal audit work on fraud prevention and detection determined that in 2016 no incidents of corruption were detected. **G4-S05**

Code of conduct

G4-56, G4-S04

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

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

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

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

Currently, and due to the transformation that the organisation is undertaking to redesign the business model, we wish to take this opportunity to reiterate, even more so if possible, our **commitment to compliance, ethics and transparency** both in products as well as processes undertaken at Abengoa, promoting trust as the core value of our company. Accordingly, in 2016, the company carried out a comprehensive review of the Code of Conduct, resulting in a new code that came into force on 27 April 2017 after its approval by the Executive Committee of the Board of Directors.

The updating of the Code will be guaranteed by the Commission, answering to the Board of Directors and comprising the Compliance Director, the Director of Internal Audit and the Director of Corporate Social Responsibility.

Note 1 Forensic audit is the audit task that focuses on prevention, detection and investigation of financial fraud.

Whistleblowing channels

G4-57, G4-58

The **whistleblowing channels** are an **essential** part of Abengoa's **commitment to fighting corruption** in all those practices that contravene the voluntarily assumed laws or standards, as they represent a mechanism through which all stakeholders of the company can **confidentiality and anonymously** report any irregular conduct they detect during the performance of their professional tasks.

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

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

The policy for channelling complaints defines the parameters and conditions in which all the information received is treated. There is a specific guarantee of the **utmost confidentiality** for whistleblowers, also enabling information to be submitted anonymously **without any** risk of **reprisals** for any claim made in good faith.

The whistleblowing channels are therefore **available to all employees and stakeholders of the company** and enable complaints and concerns about Abengoa's management to be submitted, as well as any information on breaches of the Code of Conduct or any conduct contrary to ethics, legality and the company's governing standards. In addition, the whistleblowing channel is also employed by users to enquire about the company's conduct guidelines or internal rules.

In 2016, the whistleblowing channels recorded allegations of breach of the Code of Conduct and irregular actions by some employees. All communications and information received were processed in accordance with the internal procedures established for this purpose.

The breakdown by geographical area of the complaints received is as follows:

G4-LA16, G4-SO11

	2016 (%)	2015 (%)
Latin America	22	52
Africa	17	19
Europe	44	14
North America	6	10
Asia and Middle East	11	5
Total	100	100

Claims and complaints submitted are investigated by members of the Internal Audit team. Their conclusions are reported to the Audit Committee, delegated by the Board of Directors and, in turn, to the Chairman of the Board.

The confidentiality or, where appropriate, anonymity and objectivity are preserved at all stages of the analysis. The company's internal protocol sets out that the response time should not exceed 48 hours from when the claim or complaint is received.

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

Audits for preventing and detecting fraudulent activity

Since 2012 Abengoa has had a Fraud Prevention and Detection Work Plan, whose objectives are to identify and mitigate the main fraud risks to which the company is exposed and to investigate the complaints received through the available channels. In this regard, the tasks associated with fraud prevention audits are carried out on the basis of an action plan that includes those geographic areas or more sensitive business segments, as well as the review of areas with greater risk in the financial statements.

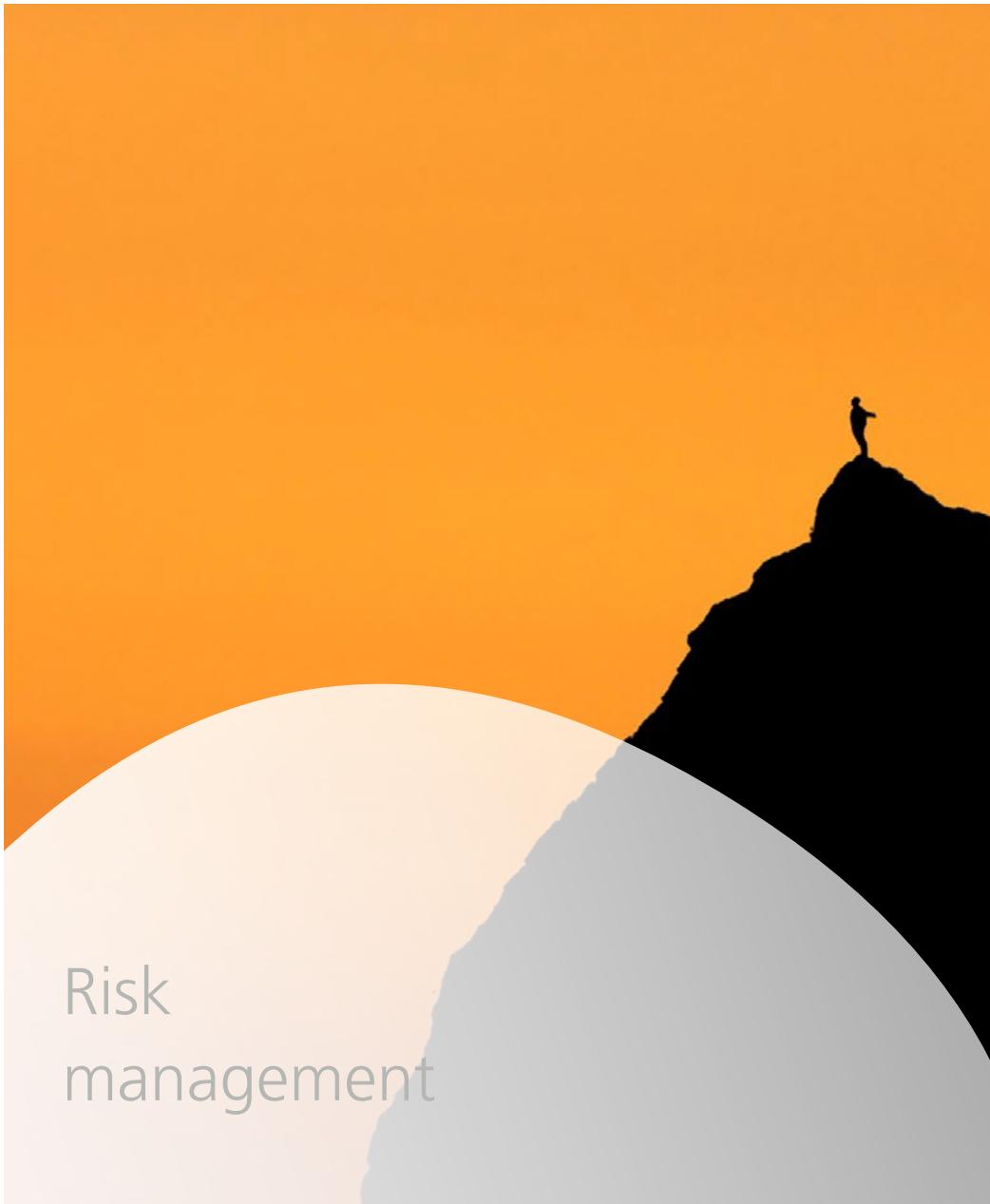
During 2016, **the fraud prevention audit plan included 18 actions**, adapting the level of investigation to the materiality of the risks identified in corruption matters.

G4-SO3

During a stage prior to conducting the audits, the Fraud Prevention and Detection Work Plan contains an analysis for the purpose of designing an annual audit and review plan that covers all geographic regions where Abengoa performs its activity. In addition, the permanent updating system to which the audit plan is submitted turns it into a living tool, incorporating the results and conclusions of the work carried out in response to each of the completed works.

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

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



At Abengoa we are keenly aware of the importance of properly managing the risks that may arise, enabling us to comply with the strategic plan and achieve the business objectives set.

Thus, the company shows its commitment to risk management as one of the main and **essential** functions for decision-making.

Abengoa believes that a robust system of **risk management** and **its integration into the business** is a source of **competitive advantage** and acts as a key tool in achieving the objectives and compliance with quality standards demanded by customers, minimising any emerging risks.

Thus, risk management begins with the identification and parameterization of the risks that may affect any business opportunity prior to its commencement, establishing its tolerance to risk and likelihood of occurrence.

Once these risks have been identified and parameterized, the Risk Management Department defines the most appropriate mitigation measures for each type of risk. This enables the organisation to reduce the likelihood of occurrence and its impact on the organisation, as well as allowing the action plans to be anticipated in cases where the risk materializes. **G4-14**

Risk management policy

The principles that regulate Abengoa's risk management policy are:

- › Risks must be **managed at all levels of the company**, without exception.
- › Decisions always have a **shared responsibility and consensus**.
- › Abengoa's risk management system forms an integral part of:
 - The organisation's **strategic planning** process.
 - The definition of **business objectives**.
 - **Daily operations** to achieve those objectives.
- › Risk management includes **identification, assessment, response, monitoring or follow-up and reporting** in accordance with the procedures targeted at that end.
- › The risk **responses** must be **consistent** and fully suited to business conditions and the economic environment.
- › Management should **periodically evaluate** the assessment of its risks and the responses that have been designed.
- › There will be regular **monitoring** and reporting in accordance with the activities of identification, assessment, response, monitoring and reporting that includes Abengoa's Risk Management System.

Risk Management System

The **Risk Management System (RMS)** of Abengoa is characterized by a global, comprehensive, dynamic and systematic approach, and it allows **control and identification of risks**, the creation of a **common culture** that facilitates the achievement of objectives in this area, and has the **capacity** for both **performance and adaptation**.



The RMS of Abengoa is based on three pillars:

- › **Common Management Systems** specifically designed to anticipate and manage business risks.
- › **Internal control procedures** which, designed in accordance with the Sarbanes-Oxley Act (SOX), aim to mitigate the risks arising from financial reporting and improving the reliability of this.
- › **Universal Risk Model (URM)**, an internal Enterprise Risk Management (ERM) methodology that help to gauge, based on impact and probability indicators, the level of the main risks affecting Abengoa in each one of the categories (strategic, financial, operational, legal and regulatory). The tool generates risk maps in real time, enabling us to design efficient responses that are aligned with business objectives.

The importance of a risk department in crisis situations

The Company's Risk Management department has been directly involved in the design of the Feasibility Plan (FP) which has enabled the successful restructuring of the organisation. Furthermore, during this period a thorough process of identifying risks susceptible to affecting both the company as well as subsidiaries and projects has been carried out, with daily monitoring of the same. In this process, special emphasis has been placed on covering those risks that could have a significant impact on the restructuring process, as well as on its feasibility plan.

Lastly, the RMS has helped identify and mitigate the risks associated with business opportunities, tenders submitted and contracts signed during that stage, ensuring its alignment with the risk profile of Abengoa.

Integration of risk management into the organisation's strategy

Abengoa's Universal Risk Model (URM) enables it to identify and evaluate 20 risks classified as strategic, including the risk of inadequate strategy planning and/or execution, errors in budget preparation and monitoring, deficiencies in the distribution of R&D and innovation expenditure, significant changes in demand or inadequate consideration of socio-political changes.

From the international perspective of its operations, Abengoa is aware of the potential impacts on the company's business of the materialisation of any of the country-type risks in the geographical areas where it operates. To mitigate this risk, the organisation has introduced a **methodology for classification of countries** that allows for the execution of a pre-established set of measures depending on the classification of the country. As a mandatory step, the risk classification by country is included in the strategic plan of the organisation, so that specific requirements and measures to be applied are taken into consideration depending on each classification.

Evolution of risks

The company's Feasibility Plan and the process of divesting the biofuel businesses drastically **reduce Abengoa's exposure to the following risks**, specifically associated to the divestiture:

- › **The fluctuating price** of raw materials and end product
- › **The impact of regulation** in the **biofuels market**
- › **Sales volumes** affected by the level of **crude** oil prices, as well as incidents or physical damages at production plants

Given that Abengoa's activity will focus mainly on construction projects for third parties (EPC), in whose sector Abengoa maintains a position of leadership and competitiveness, because of its high technological *know-how* acquired during more than seven decades of experience, the **major risks** to which Abengoa will be exposed are those **implicitly involved in the engineering and construction activity**, and which include:

- › The risks of **delays and additional costs** in the case of complex technical projects
- › **Impacts of nature** in areas where such projects take place
- › Impacts through the risk of **changes to laws** and
- › Acts of **political violence** in countries where the projects are carried out

Meanwhile, and as provided for in the Company's Feasibility Plan, Abengoa will reduce its participation in projects of a concession-type infrastructure activity, therefore **reducing** its **exposure to the risks** associated with such activity, *inter alia*:

- › **Regulatory risk** affecting a regulated tariff
- › Exposure to **interest rates** and capital **contribution needs** not covered

Risk monitoring

The regular holding of risk committees with the presidency of the company ensures that both the Executive Committee (EC) and the Presidency have the necessary knowledge of the main risks associated with the organisation as a whole and each of the projects and business in particular. This ensures that **strategic decisions** are taken with the **maximum guarantees of success**.

During 2016, there has been a **daily committee** to monitor the Feasibility Plan with **Senior Management**. In addition, there have been weekly internal committees to monitor Corporate Risk Management with the heads of Risk Management of each business unit. **G4-46, G4-47**

Likewise, the Audit Commission is also in charge of overseeing the risk control system, on the basis of internal auditing and risk management functions.



Regulatory compliance

Since 2013, Abengoa has had its own **Corporate Compliance Program (CCP)** with the aim of **preventing, detecting and sanctioning any conduct that might result in company or employee liability**.

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

The CCP has the following self-regulatory programs voluntarily put in place by the company to adapt to legal requirements, to underscore its commitment to ethical practices and to prevent and detect unlawful conduct.

1. Anti-corruption program

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

The company also shares and subscribes to each point of the document of the United Nations Convention against Corruption, which was approved by the General Assembly of the UN on 31 October 2003 and which aims, *inter alia*, to:

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

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

2. Money-laundering

Abengoa voluntarily accepts the principles and obligations set out in the regulations applicable in issues of prevention of money laundering and terrorist financing¹. This program is mandatory for all employees, as well as supervision and control by managers, without exception.

3. Antitrust

Abengoa operates in a competitive market with competitive prices and with clear and transparent conditions in each of the jurisdictions in which it operates.

All staff, without exception, are responsible for compliance with the rules applicable to the same. Employees are not entitled to carry out, authorise or tolerate conduct that would violate the anti-trust rules or Abengoa's policy on the matter. Employees must take reasonable steps to ensure that other employees under their authority and/or responsibility are aware of and comply with this policy.

4. Criminal compliance

Under this program of compliance, both the company and the individual may be responsible for the offences perpetrated. Criminal liability of the artificial person also requires the subordinate to have been able to perpetrate the crime through a lack of supervision and control.

The purpose of the Compliance program is the implementation of sufficient control methods to exercise proper control. This regulation is mandatory for the entire workforce, and the management and directors are responsible for supervision and control of its proper application, without exception.

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

Geographical and functional scope

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

The CCP defines the main actions involving detection, prevention, surveillance and control that are subsequently carried out by the Compliance Unit. Led by the Regulatory Compliance director, who reports quarterly to the Board of Directors and answers directly to the CEO, it is instrumented through control processes introduced by the organisation to prevent any unlawful conduct that might occur.

The Compliance Program **applies to all companies controlled by Abengoa**, regardless of the countries or the activities performed, including employees, middle management, senior management, and third parties acting directly and expressly on behalf of the organisation or its directors.

All of these individuals, without exception, must comply with the regulations that the company has assumed and where breach could result in economic or administrative sanctions, leading to civil or criminal liability or otherwise tarnish the company's reputation.

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

The scope of the program is gradually being extended to include suppliers, collaborators and other stakeholders.

The CCP was developed based on the model proposed by the Open Compliance and Ethics Group (OCEG), as a means of attaining excellence in managing key processes involved in corporate governance, risk management and compliance.

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

The whistleblowing channels are a fundamental part of Abengoa's commitment in its fight against corruption in all those practices that contravene the voluntarily assumed laws or standards, as they represent a mechanism through which all stakeholders of the company can anonymously report any irregular conduct they detect during the performance of their professional tasks.

Internal organisation and resources

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

Prevention instruments			
Risk Map	Code of Conduct	Company policies	Training
Number of risks identified	Notifications received	Number of policies	Hours of training on the program
From the different business areas of Abengoa, in conjunction with the set of cross-cutting applicable regulations, both of a mandatory and voluntary nature, possible risks of non-compliance are analyzed, weighing the importance with the probability of its occurrence, prompting a risk map ⁽¹⁾ or matrix. Afterwards, current controls and/or those which should be implemented or completed are analyzed with the aim of ensuring the company is equipped with the adequate processes to properly control situations of risks and the factors that may lead to them			
Detection instruments			Whistleblowing channels
The control instruments are intended to provide continuous oversight of compliance with established regulations in order to forestall the occurrence of unlawful acts or any other illicit conduct within the company and to evaluate the existence of new risks			Compliance Officer
Disciplinary measures		Whistleblowing channels	
Disciplinary measures are intended to ensure compliance with the norms of conduct established by Abengoa. An internal sanctions system has therefore been implemented and encompasses all members of the company, including both officers and employees, upholding applicable local labor law in each case			

(1) Further information in the section on [Risk management](#).

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

The Regulatory Compliance Program and Unit focus their activity through the **Regulatory Compliance director**, who has access to all sources of internal company information (audits, reports or internal reporting, contracts, accounting information, etc.) necessary for the performance of his duties.

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

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

Main activities carried out in 2016

As a consequence of the standstill agreement period that the company has been involved in since 2016, a large part of the organisation's activity has been targeted at guaranteeing the restructuring process and at preserving the organisation's assets.

In this regard, Compliance management has taken part in reviewing the processes undertaken during this stage to check that they are adapted at all times to prevailing legality and in particular to ensuring that directors and senior management maintain **due diligence** in social management. So, for example, we have reviewed the significant processes of selling assets, recruiting outsourced advisers, take-up of corporate resolutions, official requests for information from regulatory authorities, etc.

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

One of the objectives set in **2017** has been the **review of the company's Code of Conduct, adapting** it to **Abengoa's new situation** and to the commitment shown by the new administration and supported by senior management in issues of compliance and transparency.

This review will lead to the **creation of a Committee to Monitor the Code of Conduct** to report regularly to the board of directors or executive committee with regard to the issues at hand.

Taking into consideration the final resolution of the restructuring that took place in March 2017, among the key principles of the Compliance Unit is that of reviewing the risk map, where appropriate adapting this to the new operational level of the company; geographical areas and business lines.

05. About this report



Principles governing this report

For the past 14 years, Abengoa has been publishing its Corporate Social Responsibility Report (CSRR), in which it describes the company's main activities and impacts, strategy and business model, changes in perimeter and structure, as well as its goals and objectives.

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

In 2016, the organisation has adapted the publication of its report to the company's existing circumstances. Thus, Abengoa has prepared its report **pursuant to the guidelines of the G4 Global Reporting Initiative (GRI)**, in accordance with the essential option. Furthermore, Abengoa remains committed to the principles of the **AA1000 Accountability Principles Standard - APS (2008)** and provides information on progress in fulfilling the 10 principles of the **United Nations Global Compact**, which govern the company's strategy.
G4-3, G4-28, G4-29, G4-30 y G4-32

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

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

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

Principle	Who defines it?	How is it defined?	How does Abengoa apply it?
Comparability and consistency	GRI / IR	The organisation should select, compile and disclose information systematically in order for the information to be comparable with other organisations and to show its evolution over time.	Indicators deemed most relevant by the company reported for the purpose of enabling information to be compared with that reported by its main competitors. Additionally, the report presents data from the last two years (with a comparable scope) to make historical information on the company's performance available to the reader. The complicated situation that the company has experienced in recent times has led us to restrict the scope of the report to the essential conformity option, which includes the relevant indicators, based on the analysis of materiality carried out.
Accuracy	GRI	The reported information should be sufficiently accurate and detailed for the stakeholders to be able to assess the organisation's performance.	The independent review this report has undergone ensures the accuracy of the quantitative data, and provides assurance of proof and suitable content for the qualitative information included.
Timeliness	GRI	The organisation should present its report according to a regular schedule so that information is available in time for stakeholders.	Since 2002, Abengoa has published its CSR Report annually. Likewise, through relevant facts and publications on its website, the company informs stakeholders of relevant information on the company.
Clarity	GRI	The organisation should make information available in a way that is accessible and understandable to stakeholders.	Given the complexity of its activity, the company has directed efforts over the years to showing its activity in an illustrative manner, using simple, clear and understandable language.
Reliability and completeness	GRI / IR	The organisation shall compile, analyse and disclose information and processes used in the preparation of the report in a way that they can be subject to examination of quality and materiality criteria.	As explained in this chapter of the report, the company has a CSR management system that brings together all norms, policies and performance regarding non-financial information.
Connectivity of information	IR	The report should show the interrelatedness and dependencies between the components that affect the organisation's ability to create value over time.	The report reveals how the different social, environmental and economic aspects increase the company's capacity to generate value in the long term.
Conciseness	IR	The report should be concise.	In order to make a more concise report, Abengoa has worked to include certain information in the appendix, so that the report contains only the most relevant information.

Scope of the information included in the Integrated Report 2016

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

Unless specified otherwise in the text or in the data reported, all information on all performance indicators included in the report refer to **activity conducted in 2016** by the companies **under the control of Abengoa** (reflected in the annual accounts) and which have a social, environmental and economic impact both **within and outside the corporation's perimeter**. With the aim of facilitating comparability in the information reported, also included are data pertaining to the two previous years.

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

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

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

The study adheres to the requirements established by the G4 standard of the Global Reporting Initiative (GRI), a framework which identifies the impact these matters have on the geographies in which the company operates throughout its value chain as one of the main values.

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

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

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

1. Identifying relevant issues of the previous period: based on the examination of materiality from the preceding year, the GRI standard, those defined by the SASB².

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

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

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

Relevant issues 2016

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

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

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

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

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

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

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

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

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

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

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

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

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

When taking into consideration the internal prioritisation performed by company heads and the external prioritisation analysed by various stakeholders, the topics identified as being most important were as follows:

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

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

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

The value chain is updated annually in order to take into account structural changes or changes in company strategy and to progressively supplement any processes or geographies deemed to pose greater risk. **G4-23**

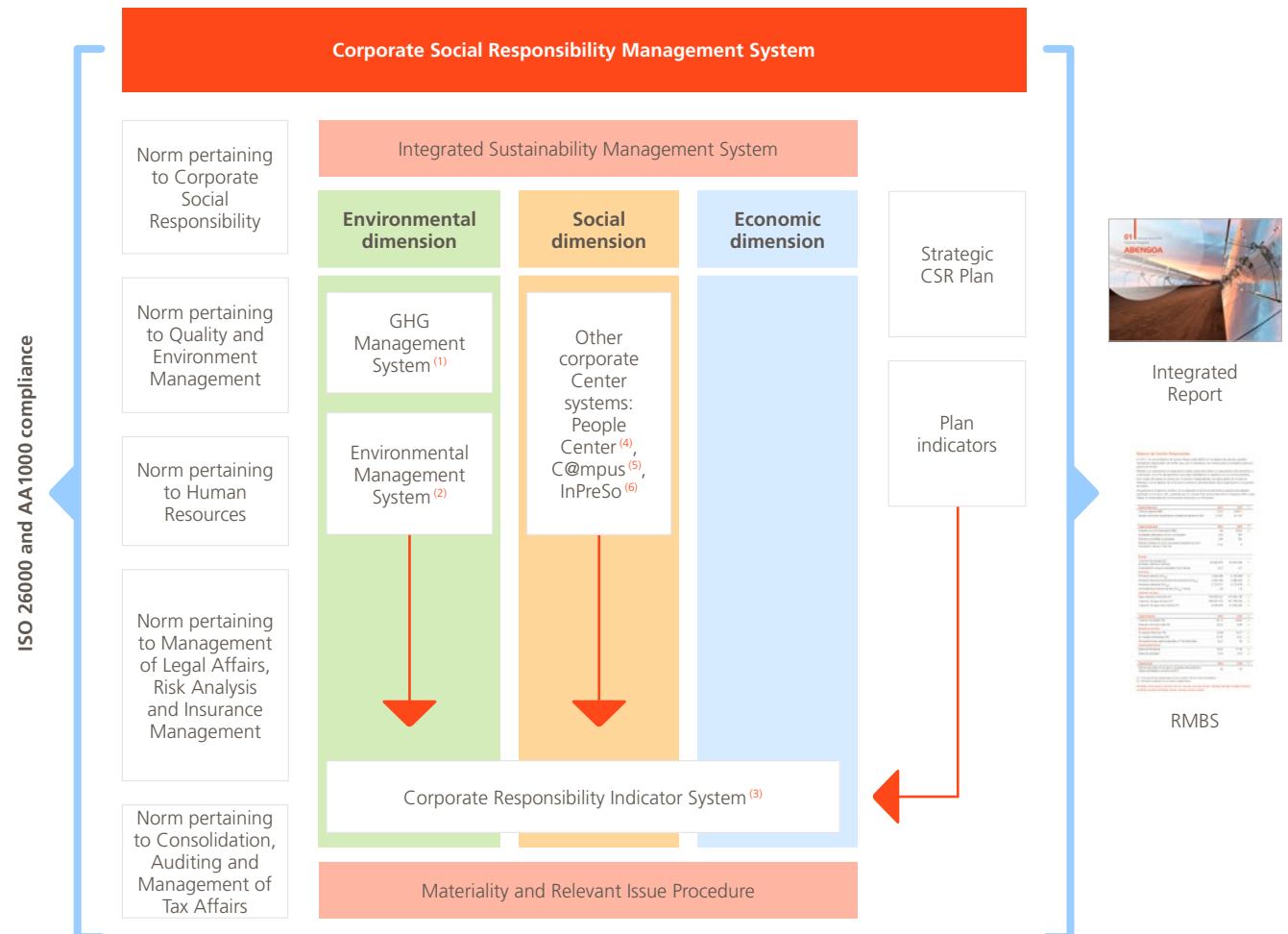
Corporate Social Responsibility Management System

The purpose of Abengoa's Corporate Social Responsibility Management System³ is to control non-financial information in order to facilitate responsible management of the company by minimising negative impacts of day-to-day operations and maximising positive impacts.

The system reflects the mission, vision and values of Abengoa and is based on the policies defined by the company, as well as the public commitments that have been acquired throughout its history. This system has also been designed in accordance with the ISO 26000:2010⁴.

The "Integrated Sustainability Management System" computer tool brings together all Abengoa non-financial information, which facilitates management thereof and affords the company a robust internal control system that ensures information quality.

Illustrated below are the different components that provide input to the system:



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

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

(1) Greenhouse Gas (GHG) Management System: managing the GHG emissions associated with Abengoa products and services, including supplier emissions.

(2) Environmental Management System: managing the facility-level impact of Abengoa operations on the environment.

(3) Corporate Social Responsibility (CSR) Management System: covering indicators that are relevant for the company in the three dimensions comprising CSR: environmental, social and economic.

(4) People Center: computer tool that manages all of the information pertaining to employee contracts and payroll.

(5) C@mpus: used to manage training at Abengoa.

(6) InPreSo: contains information relating to employee health and safety and hours worked.

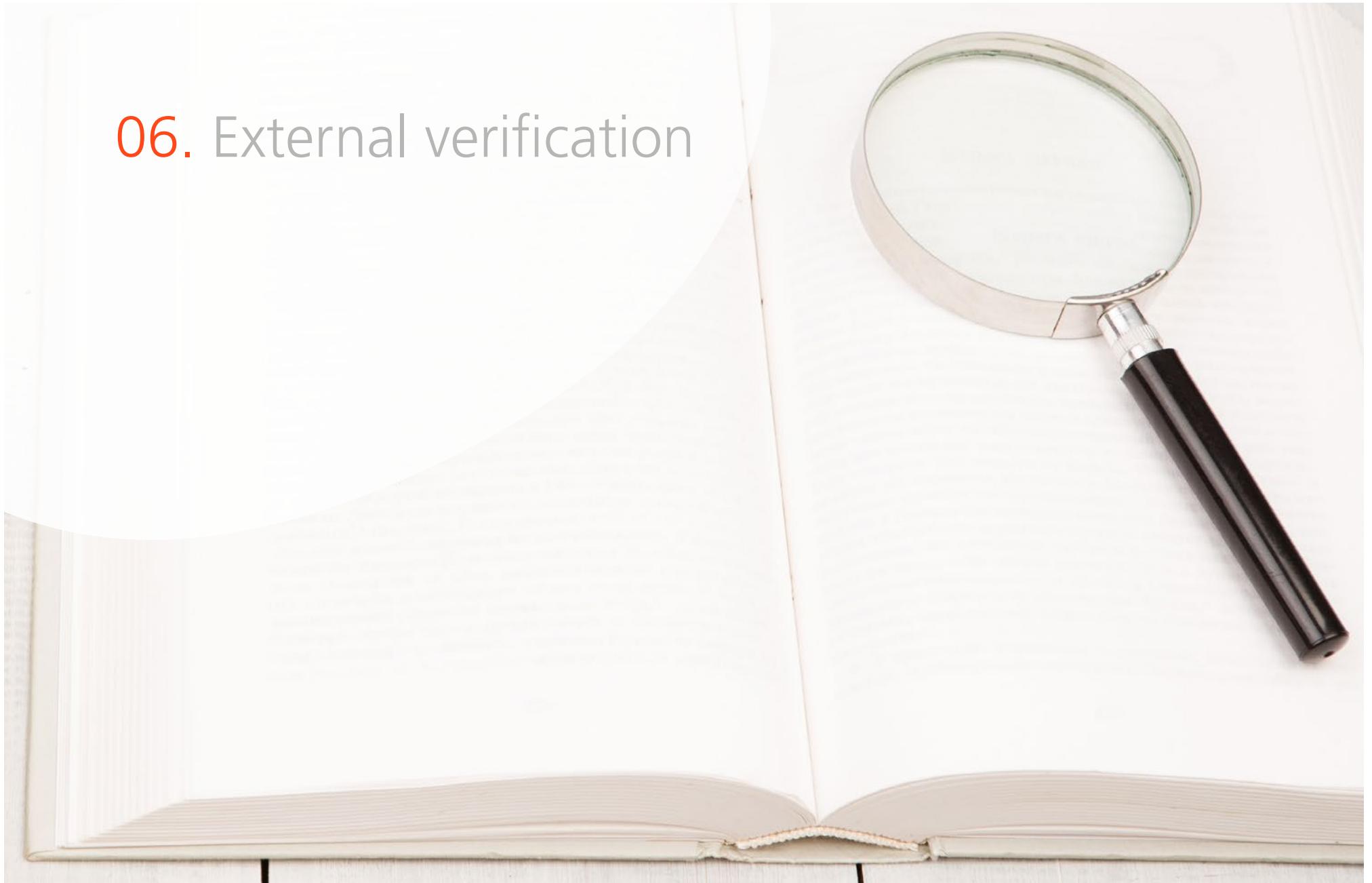
How Abengoa ensures information quality

It is essential for Abengoa to have **reliable and rigorous information** readily available to enable the company to accurately determine the impact of its operations. To this end, Abengoa **has devised a set of internal controls that are part of the CSR management system** applied to the different tools used for reporting and consolidating non-financial information.

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

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

06. External verification



Independent verification report of Integrated Report G4-33



KPMG Asesores, S.L.
 Pº de la Castellana, 259 C
 28046 Madrid

2

Independent Assurance Report to the Management of Abengoa, S.A.

(Free translation from the original in Spanish.
 In case of discrepancy, the Spanish language version prevails.)

To the Management of Abengoa, S.A.

In accordance with our engagement letter, we performed a limited assurance review on the non-financial information contained in the Integrated Report of Abengoa, S.A (hereinafter "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 "V".

Management responsibilities

Abengoa management is responsible for the preparation and presentation of the Report in accordance with the Sustainability Reporting Guidelines version 4.0 (G4) of the Global Reporting Initiative as described in point G4-32 of the GRI Content index of the Report. Management is also responsible for the information and assertions contained within the Report; for determining Abengoa's objectives in respect of the selection and presentation of sustainable development performance, including the identification of stakeholders and material issues; and for establishing and maintaining appropriate performance management and internal control systems from which the reported performance information is derived.

These responsibilities include the establishment of appropriate controls that Abengoa management consider necessary to enable that the preparation of indicators with a limited assurance review would be free of material errors due to fraud or errors.

Our responsibility

Our responsibility is to carry out a limited assurance review and to express a conclusion based on the work performed, referring exclusively to the information corresponding to 2016. We conducted our engagement in accordance with International Standard on Assurance Engagements ISAE 3000, "Assurance Engagements other than Audits or Reviews of Historical Financial Information" and the Standard ISAE 3410 "Assurance Engagements on Greenhouse Gas Statements", issued by the International Auditing and Assurance Standards Board (IAASB) and with the Performance Guide on the revision of Corporate Responsibility Reports of the Instituto de Censores Jurados de Cuentas de España (ICJCE). These standards require that we plan and perform the engagement to obtain limited assurance about whether the Report is free from material misstatement.

KPMG applies International Standard on Quality Control 1 (ISQC1) and accordingly maintains a comprehensive system of quality control including documented policies and procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

We have complied with the independence and other ethical requirements of the Code of Ethics for Professional Accountants issued by the Internal Ethics Standards Board for Accountants, which is founded on fundamental principles of integrity, objectivity, professional competence and due care, confidentiality and professional behaviour.

KPMG Asesores S.L., a limited liability Spanish company and a member firm of the KPMG network of independent member firms ("KPMG"), is a member of KPMG International Cooperative ("KPMG International"), a Swiss entity.

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 Secc. 14, M. 249.480, Inscrp. 1.^a
 N.I.F. B-82498900

Procedures performed

Our limited assurance engagement consisted of making enquiries of management and persons responsible for the preparation of information presented in the Report, and applying analytical and other evidence gathering procedures. These procedures included:

- Verification of Abengoa's processes for determining the material issues, and the participation of stakeholder groups therein.
- Interviews with management and relevant staff at group level and selected business unit level concerning sustainability strategy and policies and corporate responsibility for material issues, and the implementation of these across the business of Abengoa.
- Evaluation through interviews concerning the consistency of the description of the application of Abengoa's policies and strategy on sustainability, governance, ethics and integrity.
- Risk analysis, including searching the media to identify material issues during the year covered by the Report.
- Review of the consistency of information comparing General Standard Disclosures 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 Global Reporting Initiative's G4 Sustainability Reporting Guidelines requirements for the preparation of reports in accordance with core option.
- Reading the information presented in the Report to determine whether it is in line with our overall knowledge of, and experience with, the sustainability performance of Abengoa.
- Verification that the financial information reflected in the Report was audited by independent third parties.

Our multidisciplinary team included specialists in social, environmental and economic business performance.

The procedures performed in a limited assurance engagement vary in nature and timing from, and are less in extent than for, a reasonable assurance engagement. Consequently the level of assurance obtained in a limited assurance engagement is lower than that of a reasonable assurance engagement. This report may not be taken as an auditor's report.

Conclusions

Our conclusion has been formed on the basis of, and is subject to, the matters outlined in this Independent Review Report. We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our conclusions.

3

Based on the limited assurance procedures performed and the evidence obtained, as described above, nothing has come to our attention that causes us to believe that Integrated Report of Abengoa, S.A. for the year ended 31 December 2016, have not in all material respects, been prepared and presented in accordance with the Sustainability Reporting Guidelines version 4.0 (G4) as described in point G4-32 of the GRI Index, including the reliability of data, adequacy of the information presented and the absence of significant deviations and omissions.

Under separate cover, we will provide Abengoa management with an internal report outlining our complete findings and areas for improvement.

Purpose of our report

In accordance with the terms of our engagement, this Independent Assurance Report has been prepared for Abengoa in relation to its Integrated Report and for no other purpose or in any other context.

KPMG Asesores, S.L.



José Luis Blasco Vázquez

2 June 2017

07. GRI index

performance



- Indicators related with the key aspects for the company and its stakeholder.
- ✓ Indicators verified by a third independent part.

General standard disclosures	Chapter	Page or direct respond	Omissions
1. Strategy and analysis			
G4-1	A message from the chairman	4-5	●
G4-2	A message from the chairman	4-5	●
2. Organizational profile			
G4-3	About this report	76	●
G4-4	Industrial capital, Appendix	22-25, 102-107	●
G4-5	Abengoa today	8	●
G4-6	Abengoa today, Community	8, 48	●
G4-7	Financial capital	19	●
G4-8	Abengoa today, Industrial capital, Appendix	8, 9, 25-26, 102-107	●
G4-9	Abengoa today, Management of capitals, Financial capital, Human capital	7, 8, 15, 19, 33	●
G4-10	Human capital, Community	33-35, 48	●
G4-11	Human capital	36	●
G4-12	Suppliers	46	●
G4-13	A message from the chairman, About this report	4-5, 78	●
G4-14	Risk management	68	●
G4-15	Management of capitals, Suppliers, Community	14, 47, 49	●
G4-16	Management of capitals, Natural capital	14, 57-58	●
3. Identified material aspects and boundaries			
G4-17	About this report	78	●
G4-18	About this report	78	●
G4-19	About this report	78	●
G4-20	About this report	78	●
G4-21	About this report	78	●
G4-22	About this report	78	●
G4-23	About this report	79	●

General standard disclosures	Chapter	Page or direct respond	Omissions
4. Stakeholder engagement			
G4-24	About this report, Appendix	76-77, 100-101	●
G4-25	About this report	76-77	●
G4-26	About this report, Appendix	76-77, 100-101	●
G4-27	Financial capital, About this report	18, 76-77	●
5. Report profile			
G4-28	About this report	76	●
G4-29	About this report	76	●
G4-30	About this report	76	●
G4-31	Back cover	110	●
G4-32	About this report	76	●
G4-33	About this report, External verification	81, 83-84	●
6. Governance and commitments			
G4-34	Corporate governance	61	●
G4-35	Corporate governance	62	●
G4-36	Management of capitals	14	●
G4-37	Corporate governance	62	●
G4-38	Corporate governance	61	●
G4-39	Corporate governance	61	●
G4-40	Corporate governance	63	●
G4-41	Corporate governance	63	●
G4-42	Corporate governance	62-63	●
G4-43	Corporate governance	62	●
G4-44	Corporate governance	63	●
G4-45	Corporate governance	63	●
G4-46	Risk management, Corporate governance	63, 70	●
G4-47	Risk management, Corporate governance	62-63, 70	●
G4-48	GRI index	It is the Board of Directors that reviews it, following a review by the chairman and the CEO.	●
G4-49	Corporate governance	62	●
G4-50	Financial capital, Corporate governance	18, 62	●
G4-51	Corporate governance	62, Corporate Governance Report.	●
G4-52	Corporate governance	62	●

General standard disclosures	Chapter	Page or direct respond	Omissions
G4-53	GRI index	Corporate Governance Report 2016: "As a result of the commission made by the Board of Directors, the remuneration policy of the Directors of Abengoa is prepared, discussed and formulated within the Appointments and Remuneration Committee, with the resulting proposal being submitted to the Board of Directors for submission to the approval of the company's Meeting of Shareholders."	•
G4-54			The company's situation in 2016 has made it difficult to gather some indicators. This information was not available at the close of this report.
G4-55			The company's situation in 2016 has made it difficult to gather some indicators. This information was not available at the close of this report.
7. Ethics and integrity			
G4-56	Management of capitals, Community, Transparency and anti-corruption	13, 49, 64, 65	•
G4-57	Transparency and anti-corruption	66	•
G4-58	Community, Transparency and anti-corruption	49, 66	•

Economic performance

Management approach and indicators	Chapter	Page or direct respond	Omissions
Economic performance			
G4-DMA	Management of capitals	15	
G4-EC1	Management of capitals	15	•
G4-EC2	Natural capital	57	•
G4-EC3	Human capital, GRI index	Abengoa provides its employees with social benefits in order to increase their quality of life and make it possible to reconcile family and professional life. 39	Part is included within social benefits. The value of social benefits is not included because the breakdown of this information is confidential.
G4-EC4	Management of capitals	15	•

Management approach and indicators	Chapter	Page or direct respond	Omissions
Market presence			
G4-DMA			
G4-EC5	No material		
Indirect economic impacts			
G4-DMA			
G4-EC7	No material		
G4-EC8	No material		
Procurement practices			
G4-DMA			
G4-EC9			The company's situation in 2016 has made it difficult to gather some indicators. This information was not available at the close of this report.

Environmental performance

Management approach and indicators	Chapter	Page or direct respond	Omissions
Materials			
G4-DMA			
G4-EN1			The company's situation in 2016 has made it difficult to gather some indicators. This information was not available at the close of this report.
G4-EN2			The company's situation in 2016 has made it difficult to gather some indicators. This information was not available at the close of this report.
Energy			
G4-DMA	Management of capitals, Natural capital	15, 54, 55	
✓ G4-EN3	Management of capitals, Natural capital	15, 54, 55	
G4-EN4			The company's situation in 2016 has made it difficult to gather some indicators. This information was not available at the close of this report.
G4-EN5	Management of capitals, Natural capital	15, 54	

Management approach and indicators	Chapter	Page or direct respond	Omissions
G4-EN6			The company's situation in 2016 has made it difficult to gather some indicators. This information was not available at the close of this report.
G4-EN7			The company's situation in 2016 has made it difficult to gather some indicators. This information was not available at the close of this report.
Water			
G4-DMA	Management of capitals, Natural capital	15, 53	
✓ G4-EN8	Management of capitals, Natural capital	15, 53	
G4-EN9	No material		
G4-EN10	Natural capital	53	
Biodiversity			
G4-DMA			
G4-EN11	No material		
G4-EN12	No material		
G4-EN13	No material		
G4-EN14	No material		
Emissions			
G4-DMA	Management of capitals, Natural capital	15, 55	
✓ G4-EN15	Management of capitals, Natural capital	15, 55	
✓ G4-EN16	Management of capitals, Natural capital	15, 55	
✓ G4-EN17	Management of capitals, Natural capital	15, 55	
G4-EN18	Management of capitals, Natural capital	15, 55	
G4-EN19			The company's situation in 2016 has made it difficult to gather some indicators. This information was not available at the close of this report.
G4-EN20			The company's situation in 2016 has made it difficult to gather some indicators. This information was not available at the close of this report.
G4-EN21			The company's situation in 2016 has made it difficult to gather some indicators. This information was not available at the close of this report.
Effluents and waste			
G4-DMA	Natural capital	54, 56	
✓ G4-EN22	Natural capital	54	
✓ G4-EN23	Natural capital	56	

Management approach and indicators	Chapter	Page or direct respond	Omissions
G4-EN24			The company's situation in 2016 has made it difficult to gather some indicators. This information was not available at the close of this report.
G4-EN25	No material		
G4-EN26	No material		
Products and services			
G4-DMA			
G4-EN27	No material		
G4-EN28	No material		
Compliance			
G4-DMA			
G4-EN29		During 2016, no significant fines or penalties for non-compliance with environmental legislation and regulations have been recorded.	
Transport			
G4-DMA			
G4-EN30	No material		
General			
G4-DMA			
G4-EN31	No material		
Supplier environmental assessment			
G4-DMA			
G4-EN32			The complex situation faced by the company in 2016 has involved the temporary suspension of the comprehensive analyses of the supply chain risks. They will resume in the coming months.
G4-EN33			The complex situation faced by the company in 2016 has involved the temporary suspension of the comprehensive analyses of the supply chain risks. They will resume in the coming months.
Environmental grievance mechanisms			
G4-DMA			
G4-EN34	No material		

Social performance

Management approach and indicators	Chapter	Page or direct respond	Omissions
Labor practices and decent work			
Employment			
G4-DMA	Management of capitals, Human capital	15, 35, 39	
✓ G4-LA1	Management of capitals, Human capital	15, 35	•
G4-LA2	Human capital, GRI index	Abengoa provides its employees with social benefits in order to increase their quality of life and make it possible to reconcile family and professional life. 39	•
G4-LA3		The company's situation in 2016 has made it difficult to gather some indicators. This information was not available at the close of this report.	•
Labor/management relations			
G4-DMA			
G4-LA4		The company's situation in 2016 has made it difficult to gather some indicators. This information was not available at the close of this report.	•
Occupational health and safety			
G4-DMA	Management of capitals, Human capital	15, 36, 37, 38	
G4-LA5	Human capital	36	•
✓ G4-LA6	Management of capitals, Human capital	15, 37, 38	•
G4-LA7		The company's situation in 2016 has made it difficult to gather some indicators. This information was not available at the close of this report.	•
G4-LA8	Human capital	36	•
Training and education			
G4-DMA	Management of capitals, Human capital	15, 38	
✓ G4-LA9	Management of capitals, Human capital	15, 38	•
✓ G4-LA10	Human capital	38	•
G4-LA11	Human capital	38	•
Diversity and equal opportunity			
G4-DMA	Human capital, Corporate governance	33-35, 61	
G4-LA12	Human capital, Corporate governance	33-35, 61	•

Management approach and indicators	Chapter	Page or direct respond	Omissions
Equal remuneration for women and men			
G4-DMA			
G4-LA13			The company's situation in 2016 has made it difficult to gather some indicators. This information was not available at the close of this report.
Supplier labor practices evaluation			
G4-DMA			
G4-LA14			The complex situation faced by the company in 2016 has involved the temporary suspension of the comprehensive analyses of the supply chain risks. They will resume in the coming months.
G4-LA15			The complex situation faced by the company in 2016 has involved the temporary suspension of the comprehensive analyses of the supply chain risks. They will resume in the coming months.
Labor practices grievance mechanism			
G4-DMA	Transparency and anti-corruption	66	
G4-LA16	Transparency and anti-corruption	66	
Human rights			
Investment			
G4-DMA			
G4-HR1	No material		
G4-HR2			The company's situation in 2016 has made it difficult to gather some indicators. This information was not available at the close of this report.
No discrimination			
G4-DMA			
G4-HR3			The company's situation in 2016 has made it difficult to gather some indicators. This information was not available at the close of this report.
Freedom of association and collective bargaining			
G4-DMA			
G4-HR4			The company's situation in 2016 has made it difficult to gather some indicators. This information was not available at the close of this report.

Management approach and indicators	Chapter	Page or direct respond	Omissions
Child labor	G4-DMA		The company's situation in 2016 has made it difficult to gather some indicators. This information was not available at the close of this report.
G4-HR5			
Forced or compulsory labor	G4-DMA		The company's situation in 2016 has made it difficult to gather some indicators. This information was not available at the close of this report.
G4-HR6			
Security practices	G4-DMA		The company's situation in 2016 has made it difficult to gather some indicators. This information was not available at the close of this report.
G4-HR7			
Indigenous rights	G4-DMA		The company's situation in 2016 has made it difficult to gather some indicators. This information was not available at the close of this report.
G4-HR8			
Assessment	G4-DMA		The company's situation in 2016 has made it difficult to gather some indicators. This information was not available at the close of this report.
G4-HR9			
Supplier human rights assessment	G4-DMA		The complex situation faced by the company in 2016 has involved the temporary suspension of the comprehensive analyses of the supply chain risks. They will resume in the coming months.
G4-HR10			
G4-HR11			The complex situation faced by the company in 2016 has involved the temporary suspension of the comprehensive analyses of the supply chain risks. They will resume in the coming months.

Management approach and indicators	Chapter	Page or direct respond	Omissions
Human rights grievance mechanisms			
G4-DMA			
G4-HR12			
The company's situation in 2016 has made it difficult to gather some indicators. This information was not available at the close of this report.			
Society			
Local communities			
G4-DMA	Management of capitals	15	
G4-SO1	Management of capitals	15	
G4-SO2			The company's situation in 2016 has made it difficult to gather some indicators. This information was not available at the close of this report.
Anti-corruption			
G4-DMA	Management of capitals, Transparency and anti-corruption	65, 67	
G4-SO3	Transparency and anti-corruption	67	
G4-SO4	Transparency and anti-corruption	65	
G4-SO5	Transparency and anti-corruption, GRI index	65	The internal audit work on fraud prevention and detection determined that in 2016 no incidents of corruption were detected.
Public policy			
G4-DMA			
G4-SO6	GRI index		In 2016 no contributions have been made to political parties in any of the geographies where the company is present.

Management approach and indicators	Chapter	Page or direct respond	Omissions
Anti-competitive behavior			
G4-DMA		<p>1. The European Commission launched an inspection into Abengoa, S.A., Abengoa Bioenergía, S.A. and Abengoa Bioenergy Trading Europe B.V. for possible involvement in anti-competitive agreements or actions allegedly intended to tamper with the results of Platts' end-of-day price calculations (CDD), as well as for preventing one or more companies from taking part in the price valuation process. The proceeding is still under way without any notice of charges having been notified to date. The company is actively collaborating with the European Commission.</p> <p>2. The National Markets and Competition Commission (CNMC) launched an enquiry into Negocios Industriales y Comerciales, S.A. (Nicsa) and its parent company, Abengoa S.A., and into other companies in the sector, as it believed it had uncovered signs of anti-competitive practices in the fixing of prices and commercial and distribution conditions of the market for distribution and sale of low and medium voltage cables. In its motion for a resolution, the CNMC considers that such actions constitute an infringement of the Competition Act. At present, the pleadings are being prepared in the light of the Motion for a Resolution.</p> <p>3. Moreover, last January, the CNMC sent a request for information to several companies in the railway sector, including Instalaciones Inabensa, S.A., regarding possible anti-competitive behaviour in the procurement of manufacturing, installation, supply, maintenance and improvement of electrification systems and electromechanical railway equipment. The company is actively collaborating with the CNMC, which is still investigating.</p>	•
G4-SO7	GRI index		
Compliance			
G4-DMA			
G4-SO8	GRI index	<p>During 2016, no significant fines or penalties for non-compliance with legislation and regulations have been recorded.</p>	•

Management approach and indicators	Chapter	Page or direct respond	Omissions
Supplier assessment for impacts on society			
G4-DMA			
G4-SO9			The complex situation faced by the company in 2016 has involved the temporary suspension of the comprehensive analyses of the supply chain risks. They will resume in the coming months.
G4-SO10			The complex situation faced by the company in 2016 has involved the temporary suspension of the comprehensive analyses of the supply chain risks. They will resume in the coming months.
Grievance mechanisms for impacts on society			
G4-DMA	Transparency and anti-corruption	66	
G4-SO11	Transparency and anti-corruption	66	
Product responsibility			
Customer health and safety			
G4-DMA			
G4-PR1	No material		
G4-PR2	GRI index	During 2016, there have been no recorded breaches of regulations or voluntary codes related to the impacts of products and services on health and safety during their life cycle.	
Product and service labeling			
G4-DMA			
G4-PR3	No material		
G4-PR4	GRI index	During 2016, there have been no recorded breaches of regulations or voluntary codes related to information and labelling of products and services.	
G4-PR5			The company's situation in 2016 has made it difficult to gather some indicators. This information was not available at the close of this report.
Marketing communications			
G4-DMA			
G4-PR6	GRI index	The company does not have banned or litigated products. See Industrial Capital to consult the list of products and Company services.	

Management approach and indicators	Chapter	Page or direct respond	Omissions
G4-PR7	GRI index	During 2016, there have been no recorded breaches of regulations or voluntary codes related to marketing communications.	•
Customer privacy			
G4-DMA			
G4-PR8	GRI index	During 2016, there have been no recorded breaches arising from the regulations concerning marketing communications.	•
Compliance			
G4-DMA			
G4-PR9	GRI index	During 2016, there have been no recorded breaches arising from the regulations concerning marketing communications.	•

Proprietary indicators

Indicator	Chapter	Page or direct respond	Omissions
✓ ID1	Management of capitals, Industrial capital	15, 27-30	•
✓ ID2	Management of capitals, Industrial capital	15, 27-30	•
✓ ID3_4	Management of capitals, Industrial capital	15, 27-30	•



08. Appendix

Abengoa communication channels with its social partners *G4-24, G4-26*

From Abengoa to suppliers

- › Corporate website
- › Specific site dedicated to the financial restructuring process. Information on process developments, FAQs and specific supplier contact
- › Structured procedure for gauging supplier effectiveness
- › Safety management system tool
- › Periodic visits to suppliers
- › Annual report
- › LinkedIn, Twitter and Instagram

From suppliers to Abengoa

- › Structured procedure for taking in supplier information and opinions
- › Abengoa Easy Management (AEM) computer application for managing company decision making and action plans
- › Safety management system tool
- › Stakeholder mailbox
- › Specific site dedicated to the financial restructuring process. Information on process developments, FAQs and specific supplier contact
- › External whistleblowing channels
- › Interviews
- › CSR mailbox
- › LinkedIn, Twitter and Instagram

From Abengoa to society

- › Corporate website
- › Annual report
- › Focus-Abengoa Foundation website
- › Press releases
- › Corporate Social Responsibility Department
- › Gatherings with NGOs and academic institutions
- › Open-house events
- › Trade fairs, forums and conferences
- › Corporate blog
- › LinkedIn, Twitter and Instagram

From society to Abengoa

- › Press releases
- › Communication Department
- › Corporate Social Responsibility Department
- › Gatherings with NGOs, the media and academic institutions
- › Trade fairs, forums and conferences
- › Stakeholder mailbox
- › Corporate blog
- › CSR mailbox
- › External whistleblowing channels
- › Opinion survey
- › Interviews
- › LinkedIn, Twitter and Instagram

From Abengoa to local communities

- › Corporate website
- › Annual report
- › Focus-Abengoa Foundation website
- › Press releases
- › Corporate Social Responsibility Department
- › Gatherings with NGOs and academic institutions
- › Open-house events
- › Trade fairs, forums and conferences
- › Corporate blog
- › LinkedIn, Twitter and Instagram

From Abengoa to customers

- › Corporate website
- › Specific site dedicated to the financial restructuring process. Information on process developments, FAQs and specific customer contact
- › Focus groups with customers
- › Safety management system tool
- › Advertising and marketing
- › Trade fairs, forums and conferences
- › Periodic visits paid to customers
- › Annual report
- › LinkedIn, Twitter and Instagram

From local communities to Abengoa

- › Corporate Social Responsibility Department
- › Gatherings with NGOs and academic institutions
- › Open-house events
- › Trade fairs, forums and conferences
- › Corporate blog
- › CSR mailbox
- › Beneficiary assessment of community engagement programs
- › External whistleblowing channels
- › Interviews
- › LinkedIn, Twitter and Instagram

From customers to Abengoa

- › Satisfaction surveys
- › Troubleshooting report computer application
- › Abengoa Easy Management (AEM) computer application for managing company decision making and action plans
- › Safety management system tools
- › Stakeholder mailbox
- › CSR mailbox
- › Specific site dedicated to the financial restructuring process. Information on process developments, FAQs and specific customer contact
- › Training sessions on products
- › External whistleblowing channels
- › Interviews
- › LinkedIn, Twitter and Instagram

Main references G4-4, G4-8

Energy

	Technology	Power	Location	Status	Activity in 2016
Solúcar Platform	Thermosolar, tower and parabolic trough and photovoltaic	183 MW	Seville (Spain)	In operation	Operation and maintenance of the Solnova 1, Solnova 3 and Solnova 4 plants (50 MW each) and the first two commercial plants in the world to use tower technology PS10 (11 MW) and PS20 (20 MW)
Photovoltaic plants in Andalusia	Solar photovoltaic	Casaquemada 1.9 MW; Seville PV, 1.2 MW; Linares PV, 19.9 MW; Las Cabezas PV, 5.6 MW; and Copero PV, 1.9 MW	Casaquemada and Seville PV are located on the Solúcar Platform; Linares PV in Jaén; Las Cabezas PV, in Las Cabezas de San Juan (Seville), and Copero PV in Dos Hermanas (Seville)	In operation	Midway through the year the company sold these facilities as part of its divestment plan. However, Seville PV was operated and maintained by Abengoa until January 2017, while the others were operated and maintained until July 2016
Solar platform of Extremadura	Thermosolar parabolic trough	200 MW	Logrosán, Cáceres (Spain)	In operation	Operation and maintenance of the four Solaben 1, 2, 3 and 6 plants, 50 MW each
Castilla La Mancha solar platform	Thermosolar parabolic trough	100 MW	Ciudad Real (Spain)	In operation	Operation and maintenance of the two Helios 1 and 2 plants, 50 MW each
El Carpio solar platform	Thermosolar parabolic trough	100 MW	El Carpio, Córdoba (Spain)	In operation	Operation and maintenance of the two Solacor 1 and 2 plants, 50 MW each
Écija solar platform	Thermosolar parabolic trough	100 MW	Écija, Seville (Spain)	In operation	Operation and maintenance of the two Helioenergy 1 and 2 plants, 50 MW each
Kaxu Solar One	Thermosolar parabolic trough	100 MW	Pofadder, Northern Cape (South Africa)	In operation	Operation and maintenance of the plant. It has already begun to produce electricity and to sell to the state-owned company Eskom
Xina Solar One	Thermosolar parabolic trough	100 MW	Pofadder, Northern Cape (South Africa)	Under construction	The project is currently involved in the development of the commissioning tests, and we can highlight the recent synchronization of the steam turbine
Khi Solar One	Tower thermosolar	50 MW	Upington, Northern Cape (South Africa)	In operation	Construction completed. Commissioning, commercial start-up and commencement of the operation and maintenance phase of the largest thermosolar plant using this technology in the African continent
Solana	Thermosolar parabolic trough	280 MW	Gila Bend, Arizona (USA)	In operation	Operation and maintenance of the plant
Mojave Solar	Thermosolar parabolic trough	280 MW	Barstow, California (EE.UU.)	In operation	Operation and maintenance of the plant
Cerro Dominador	Tower thermosolar and photovoltaic technology	210 MW	Municipality of María Elena, Antofagasta (Chile)	Under construction	Working on the assembly of the heliostats on the thermosolar part of the platform, as well as the booster and disconnecting substations
Ashalim solar plant	Thermosolar parabolic trough	110 MW	Ashalim (Israel)	Under construction	Abengoa transferred its stake in the project. We continue with the assembly of the solar field
Agua Prieta solar plant	Thermosolar parabolic trough	14 MW	Agua Prieta, Sonora, (Mexico)	Under construction	On the point of completing the solar field, which will be integrated into a combined cycle plant, thus representing the first solar-gas hybrid plant in Mexico and Latin America

	Technology	Power	Location	Status	Activity in 2016
Hassi R'Mel	Solar-gas hybrid	150 MW (20 MW from the solar field)	Hassi R'Mel (Algeria)	In operation	Operation and maintenance of the plant and asset management
Ain Beni Mathar	Solar-gas hybrid	470 MW (20 MW from the solar field)	Ain Beni Mathar (Morocco)	In operation	Operation and maintenance of the plant
Waad Al Shamal combined cycle	Gas-solar combined cycle	1,270 MW + 50 MW from the solar field	Turaif (Saudi Arabia)	Under construction	Detail engineering of the plant has been developed as well as the start-up and assembly of the main equipment in the field. Project developed together with General Electric
Morelos Combined Cycle Plant	Combined cycle	720 MW	Cuautla, Morelos (Mexico)	Under construction	Pending completion of the latest commissioning tests to formalise provisional acceptance
Norte III combined cycle	Combined cycle	924 MW	Ciudad Juárez, Chihuahua (Mexico)	Under construction	Termination of the detail engineering at the plant and commencement of the first civil engineering works. Part of the divestment plan of Abengoa
Villaricos cogeneration	Cogeneration	21.7 MW	Almería (Spain)	In operation	Operation and maintenance of the plant and asset management
Nuevo Pemex cogeneration	Cogeneration	300 MW	Tabasco (Mexico)	In operation	Maintenance of the plant
A3T cogeneration	Cogeneration, transmission system and compression system	260 MW	Tabasco (Mexico)	Under construction	Completed 91 % of the expansion project of Nuevo Pemex Cogeneration. Transmission system, with 80 % completed. And 26 % of the compression system has been completed
Dead Sea Works cogeneration	Cogeneration	220 MW	Sdom (Israel)	Under construction	Specific engineering and construction works and transfer of the systems for the start-up tests and equipment testing
Tres Mesas wind farm	Wind power	148.5 MW	Cd Victoria, Tamaulipas (Mexico)	Completed	Project completed. Abengoa was responsible for the Balance of Plant (BOP), consisting of civil and electromechanical works for the construction of the wind farm
Campo Palomas wind farm	Wind power	70 MW	Departamento de Salto (Uruguay)	Completed	Project completed. Abengoa was responsible for the construction of this wind farm. As part of the company's divestment plan, in 2016, this project was sold to Invenergy Wind

Water

	Technology	Capacity	Length	Location	Status	Activity in 2016
Desalination plant in Cartagena	Reverse osmosis	65,000 m ³ /d		Cartagena (Spain)	In operation	Operation and maintenance of the plant
Desalination plant in Almería	Reverse osmosis	50,000 m ³ /d		Almería (Spain)	In operation	Operation and maintenance of the plant
Desalination plant in Skikda	Reverse osmosis	100,000 m ³ /d		Skikda (Algeria)	In operation	Operation and maintenance of the plant
Desalination plant in Honaine	Reverse osmosis	200,000 m ³ /d		Honaine (Algeria)	In operation	Operation and maintenance of the plant
Desalination plant in Ténès	Reverse osmosis	200,000 m ³ /d		Ténès (Algeria)	In operation	Plant under concession. Abengoa is currently responsible for its operation and maintenance as well as asset management

	Technology	Capacity	Length	Location	Status	Activity in 2016
Desalination plant in Accra	Ultra filtration + reverse osmosis	60,000 m ³ /d		Accra (Ghana)	In operation	Plant under concession. Abengoa is currently responsible for its operation and maintenance as well as asset management
Desalination plant in Chennai	Reverse osmosis	100,000 m ³ /d		Chennai (India)	In operation	Plant under concession. Abengoa is currently responsible for its operation and maintenance as well as asset management
Desalination plant in Qingdao	Reverse osmosis	100,000 m ³ /d		Qingdao (China)	In operation	Technical assistance services
Desalination plant in Agadir	Reverse osmosis	100,000 m ³ /d		Agadir (Morocco)	Under development	Plant under concession. Project development
Carpapata III hydroelectric plant	Hydraulic infrastructures (hydroelectric plant). Power: 12.8 MW			Region of Junín (Peru)	Under construction	Construction progress
Small hydroelectric plants of the Canal de Aragón and Catalonia	Hydraulic infrastructures (11 small hydroelectric plants). Power: 7.5 MW			Spain	In operation	Operation and maintenance and asset management
Cerrato hydroelectric plant	hydraulic infrastructures (hydroelectric plant). Power: 4.3 MW			Spain	In operation	Asset management
Irrigation area of the Canal de Navarra 1st phase	Hydraulic infrastructures (irrigation). Area: 23,611 ha			Spain	In operation	Asset management
Denizli supply and sanitation	Hydraulic infrastructures (supply and sanitation network)	400 km		Denizli (Turkey)	In operation	Completion of works
Roorke sanitation	Hydraulic infrastructure (sanitation network)	30 km		Roorkee, Uttarakhand State (India)	Under construction	Contract award and commencement of construction
Independencia Lima supply and sanitation	Hydraulic infrastructures (supply and sanitation network)	128 km of drinking water pipeline, and 110 km in sewage networks		Lima (Peru)	Under construction	We are installing 128 km of drinking water pipeline and 110 km of sewer network and more than 12,000 connections to provide 20,000 Peruvians with access to drinking water and the sewerage network
Nueva Planta Protisa supply	Hydraulic infrastructures (supply network)	4 km		Cañete, Lima (Peru)	Under construction	We are installing a pipeline with a land component and an underwater component, which will serve as drainage for the new paper mill that the client is building in Cañete
Extension and improvement of the drainage and sanitation system of Montevideo	Increase of the capacity of the existing drainage system through the construction of a stand-by tank and all of the works required for the reinforcement pipes	12,800 m ³ (stand-by tank)		Montevideo (Uruguay)	Under construction	Completion of tank construction. At the moment, the architecture and urban conditioning works of the land above the tank are taking place
Cleaning and maintenance of the Montevideo sewer network	Of the sewer network and cleaning and repair works			Montevideo (Uruguay)	In progress	

	Technology	Length	Flow	Power	Location	Status	Activity in 2016
El Zapotillo aqueduct	Hydraulic infrastructures (integrated water resources management system that includes a supply network, a water treatment plant and pumping system)	Supply network: 139 km of large gauge pipes and 40 km of a distribution circuit	Transported: 5.6 m ³ /s Treatment plant: 3.8 m ³ /s	Pumping stations: 24 MW	Jalisco y Guanajuato (Mexico)	Under construction	Engineering and construction of the plant under a concession
San Antonio supply	Hydraulic infrastructures (supply system with pipes, wells, tanks and pumping stations)	225 km	168.970 m ³ /día		San Antonio, Texas (USA)	Under construction	Partial divestments by Abengoa in the concession of this project after which it maintains 20 % of its interest
Aceguá sanitation	Wastewater treatment plant, pumping systems and sanitation network	Supply network: 9 km	Wastewater treatment plant: 5.0 L/s of average flow and 9.0 L/s of maximum flow		Aceguá, Región of Cerro Largo (Uruguay)	Under construction	In 2016 we commenced the first stage that refers to the preparation of the executive project

Bioenergy

	Description	Capacity	Location	Status	Activity in 2016
Fulcrum Sierra BioFuels Plant	Biorefinery for production of biofuel using municipal solid wastes	10 million gallons of biofuel / year	Nevada (USA)	Under construction	Detail engineering and design of the main mechanical systems and equipment

Transmission and infrastructures

Projects in

Europe	Spain	<p>Abengoa continues to develop several important projects in the transmission and distribution sector, and is one of the leading sector companies in Spain. Work continues on electrical maintenance and instrumentation in various industrial plants.</p> <p>In the railway sector, it continues with the project of installation and maintenance of systems of protection, security and landlines along a stretch of 51 kilometres of railway between the provinces of León and Asturias, as well as the catenary and substations installation works for the administrator of railway infrastructures (ADIF) in Spain.</p> <p>Deployments have been made of networks of mobile, radio and fibre-optic operators, as well as the installation of telecommunications structures or GSM-R installation.</p> <p>Work continues on manufacturing electronics and equipment with integrated electronics for the traffic, defence and transportation, energy and telecommunications sectors, among others. In this area, it is worth noting the contract award for repair of the feeder project, the laying of underground lines and the replacement of the current sections and disconnectors of the US military base in Morón de la Frontera, Seville, (Spain) for the Air Force of the USA.</p>
	Belgium	<p>Liège Hospital</p> <ul style="list-style-type: none"> › Activity area: transmission and infrastructures › Location: Liège (Belgium) › Status: first provisional contract award in 2016. Final contract award received in 2017 › Activity in 2016: engineering and construction
	France	<p>For the last 14 years, Abengoa has been working for the public French operator responsible for the transmission systems in France. In 2016, it has worked on overhead and underground lines and high voltage electrical substations. As a significant project, we highlight the campaign to change high-capacity conductors on 400 kV lines throughout the Rhone valley.</p> <p>The company has also performed catenary and traction substation projects for the French railway company, in various parts of the country.</p>
	United Kingdom	<p>It continues with construction of part of the International Thermonuclear Experimental Reactor (ITER) project with the installation of the seven bays of two 400/22 kV substations</p>
	Denmark	<p>As part of the 2014-2019 framework contracts for the English railway operator, engineering and installation work continues on both catenary and traction substations on different railway lines in and around London.</p>
	Ukraine	<p>Abengoa has begun work on the electromechanical facilities of a new 56,000 m² hospital complex in the town of Herlev. It is a hospital complex that is included within the country's hospital investment programme, with 825 beds, an area of 56,000 m² and a coverage of 435,000 patients in 2018.</p>
	South Africa	<p>The construction of a 765 kV line along 187 km continues.</p>
	Morocco	<p>We are continuing to work on the construction of a 400 kV 84-km-long power transmission line for the country's main power company.</p> <p>Abengoa continues to build three 400 kV transmission lines in Oujda and a 225 kV transmission line in the Ouarzazate area for the country's electrical operator.</p> <p>In the area of communications, a project consisting of LV and MV electrification of GSM stations has been contracted with the main Moroccan telecommunications operator. Furthermore, we are working for the second largest Moroccan telecommunications operator in the GSM network deployment project throughout Morocco.</p>
Africa	Oman	<p>In 2016, the construction of 132/33 kV substations in Samad and Sinaw were contracted, as well as associated high-voltage power lines, for the Omani power company.</p> <p>We are also continuing with the civil engineering, assembly and start-up of the 132/33 kV Al Dreez substation.</p>
	Saudi Arabia	<p>Works continue for the construction of the 450 km high-speed line between the cities of Mecca and Medina.</p>
	The United Arab Emirates	<p>The supply and assembly works corresponding to a Faya-Shamka electric transmission line were carried out in 2016.</p>
	Kuwait	<p>Construction of a 132 kv transmission line in Shagaya has been completed.</p>
Asia		

Projects in

America	Costa Rica	Work has been completed on the construction of two electrical substations and two 230 kV lines.
	Argentina	The contract awarded in 2015 (transformer station and 220 kV power line for the Gerdau steelworks) has reached its maximum execution volume during 2016. And work continues on the Mar del Plata transporter project (500 kV transformer station and 132 kV lines) awarded by the state to Abengoa at the end of 2014.
	Chile	We can highlight the development of the following projects: <ul style="list-style-type: none"> › Supply of the electrical system for the project of lines 6 and 3 of the Santiago Metro. › 2x220 kV lines / Los Cóndores - Ancoa. › Increased capacity of the line 1x220 kV Cardones - Carrera Pinto - Diego de Almagro. › Busbar switching 500 kV Alto Jahuel substation. › Busbar switching 500 kV Ancoa substation. › Busbar switching 500 kV Charrúa substation. › Complete switching of the Rahue substation.
	Mexico	The construction of 317 LT 1902: substations and offsets of the Northwest 2nd Phase, located in Los Mochis, Sinaloa, has been completed and consists of the execution and commissioning of four substations of 230 and 115 kV.
	Peru	Work has also been carried out on four 230 kV transmission lines along 21.1 km and two 230 kV substations in the state of Chihuahua. Currently, the project, which will evacuate the electric power of the North III combined cycle plant, is under construction and is 17 % completed.
	Uruguay	Work continues on construction of the following projects: <ul style="list-style-type: none"> › 40 km of transmission line in 220 kV, and 67 km in 138 kV, in the regions of Moquegua and Tacna, for Southern Peru Copper Corporation. › 60 km and 75 km in 500 kV, in Moquegua, for Kallpa Generation and Engie, respectively. › Lastly, the largest project in the company's mining sector continues, the scope of which will help increase Shougang Hierro Peru's iron ore concentrate production capacity by 10 Mt per year through the construction of more than 10 km of conveyor belts, 15 transfer houses, the secondary crushing plant, and the assembly of the largest stacker and reclaimer assembled in Peru. <p>Abengoa has finalized the convention centre and fairground of Punta del Este in the community of Maldonado. In addition, it has an important portfolio of works in execution for public and private clients, which includes:</p> <ul style="list-style-type: none"> › The new port terminal of Capurro - Montevideo, which will have 1,000 m of dock on stilts with its corresponding works for shelter, berthing and defence for fishing vessels. › The rehabilitation works of two sections of railroad tracks, which involve the replacement of approximately 330 km of rails with the placement of sleepers and the corresponding reinforcement of the bridges. › The first project of public-private participation in the country that consists of a penitentiary centre of more than 42,000 m² distributed over 25 buildings located in Punta de Rieles - Montevideo. › The multi-functional complex Antel Arena, which hosts sporting events, musical, theatrical and social shows. › Several works of hospital infrastructure.



09. Glossary

Operating terms

A	Ampere
bar	Bar
bsh	Bushel
BTU	British thermal unit
CO ₂	Carbon dioxide
DGS	Distilled Grains and Solubles
EPC	Engineering, Procurement and Construction
ETBE	Ethyl Tertiary Butyl Ether
g	Gram
gal	Gallon
GHG	Greenhouse Gas
h	Hour
ha	Hectare
Hz	Hertz
ISCC	Integrated Solar Combined Cycle
J	Joule
km / h	Kilometer per hour
L	Liter
m	Meter
m/s	Meter per second
m ²	Square meter
m ³	Cubic meter
N	Newton
Pa	Pascal
ppm	Parts-per-million
s	Second
t	Metric ton
V	Volt
VA	Volt-ampere
VAr	Volt-ampere reactive
W	Watt
We	Electric watt
Wh	Watt hour
Wth	Thermal watt

Financial terms

€	Euro
\$	US Dollar
BRL	Brazilian Real
CAGR	Compound Annual Growth Rate
EBITDA	Earnings Before Interest, Tax, Depreciation and Amortization
GDP	Gross Domestic Product
PCAOB	Public Company Accounting Oversight Board
ROE	Return On Equity
SOX	Sarbanes Oxley Act

Prefixes according to the International Metric System

m	Mili	10 ⁻³
c	Centi	10 ⁻²
d	Deci	10 ⁻¹
h	Hecto	10 ²
k	Kilo	10 ³
M	Mega	10 ⁶
G	Giga	10 ⁹
T	Tera	10 ¹²

Contact

This report is available on the: www.abengoa.com.

Your opinion really matters to us because it helps us keep doing things better each year. Therefore, should you have any comments regarding Abengoa's Integrated Reporting or Corporate Social Responsibility policy at Abengoa, we would appreciate your addressing them to:

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