



02

# About this report



G4-28, G4-29, G4-30, G4-32

## Principles governing this report

This now the twelfth straight year in which Abengoa has published its Corporate Social Responsibility Report (CSRR). This report describes the company's main **activities** and **impacts, strategy and business model**, changes in its **scope** and structure, as well as **goals** and **challenges**. The CSRR was prepared this year in accordance with the directives set out in the Global Reporting Initiative (GRI) **G4 Guidelines**<sup>1</sup> in line with the exhaustive option (**exhaustive**). Abengoa also adheres to the principles of the Accountability **AA1000 APS**<sup>2</sup> (2008) standard and is committed to furthering and upholding the ten principles of the **United Nations Global Compact** governing the company's performance, activity and strategy.

Additionally, the company continues to work toward improving its report, including new **reporting frameworks** that may bring added quality and new contents to the information published. For this reason, Abengoa progressively incorporates aspects defined by the International Integrated Reporting Council (IIRC)<sup>3</sup>. The report presented here now includes specific contents pertaining to this reporting framework, such as the information contained in the chapter titled "Business Model" on the company's operating mechanism and activities, or the description provided in "CSR Strategy" regarding the connection that exists between strategy and the definition of report content and focus based on the challenges facing the company.

**Note 1** GRI4 (guidelines): [new guidelines published by the Global Reporting Initiative](#) for the preparation of sustainability reports.

**Note 2** AA1000 AS standard: international standard for sustainability assurance based on the principles of inclusivity, relevance and responsiveness.

**Note 3** International integrated reporting council (IIRC) organization founded in 2010 for the purpose of preparing the Integrated Reporting guide, aimed at integrating financial and non - financial information into the annual reports of corporations. [\(+info\)](#)

### Independent Panel of Experts Sustainable Development Recommendation 2014

#### Materiality assessment

"The most precise definition possible of those issues which have the greatest environmental, social and governance (ESG) impact should form the basis for Abengoa's sustainability strategy and policies.

While the identification of internally generated material issues is again well described, the weighting of issues from external stakeholders is less clear. Additionally, given Abengoa's strong presence in Latin America, there are no specific references to key regional issues or related stakeholder input.

The three focus areas identified in the 2013 Report of Financing, Corporate Governance and the Need for a Stable Legal Framework are not explained in terms of their ESG impact. They contrast strongly with the Chairman's statement which highlights climate change, energy efficiency and renewable energy growth as top issues for the company. Indeed the latter areas reflect expected stakeholder concerns for an engineering and construction company with strong activities in water and waste management and solar power. Abengoa is strongly encouraged to set out its longer term vision of how to achieve these fundamental goals and what risks and opportunities exist in the near and medium term future?."

#### Reporting Framework

"The criteria used in preparing the CSRR 2013 are clearly laid out but by including "full coverage" under the completeness category, the focus on key ESG material issues becomes lost in the length of the report. Following the above three issue categories the CSRR could be greatly improved by:

- › Concentrating on the key issues determined via the materiality assessment.
- › Stating the key sustainability policies and the performance indicators used to measure them.
- › Reporting on achievements against set targets as the process of accountability by the company to its sustainability commitments.

Where material issues and related targets have been determined by region, sector or unit of business, as opposed to the company as a whole, performance reporting should be differentiated accordingly."

G424, G425, G426, G427

### Principles underlying report content

Principle	Who defines it?	How is it defined?	How does Abengoa apply it?
Inclusivity/ Stakeholder engagement	AA1000 (APS)/ GRI	This refers to the manner in which the company considers stakeholder engagement in designing and developing its strategy.	<p>Abengoa addresses stakeholder engagement<sup>(1)</sup> at all company levels:</p> <ul style="list-style-type: none"> <li>&gt; In designing company strategy and while preparing the Strategic CSR Plan (SCSRP)<sup>(2)</sup>.</li> <li>&gt; In the course of company activity through the different consultation channels in place<sup>(3)</sup>.</li> <li>&gt; In preparing the CSRR, including the recommendations of the Independent Panel of Experts on Sustainable Development (IPESD)<sup>(4)</sup> and through the consultation processes carried out as part of the procedure for determining materiality.</li> </ul> <p>With the aim of bolstering these consultation processes, the company directs ongoing efforts toward enhancing the consistency and homogeneity of its communications throughout the organization.</p>
Relevance/ Materiality	AA1000 (APS)/ GRI	The company should provide information that is relevant to its stakeholders, meaning information that influences stakeholder decisions and which has an impact on company business.	<p>As described later on in this same chapter, the company performs annual consultations among its stakeholders, thus enabling the materiality analysis to be updated accordingly.</p> <p>Abengoa also intends to conduct deeper analysis in the coming years of the information related to the most relevant topics according to geographic regions and the risks associated with each territory.</p>
Responsiveness	AA1000 (APS)	This refers to the way an organization addresses stakeholder issues that may affect the organization's sustainability performance.	<p>In addition to the responses provided to stakeholders through the channels the company has in place for this purpose, Abengoa considers its CSRR as a key instrument in addressing stakeholder concerns. The report provides in-depth coverage of the issues deemed most significant by company stakeholders and by the Independent Panel of Experts on Sustainable Development (IPESD), and includes a sustainability scorecard; the Responsible Management Balance Sheet (RMBS), whose contents include the most relevant CSR indicators.</p> <p>The company uses the RMBS to disclose its targets in terms of impact and performance for the RMBS indicators on the 2020 horizon.</p>
Sustainability context	GRI	The CSRR should present the organization's performance in the wider context of sustainability.	To continue moving forward in this direction, Abengoa has geared its CSRR toward explaining how the company responds to the global challenges facing today's society. The report also describes how, through company activity and performance, Abengoa seeks to minimize the negative impacts and maximize the positive impacts deriving from company operations.
Completeness	GRI	The report should include topics reflecting the company's main impacts in the realm of CSR and their corresponding degrees of coverage.	For the past two years, Abengoa has engaged in the exercise of identifying relevant issues and their level of coverage. To this end, the company has taken into consideration its entire value chain (from suppliers to customers) in its process of prioritization and has begun to include the main regions in which the company operates at each point along the chain.

(1) The chapters titled "Access to financing", "Talent for business success" and "Connecting with the social environment" describe the company's main stakeholders.

(2) Further information in the chapter titled "CSR Strategy".

(3) Further information in the chapter titled "Connecting with the social environment".

(4) Independent group of experts on different areas of sustainability that evaluates Abengoa's Corporate Social Responsibility performance and strategy on an annual basis.

Principles underlying information quality

Principle	Who defines it?	How is it defined?	How does Abengoa apply it?
Balance	GRI	The report should reflect positive and negative aspects of the organization's performance.	Abengoa continues to work toward providing the information (both positive and negative) derived from company management processes. Additionally, as a way to ensure transparency, the company voluntarily undergoes evaluation by the IPESD.
Comparability	GRI	The organization should select, compile and disclose information systematically in order for the information to be comparable with other organizations and to show company evolution over time.	Indicators deemed most relevant by the company are reported so that information can be compared with that reported by its main competitors. Additionally, the report presents comparative data for the past three years to provide readers with historical information on the company's performance.
Accuracy	GRI	The reported information should be sufficiently accurate and detailed for stakeholders to assess the organization's performance.	The independent review this report has undergone ensures the accuracy of the quantitative data, and provides assurance of proof and suitable context for the qualitative information included.
Timeliness	GRI	The organization should present its CSRR on a regular schedule so that information is available in time for stakeholders to make informed decisions.	Abengoa publishes its CSRR each year in February. Additionally, together with its financial information, the company publishes key indicators in the area of CSR on a biyearly basis ( <a href="#">Responsible Management Balance Sheet</a> ). These indicators are verified by an independent third party as part of the company's commitment to providing up-to-date information to its stakeholders.
Clarity	GRI	The organization should make information available in a manner that is understandable and accessible to stakeholders.	Given the complexity of its business, the company has made efforts this year round to showing its activity in as clear and effective manner as possible, using simple and understandable language.
Reliability	GRI	The organization should compile, analyze and disclose information and processes used in the preparation of the CSRR such that they can be subject to examination under quality and materiality criteria.	As an indication of the reliability and internal control in place in the organization's reporting systems, the company is among the few Ibex 35 companies to have reviewed its CSR indicators with a reasonable level of assurance.

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

## Scope of the information included in CSRR 2014

Unless specified otherwise in the text or in the data reported, all information and all performance indicators included in the CSRR refer to **activity conducted in 2014** by the **companies under the control** of Abengoa (reflected in the annual accounts) when this has a social, environmental and economic **impact both within and outside the corporation's perimeter**. So as to ensure the information reported can be compared, data for previous years has also been included. Data for 2012 was recalculated in CSRR 2013 to include comparable data with the exclusion of the Environmental Services business division<sup>4</sup>.

## Focusing the report on materiality

In order to identify the issues which are material for Abengoa, the company **has applied the content requirements established** under the **GRI G4 Guidelines in preparing this report**. This guide defines the materiality process as the task of identifying **what is important and where it is important**, which increases the relevance of two variables: the company's **value chain**<sup>5</sup> and the **main regions** in which the company operates. Abengoa performed a materiality analysis in 2014, lending continuity to the analysis conducted in previous years, while taking both variables into account.

This definition of material information constitutes a **formal procedure** adhered to by the company in its CSR management, which also enables it

to detect information that has sufficient relevance to be included in the CSRR, information that should be published on other media (such as the corporate website), and information which is not relevant.

The process got under way by taking the issues determined to be relevant in the preceding year and adding in other new issues identified during the external documentation process. The company also paid close attention to public information issued by other competing companies operating in the sectors in which Abengoa operates and the questions posed by the Independent Panel of Experts on Sustainable Development (IPESD). In addition to identifying new topics, the aim of this process is **to focus efforts on delving deeper into the matters** already deemed relevant by the company in order to approach prioritization from different perspectives and progressively adopt different variables, such as the components that make up the company's value chain and the regions in which the company carries out its activities.

The next step was to categorize the issues raised based on their importance for a company such as Abengoa (sector). A methodology was also developed to enable the company to perform **external and internal prioritization** of the list of previously identified issues.

**External prioritization** was carried out by analyzing the information deemed important by different endorsers and opinion creators, taking into account the influence of each topic in the **decision-making process of the company's stakeholders**, analyzing the requirements of investors, who take into account environmental, social and governance aspects, and examining the reputational crises arising in 2014. In selecting endorsers for consultation, the different **sectors of company operation** (water, energy and construction) were taken into consideration. In total, priorities were established based on 20 organizations.<sup>6</sup>

**Note 4** The Environmental Services business division was sold in July 2013.

**Note 5** Value chain: The series of actions and activities that make up a company's productive process, encompassing both the organization itself and agents involved in the life cycle of the products and services the company offers to the market.

**Note 6** Direct interviews and documentation analysis were carried out.

Also taken into account were the **stakeholder channels** the company has in place (including customers, investors, suppliers and local communities).

Internal prioritization was carried out with diversity criteria in mind –in terms of responsibility, region and gender– at the annual meetings held by the Committees on Relevant Issues at Abengoa.

These committees are made up of employees from all areas of management of non-financial information considering diversity criteria — both responsibility as geographic and gender —. During these committee meetings, assessments were made regarding the importance in terms of impact on the business of each matter at the different points along the value chain.

**Phase I: Identifying relevant issues**

Based on examination of materiality from the preceding year, issues defined by the IPESD, issues included in the SCSR, matters defined by SASB <sup>(1)</sup> and those analyzed in Phase II.

**Phase II: External assessment of relevant issues**

External identification and prioritization of issues and interviews held with endorser.



**Phase III: Internal prioritization of issues**

Prioritization of relevant issues by the company's management team.

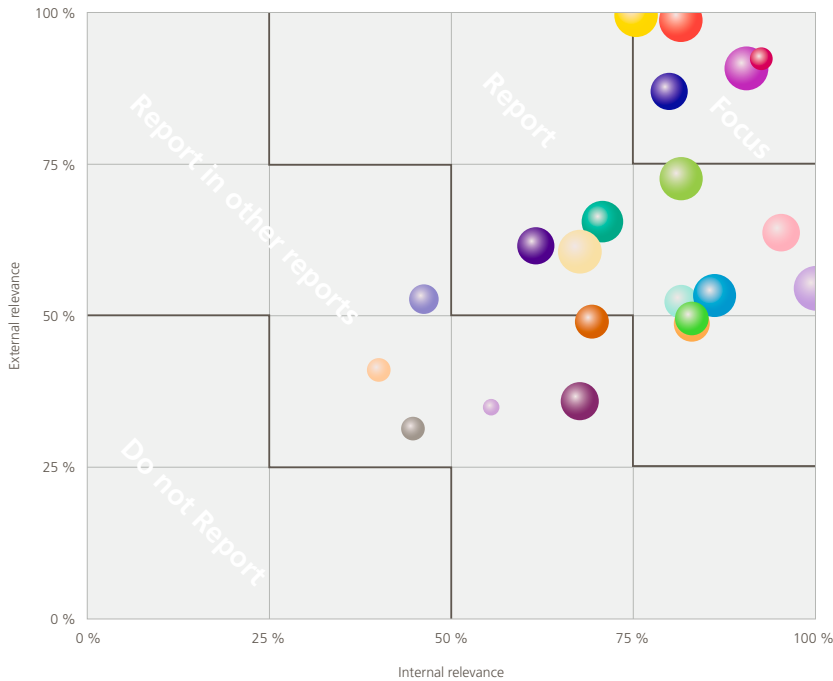


Ongoing process of change to assess the relative importance of issues within the value chain and the regions in which the company operates.

(1) SASB: Sustainability Accounting Standards Board.

G4-19, G4-20, G4-21, G4-23

The diagram shows the **results obtained from internal and external prioritization**. This provides the basis for determining the topics on which exhaustive information (“**focus**”) <sup>7</sup> must be included in the CSRR (“**report**”), and indicates **the number of times that each matter impacts the components of the value chain**, which is represented by the size of the spheres. The company continues to work on **identifying the main geographies** in which the “focus” issues bear greater relevance.



Shown below is the internal relevance assigned to each issue at each point along the value chain.

	Relevance	Impact in the value chain
● Communication with the investor community	Focus	2
● Reliability in upholding our commitments	Focus	7
● Risk of corruption, bribery, fraudulent practices and money-laundering	Focus	7
● Need for a stable legal framework	Focus	6
● Adaptation of the company to the environment in which it operates	Focus	7
● R&D and innovation (efficiency improvements, new lines of business)	Focus / Report	7
● Attracting and retaining talent	Report	5
● Financing	Report	7
● Relations with Public Administration	Report	6
● Women in senior management positions	Report	5
● Corporate governance	Report	5
● Climate change	Report	7
● Health and safety of company workers and contractors	Report	2
● Working conditions: work-family life balance, equal opportunities at work, professional development, etc	Report	5
● Product and service quality	Report	7
● Communication with local communities	Report / Report in other reports	4
● Human rights	Report / Report in other reports	5
● Identification and control of the source of raw materials	Report / Report in other reports	1
● Water: efficiency in water use, purification and treatment	Report / Report in other reports	3
● Biodiversity	Report / Report in other reports	2
● Reducing waste generation	Report / Report in other reports	2

Note 7 Upper right quadrant of the diagram.



## Process and functions of the Independent Panel of Experts on Sustainable Development (IPESD)

Since 2007, the company has engaged each year in a voluntary **exercise** aimed at **further transparency** by undergoing the evaluation of an **Independent Panel of Experts on Sustainable Development (IPESD)**.

During this process, the company works continuously in conjunction with the panel so that each evaluation brings greater added value to the company rather than carrying out a mechanical or systematic assessment process. Therefore, in 2014, the IPESD opted for assessments **focused more on the company's CSR policy** and performance in lieu of doing so on the basis of the information published in reports from previous years.

At a personal meeting held in Madrid, Abengoa presented the members of the panel with its responses to each of the recommendations issued by the panel.

The recommendations of the IPESD are included in pertinent chapters throughout this report and indentified as follows: "2014 Recommendation of the IPESD".

Additionally, the Recommendation Report prepared by the panel based on the analysis sessions conducted can be found in both Appendix E and on the Abengoa website.

## Corporate Social Responsibility Management System

Abengoa's Corporate Social Responsibility Management System<sup>8</sup> is intended to provide information control to facilitate responsible management that seeks to minimize the negative impacts associated with company operations, while increasing the positive impacts derived from company activity. The system is grounded in Abengoa's mission, vision and values and encompasses policies defined by the company as well as the public commitments undertaken throughout the company's history. Additionally, this system was designed in accordance with the international ISO 26000:2010<sup>9</sup> standard and alignment to the standard is verified on an annual basis by an independent third party.

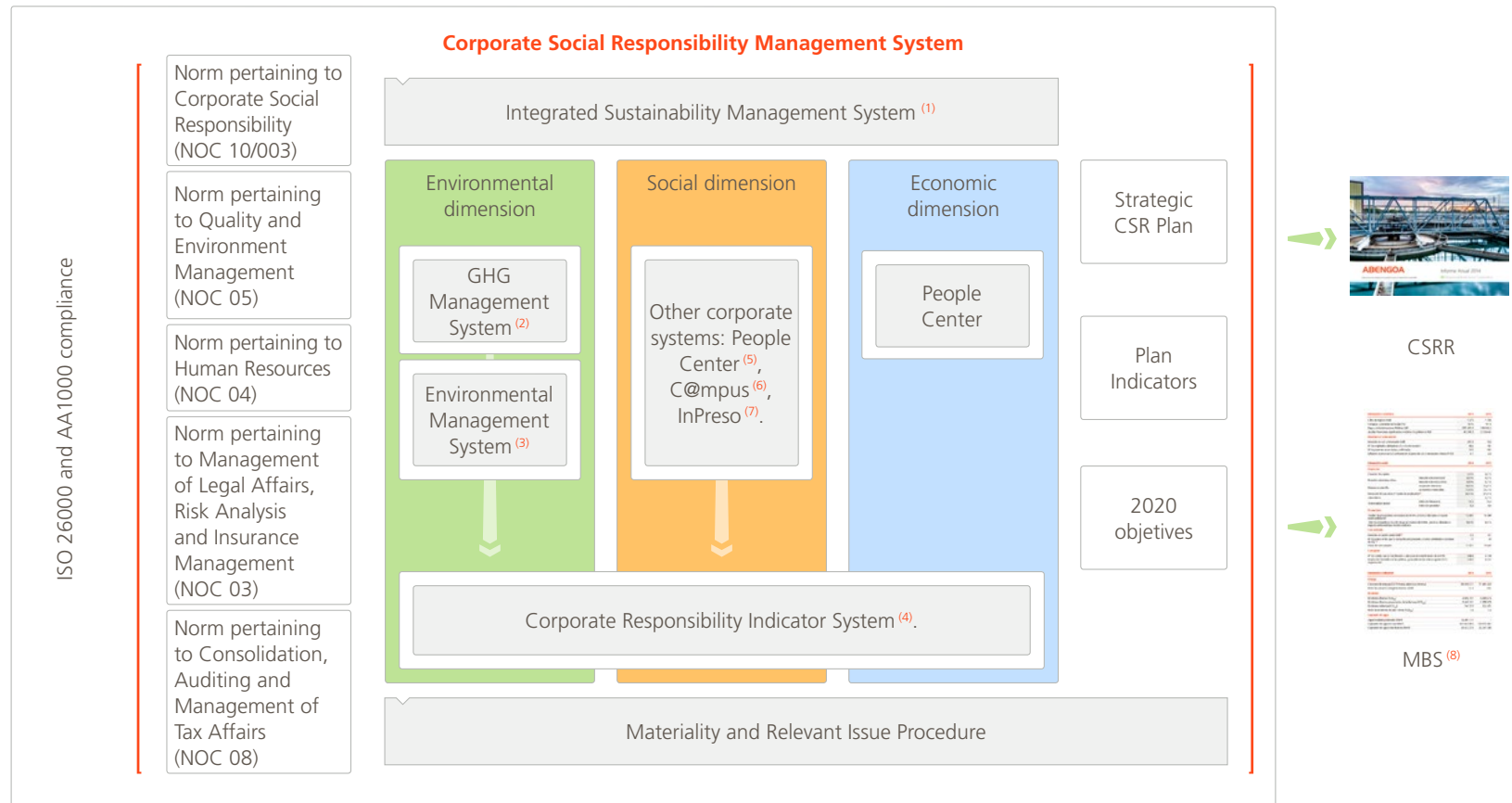


**Note 8** Social Responsibility Management System: covering indicators of relevance in managing company performance in the three CSR areas (social, environmental and economic).

**Note 9** ISO 26000: international standard which provides performance guidelines for all types of organizations in areas related to social responsibility, the environments, human rights and consumer rights.



Below is a description of the different components that provide input to the system:



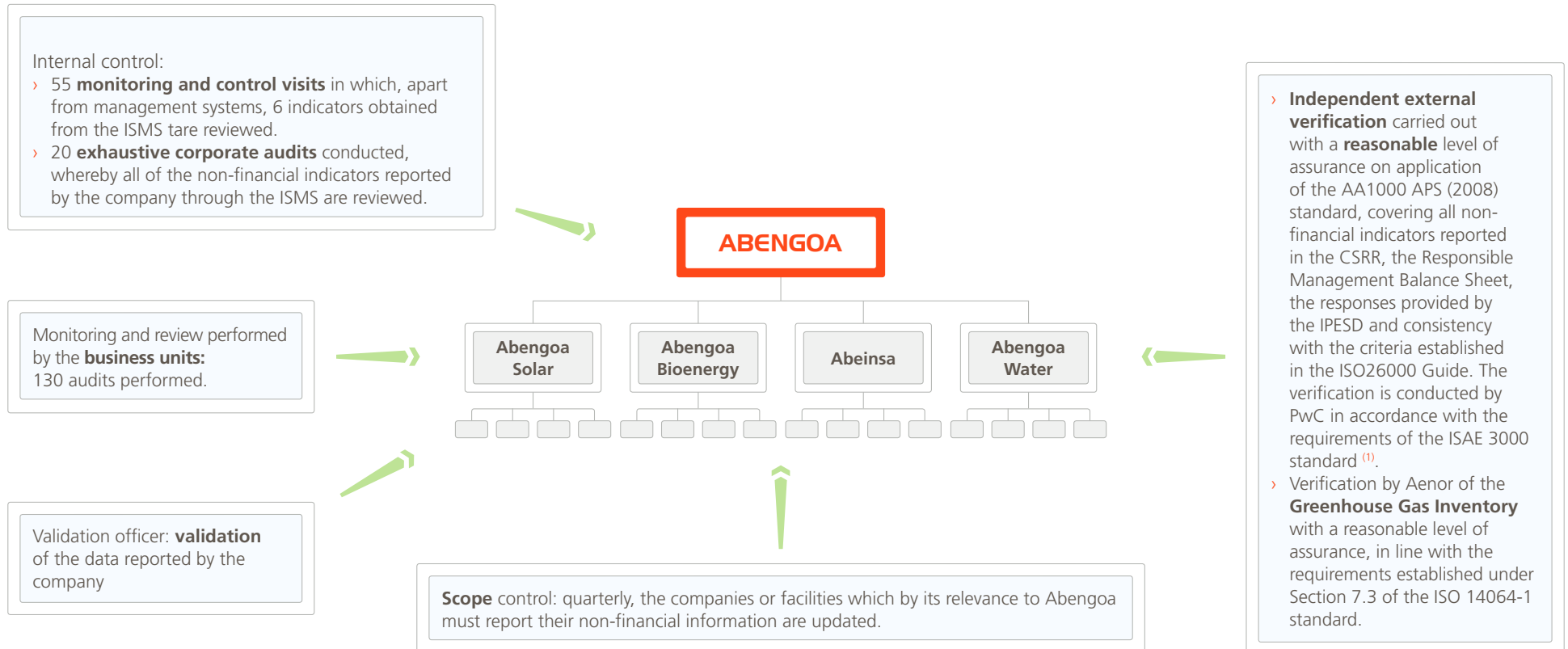
- (1) Integrated Sustainability Management System: computer tool enabling management of the company's non-financial information through subsystems.
- (2) Greenhouse Gas (GHG) Management System: managing the GHG emissions associated with Abengoa products and services, including supplier emissions.
- (3)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

G4-33

## 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 company operations. To this end, Abengoa has devised a set of **internal controls** that are part of the CSR management system which applies to the different tools used for reporting and consolidating non-financial information (including the EMS and GHG systems, among others).

These control mechanisms are overseen by the non-financial internal auditing unit, which is dedicated solely to verifying the information pertaining to the three dimensions of CSR.



(1) ISAE 3000: Benchmark establishing parameters for the verification of non-financial information.