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Annual Report 2011 | Independent verification report



A free translation from the original in Spanish. In the event of a discrepancy, the Spanish language version prevails.

**INDEPENDENT ASSURANCE REPORT ON THE
2011 CORPORATE SOCIAL RESPONSIBILITY REPORT**

To the Board of Directors of Abengoa, S.A.:

Scope of our work

We have been engaged by the Board of Directors of Abengoa, S.A. to verify with reasonable assurance the following aspects of the 2011 Corporate Social Responsibility Report (hereon, the 2011 CSRR) of Abengoa, S.A. and its Group companies (hereon Abengoa) for the year ended 31 December 2011:

- the core and additional performance indicators for FY 2011 (referred to on pages 178 to 183 of the 2011 CSRR) proposed in the Sustainability Reporting Guidelines of the Global Reporting Initiative (GRI) version 3.1 (hereon, GRI-G3 Guidelines) as well as the indicators included in the "Responsible Management Balance Sheet" (presented on page 21 of the CSRR), in accordance with Abengoa's Corporate Social Responsibility reporting system.
- the adaptation of the contents of the 2011 CSRR to the principles of inclusivity, materiality and responsiveness set down under Standard AA1000 AccountAbility Principles Standard 2008 issued by AccountAbility, Institute of Social and Ethical Accountability (hereon, AA1000APS (2008)), as described on pages 159 to 163 of the 2011 CSRR.
- the information used by Abengoa to respond to the questions posed by an Independent Panel of Experts in Sustainable Development (hereon IPESD), included in Abengoa's 2011 CSRR, as described on pages 137 to 150 of the 2011 CSRR.
- the adaptation of the Integrated Sustainability Management System (ISMS) of Abengoa, referred to in its Internal Standard NOC-10/003, to ISO 26000:2010, Guidance for Social Responsibility (hereon ISO 26000) and the implementation of five key aspects of the ISMS: the Code of Conduct, the whistle blowing channels, the Social Responsibility Agreements with suppliers, the quality and environmental management systems and the Equality Plan, as described on pages 156 and 157 of the 2011 CSRR.

The preparation of the 2011 CSRR and its contents and the preparation of the information that responds to the questions of the IPESD is the responsibility of Abengoa Management, which is also responsible for defining, adapting and maintaining the management and internal control systems from which the information is obtained and the systems for applying the principles of the AA1000APS (2008), as well as the preparation and updating of the ISMS in accordance with the guidelines of ISO 26000. Our responsibility is to issue an independent report based on the procedures applied during our review, which refers exclusively to the information for 2011. This report is issued in accordance with the terms and conditions of our engagement letter dated 17 October 2011.

Criteria for performance of our verification

We have carried out our work in accordance with ISAE 3000 Assurance Engagements Other than Audits or Reviews of Historical Financial Information (hereon, ISAE3000) issued by the International Auditing and Assurance Standard Board (IAASB) of the International Federation of Accountants (IFAC), for a reasonable level of assurance that requires, for engagements of this type, verification

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procedures and the procurement of sufficient evidence that supports the information presented in order to reduce the risk of error or omission in said information to an acceptably low level. Furthermore, we have also carried out our work in accordance with *AA1000 Assurance Standard 2008* (hereon, *AA1000AS (2008)*), of *AccountAbility*, under a Type 2 high assurance engagement, which corresponds to reasonable assurance as per ISAE 3000.

Our reasonable assurance work has consisted of the formulation of queries presented to Management, and the different units of Abengoa that have participated in the preparation of the 2011 CSRR and in the design of the ISMS, and in the application of certain procedures that are broadly described below:

- Interviews with personnel and management of Abengoa responsible for compiling the information, for ascertaining the management principles and approaches applied in the preparation of the 2011 CSRR, and, specifically, the preparation of the core and additional performance indicators as well as the indicators of the "Responsible Management Balance Sheet".
- Analysis of the processes for compiling, validating and consolidated the information selected.
- Testing by sample of the IT and internal control systems in relation to the compilation of the selected indicators.
- Verification by substantive testing of the quantitative and qualitative information obtained from the indicators and its proper compilation. In the case of financial information relating to the EC1 and EC4 indicators, included in the 2011 CSRR, we have verified that they are obtained from the 2011 annual accounts of Abengoa audited by PwC, which issued an unqualified audit report dated 23 February 2012.
- Interviews with Abengoa personnel and management, both at the corporate and business group level, in order to ascertain the procedures, systems and management approaches in relation to the consideration and compliance of AA1000APS (2008) principles, and review of the opinions of external stakeholders and of the IPESD.
- Evaluation and sampling of the management practices and documentation available in relation to the systems of participation of the stakeholders and the communications and response processes in relation to the material issues.
- Interviews with the persons responsible for the preparation of the responses to the IPESD questions, verifying that the information in these responses is properly based on internal or third-party evidence and documents.
- Meetings with Abengoa personnel responsible for the preparation of the policies, management standards and procedures that make up Abengoa's ISMS in order to ascertain the management principles and approaches applied in its design, and obtain the information necessary for external verification.
- Review of the existence of policies, management standards and/or procedures, within Abengoa's ISMS, for each of the guidelines and recommendations under ISO 26000 in the matters referring to organizational governance, human rights, labour practices, environment, fair operating practices, consumer issues, community involvement and development, and ways of integrating socially responsible behaviour in the organisation.
- Meetings with Abengoa personnel and management in order to verify, through sampling and substantive testing of specific management practices, and available documentation related to the implementation of the five key aspects of the ISMS.

In relation to ISO 26000, this report in no way can be construed as certification thereof, in light of the fact that ISO 26000 does not contain requirements but guidelines and recommendations, and is treated, therefore, by definition, as an uncertifiable standard.

Our work has not included an examination of the reliability of the information provided by third parties.



Independence

We have performed our work in accordance with the independence standards required by the Code of Ethics of the *International Federation of Accountants (IFAC)*. Our work has been carried out by a team of sustainability specialists with a wide range of experience in the review of reports of this type.

Conclusion

As a result of our work we can conclude that:

- The core and additional performance indicators for FY 2011 proposed in the GRI-G3, referred to on pages 178 to 183 of the 2011 CSRR, the scope and limitations of which are defined in the chapter "GRI Index", as well as the indicators of the Responsible Management Balance Sheet, referred to on page 21 have been prepared reliably and appropriately, in all significant aspects, in accordance with Abengoa's CSR reporting system.
- The responses given by Abengoa to the queries formulated by the IPESD respond reliably and appropriately, in all significant aspects, to the evidence analysed.
- The 2011 CSRR has been prepared, in all material aspects, in accordance with the principles of inclusivity, materiality and responsiveness established under the AA1000APS (2008). Specifically:
 - Inclusivity: Abengoa Management has set up various processes of engagement and participation of its stakeholders, both at the corporate and different levels of the organisation, in order to include their expectations in the development of its sustainability strategy.
 - Materiality: Abengoa Management has set up a structured and adequate system for identifying and prioritising the material sustainability issues that are relevant to the organisation and its stakeholders.
 - Responsiveness, Abengoa Management has various processes for developing appropriate responses to the material issues and the expectations of the stakeholders.
- Abengoa's ISMS described on pages 20, 155 and 156 of the 2011 CSRR, has been prepared and adapted, in all significant aspects, to the guidelines of ISO 26000, and the five selected key aspects are being implemented according to the ISMS policies, management standards and procedures.

Recommendations

On the basis of our verification, we bring to your attention various findings and recommendations that will be presented to Abengoa Management. We set out below a summary of the most significant recommendations for improving the application of the AA1000APS (2008), which do not modify the conclusions expressed in our report.

Inclusivity

Abengoa maintains an ongoing dialogue with its stakeholders through different channels of communication and has systematic mechanisms for ascertaining their expectations and priorities. As part of this process, since 2009, the Company has carried out surveys to find out the opinions of its main stakeholders and uses an Independent Panel of Experts in Sustainable Development (IPESD). We recommend continuing the extension of the analysis of stakeholders' expectations in order to include, with the same depth, all stakeholders, internally and externally, and to cover new geographic areas in which the Group is operating. In addition it is recommended to continue enhancing, embedding and prioritising dialogue that makes possible the direct involvement of the stakeholders in the development and scope of a responsible, strategic response to sustainability.

Materiality

Abengoa has continued in 2011 to improve its procedure for analysing material issues. Abengoa has reviewed the evaluation process in order to better identify material issues and incorporate the analysis undertaken by each of its business groups. We recommend continuing to move forward in the

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communication process of the material issues, which will allow the prioritisation of resources, both at corporate as well as business group level, with regards to the priority CSR action plans.

Responsiveness

During 2011, Abengoa has strengthened and improved its CSR reporting system, creating automatic links between the various IT tools, integrating the CSR data system, the environmental management system and the GHG inventory, as well as developing a CSR KPI scorecard ("Responsible Management Balance Sheet"). We recommend continuing to foster transparency mechanisms in relation to both internal and external stakeholders. We also recommend using the developed CSR IT tool to monitor and communicate more frequently the CSR commitments through the key indicators of the "Responsible Management Balance Sheet". Likewise, we recommend that Abengoa periodically update the CSR executive plans prepared at all levels in order to bring them into line with the possible changes in expectations of the stakeholders.

PricewaterhouseCoopers Auditores, S.L.

M.ª Luz Castilla
Director
23 February 2012

