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Concluding Report

of the Independent Panel of Experts on Sustainable Development

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Introduction

The IPESD (“the Panel”) was appointed again in October 2010, with two members rotating out and two new members joining the Panel, to conduct an analytical review of Abengoa’s 2009 Corporate Social Responsibility Report. The Panel was given the objectives of:

- 1) Improving the transparency of information about the company’s CSR, and
- 2) Forming a judgement on the materiality of the company’s CSR report and its responsiveness to stakeholders.

The intended scope for the Panel’s work comprised:

- A reading of the 2009 report;
- The formulation of ten questions, reduced from twenty in the previous year, posed to management for clarification and additional information;
- A review of the company’s responses to these questions.

Additionally during 2010 members of the Panel had the opportunity to visit Abengoa’s head offices to discuss the company’s sustainability’s strategy and its CSR reporting. As a consequence our concluding comments are based both on written documentation received and on explanations provided to us at the time of our visit. The Panel does not review the accuracy of the data included in the report, assurance of this data is conducted by the company’s external auditors.

The Panel continues to rate highly Abengoa’s commitment to sustainability and to transparent reporting. The company remains open to discussions both on the substance of CSR and also to ways of improving the reporting. The Panel believes that further progress can be made by reducing general descriptions of processes, standards and regulations and adding more focus on actual performance of the company, including reports of outcomes against quantified targets and use of illustrative examples and case studies.

General observations on the 2009 report

Several of the Panel's previous suggestions have been reflected in the 2009 report. This relates both to an expanded section on biodiversity and to the GHG inventory. A change in the company's governance made in 2010 to separate the Board chair and the CEO roles reflects a recommendation from the Panel. Other comments were not fully taken up by the company and we have repeated some of these in this year's questions

We believe that the report is still too long and therefore that it is not easy to identify the most material issues that Abengoa wishes to communicate. We understand that the 2010 report will be shortened and continue to believe that this will serve to enhance the quality of the report as an instrument of good communications.

Specific comments on Abengoa's responses to the Panel's questions

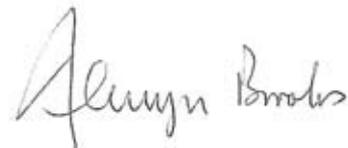
- 1) The Panel queried whether Abengoa measures the influence and impact of its CSR report and learned that while dialogue channels are made available to stakeholders there is no proactive outreach as yet to key stakeholders. No data is reported on stakeholder feedback. The Panel believes that much could be learned from stakeholders which would contribute both to Abengoa's businesses and to the contents, structure and presentation of the CSR report.
- 2) In defining material issues for inclusion in the CSR report the company describes in detail the mechanisms used but it is clear to us that external factors are based more on an understanding of general trends rather than through a process of genuine consultation with external stakeholders (an explanation of such a process is provided by the revised AA Stakeholder Engagement Standard). Materiality is therefore heavily weighted to internally determined strategic priorities and management processes and to a general perception of external influences.
- 3) The Panel encourages the use of examples to illustrate community dialogue as well as even more detail to illustrate how the company deals with conflicts which arise in connection with larger infrastructure projects.
- 4) In explaining the company's diversity policies there is too narrow a definition of diversity which extends beyond gender to physical attributes and working styles. However we would welcome both statistics on success in achieving gender equality as well as targets for better balancing senior management positions.
- 5) While the Panel welcomes the absolute CO2 reduction achievement, such a figure on its own does not allow an understanding of its relative contribution. We suggest that reductions are framed as a percentage of total CO2 emissions. We regret that targets are only set annually rather than indicating a trend over future years.
- 6) We welcome the company's response. This information could have usefully been included in the CSR report.
- 7) We asked about the ultimate environmental impact of the disposal of hazardous waste and the response focused on important preventive mechanisms, including extensive ISO 14001 certification, but did not deal specifically with our question.

8) Abengoa provided a long answer to our question on the sourcing of biofuels, with much useful information. Given the large number of standards and regulations cited the response leaves the impression that Abengoa is in reactive mode rather than trying to impose its own goals and objectives. It remains unclear in the company's assessment whether the use of biofuels leads to a reduction of GHG emissions, which should be the ultimate purpose.

9) We welcome progress being made toward SA 8000 of major companies in the group.

10) The Panel suggests that some of the detailed information in the response on whistleblowing could have been included in the CSR report. Abengoa should also consider publishing statistics on the actual use of this complaints channel.

Signed by the President of the IPESD



Jermyn Brooks

February 16, 2011

Overall report impact

1. Does Abengoa measure the influence and impact of the CSR report, both online and offline, on its stakeholders?

By means of the Corporate Social Responsibility Report (CSRR), the company makes available to its readers the different communication channels in place (stakeholder mailbox, the rsc@abengoa.com email address, postal address...) and communicates the existence of these channels within its contents so that report readers may transmit their comments, complaints and suggestions regarding the document to the company.

One of the improvements suggested for the report is synthesis of content, something which we are working on in preparing the CSRR10.

Additionally, through the web-based application which hosts the report, Abengoa analyzes the statistics related to the number of visits the report is receiving.

Stakeholders are a basic underpinning to planning and development of Abengoa's strategy with respect to sustainability. For this reason, as an accompaniment to these measures, and with the aim of delving deeper and improving the way the company measures the impact and influence of its reports, this year Abengoa prepared an online survey that will be included in the CSRR10 so that readers may thereby make their opinions known. A web-based application will also show the sections most frequently visited by report users.

Materiality

2. In determining which issues are material, can Abengoa explain which are the company's key stakeholders, who is approached, who participates and what forums are established to determine stakeholder input and what process is followed to reach the relative weightings and resulting priorities shown in the detailed tables included in the report?

Prior to the process of identifying issues that are material for the report, it is necessary to identify the company's stakeholders. In preparing the company's **Strategic CSR Plan**, Abengoa designed a stakeholder map that will be completed in the coming months through the development of a dialogue protocol to establish specific methodology for consulting these stakeholders, in addition to a model for analyzing CSR-related risks for application to company facilities.

Once company stakeholders have been identified, to determine whether an issue is or is not material, the nature and dimension of the aspect analyzed must be taken into consideration, evaluating the circumstances entailed by omission thereof. In order to make this decision, since 2008 one must refer annually to the CSR relevant matter procedure methodology defined by the company and which is centered on two bases for analysis that subsequently intersect to obtain the final result, thereby preventing conflicts between internal and external expectations:

- **External factors**, which are those associated with the expectations of Abengoa stakeholders and the importance they attach to the different issues. To extract and evaluate these, different sources are analyzed: existing reporting standards, international initiatives, the chief industry-leading companies in sustainable management and other prescriptors related to the different sustainability areas, prevailing legislation, socially responsible investors, reader opinion, and appearances and references in the media.
- **Internal factors**, which determine the significance of the different matters for business, company management and, ultimately, in fulfilling business strategy. A committee on relevant CSR matters is set up to compile them. This committee is composed of representatives from the company's business units and corporate areas for them to categorize the external factors, issues deemed to be the most significant for stakeholders (extracted from procedures that are similar to this one, conducted for each one of them), and also analyze issues that may directly affect the company or its employees so that these matters are included in the report. Once the list of issues has been obtained, the committee will score each issue according to its relevance.

Making use of both perspectives is essential in achieving compliance with the principles defined under the **AA1000 AS (2008) Standard**: inclusivity, materiality, and responsiveness.

The results of the analysis will yield a matrix for categorizing matters as being: **irrelevant, optional or mandatory**.

Matters identified as being mandatory due to their position in the matrix must necessarily be included in the CSRR. For matters shown to be optional, the decision as to whether they will be reported to the public should be considered and documented, and, if so, specifying the channel to be employed.

With the aim of showing a higher degree of transparency and facilitating the reader's understanding of the criteria for selecting matters for inclusion, a CSRR section is included in which the main processes carried out for this purpose are outlined. This section should report significant limitations that may have been involved in the process.

As a general rule, for each one of the material matters at least one quantitative or qualitative indicator must be identified to reflect the matter and based on which follow-up may be carried out in the future.

Community dialogue

3. How does Abengoa identify community impact from its energy and construction projects and what process is followed for conflict resolution? Can the company provide examples of successful conflict resolution or of ongoing problem situations?

Given the diversity of Abengoa's activities, the group's business units and companies develop specific initiatives, the cornerstone of which is **stakeholder dialogue**, in order to determine impact and resolve potential conflicts that may arise in the community where the company or project is present.

Examples of conflict resolution may be found in all spheres of company management. The following are just a few of them:

In the **environmental area**, for activities involved in waste management, in addition to the pertinent environmental assessments conducted prior to project development, training sessions are conducted in the communities near the site with the aim of resolving doubts and informing on tasks the company is going to carry out and the potential impacts involved.

- Thus, in 2010, Abengoa Befesa Zinc Sur SLU executed a project for implementing and starting up a plant for recycling and valorizing steel dust in the town of Villafranca de los Barros in Extremadura (Spain).
- Due to the concerns that may arise surrounding these types of projects, Befesa held several information seminars in the municipal administrative offices with the purpose of informing members of the community and resolving any doubts arising regarding the project. These sessions, advertised through the local media, enable the company first-hand knowledge of the concerns of local dwellers, and facilitate project implementation while at all times taking the community into account.

Likewise, in the **energy area**, open houses were also conducted, for example, in communities in which there are solar energy production plants in operation. During these visits, with an average attendance rate of 500 people per year, technicians explain plant operation and the manner in which the solar power produced helps combat climate change. It also provides a forum for attendees to express their doubts and concerns to the company so they may be addressed by technicians directly and immediately.

As far as solar energy activity is concerned, conflicts generally arise during the plant preconstruction stage, and are resolved by analyzing each specific case, favoring dialogue with the stakeholders affected, thereby enabling the company to ascertain community needs, while providing first-hand information regarding the project at the same time.

- A conflict arose at the Castile La Mancha solar plant in relation to the discovery of a fossil dune during the platform construction phase. The company resolved the conflict by protecting the paleodune using fencing, and making the finding known through a descriptive panel aimed at providing the community with knowledge on these types of fossils. There are also two other initiatives being carried out by the community that have received praise from the local community: recovery of two species of birds of prey, the common kestrel and the lesser kestrel, whose habitat had been reduced as a result of plant construction. To remedy this, nests were put in place for the birds to occupy; monitoring of this initiative will be conducted over the next few years.
- Along the same lines, there is an archeological research program in place near the Solúcar Solar Complex in Sanlúcar la Mayor (Seville), which unfolds adjacent to the well known Green Corridor of the Guadiamar River. The existence of numerous archeological sites in the area required adjustments to installation designs in order to maintain their integrity. Abengoa commissioned the Focus-Abengoa Foundation with the task of carrying out an extensive project to assess the archeological wealth of the surroundings, including minimally invasive land and geophysical prospection.

In terms of industrial engineering and construction activity within the energy area, we may cite the example of Teyma Abengoa, which has devised specific processes for dialogue and conflict resolution involving the work conducted by the company.

- In the Comahue-Cuyo Interconnection Projection under way in Argentina, the company has embraced a deep commitment to local community development, establishing initiatives to enhance the development of relationships with employees, suppliers, and, fundamentally, the community.

An important factor for the community involves the integration of locally-based personnel into a project, which combines regional historical uses and customs, as well as specific legislation. The company seeks a balance among optimizing project costs, incorporating ideal personnel for each job, and utilizing the highest possible number of local employees and operators, establishing verbal agreements with local trade unions on resources and background profiles to be incorporated, in conjunction with the personnel in place from other regions.

With respect to persons whose territories or properties may be affected one way or another by construction works, dialogue with each actor involved enables precise knowledge of each party's interest, and, through negotiation, consultation with managers and professionals specializing in land management, leads to resolution of the economic differences that arise regarding land easement compensation within the minimum limits established under the law.

In short, regardless of the type of activity conducted by Abengoa, fluid stakeholder dialogue constitutes the essential tool for managing conflicts.

Diversity

4. What steps is Abengoa taking to achieve greater diversity and to retain talent at senior management, including board, levels?

Labor practice at Abengoa and the professional conduct of company employees are governed by the **United Nations Universal Declaration of Human Rights** and its protocols, as well as International Agreements approved by said international body and the **International Labor Organization (ILO)** on social rights (expressly, the **United Nations Convention on the Rights of the Child**, the **UN Convention on the Elimination of All Forms of Discrimination against Women**, as well as specific conventions against child labor, forced labor, health and safety at work, freedom of association, discrimination, disciplinary practices, working hours and compensation). Furthermore, it endorses the **Tripartite Declaration of Principles concerning Multinational Companies and Social Policy of the ILO**, and the **Principles for Multinational Companies of the OECD**.

While diversity is inherent to Abengoa's culture and multinational nature, the company actively promotes local hiring in the countries in which it operates and gives incentives to worker mobility and international career projection. There are currently more than 60 different nationalities represented among the company's employees.

Abengoa knows no borders. The principle of equality and non-discrimination is one of the cornerstones of company policy, and the only way to evaluate employees is based on merit and excellence in performance. Therefore, there are no quota-based policies in any functional, hierarchical or geographical sphere. And we are actively involved to ensure this, not only by establishing specific policies, but also through assuring compliance through standardized mechanisms. The next CSRR will include a table showing salary comparisons between men and women in different employee categories.

Abengoa safeguards and promotes equality between men and women by applying this principle to all of its human resource management policies, including, hiring, recruiting, training, performance review, promotion, compensation, working conditions, personal-work life balance, communication, and the prevention of harassment.

Within this context, Abengoa, has its own **Equality Framework Plan** that mandatorily applies to all company personnel and which seeks, on the one hand, to ensure equality in the treatment and opportunities between men and women, and, on the other, to prevent any situation that may imply or constitute labor discrimination, whether direct or indirect, for reasons of gender.

Because Abengoa understands that its true competitive edge lies in the talent of the professionals that make up the company, retaining talent is also one of the areas in which significant efforts are invested. This requires an attractive business project that ensures equal opportunities for company employees and strikes a balance between personal and professional life, while at the same time nourishing the development of employee talent and investment in their future.

This year marked the implementation of the Executive Intercommunication Program, the purpose of which is to enable the company to manage, review, strengthen and address the concerns, expectations, commitment and motivations of the company's managers in a personalized manner, contributing to their professional development through specific initiatives and individualized plans.

Environmental issues

5. Is Abengoa willing to make commitments to concrete GHG reduction targets for each of its major lines of business?

Abengoa companies set greenhouse gas emission reduction targets for 2010 based on the **2009 inventory** that was consolidated and verified externally. These reduction forecasts established under the company plans amount to an Abengoa group total equivalent of nearly 64,000 t of CO₂.

Targets were set by each company in accordance with the corporate criterion of covering every scope and source showing emissions in each company's 2009 inventory.

Envisaged under each company reduction plan in establishing the emissions volume is the abatement of emissions derived from different types of activities: fuel consumption decrease and fuel replacement in vehicles and machinery; efficiency enhancements in electrical power consumption; management of the supplier catalog based on comparing emissions associated with the products and services acquired; functional improvements to worksite commutes; and employee training involving sustainable conduct and mobility.

At present reduction targets are set on an annual basis. However, as target-setting, monitoring and results assessment systems mature, there will be potential to set targets on a broader temporal horizon.

6. Under Environment and Climate Change, two incidents are referred to which gave rise to fines of € 120,000. What were the causes of these incidents and what is Abengoa's strategy to prevent a recurrence?

The Solnova 1 and Solnova 3 plants each received fines of € 60,000. During the earth-moving stage of plant construction, the contractor piled the dirt in an area that was not authorized by the Andalusian Environmental Council. The building project Environmental Impact Statement specified that no use could be made of land beyond the evaluated area (within their facility). Furthermore, rains swept the dirt that had been piled up to the riverbanks near the site where construction work was taking place.

In addition to paying the fine, Abengoa replaced all of the dirt and conducted pertinent cleanup operations in the affected area.

In order to prevent these types of situations from reoccurring, the excavation and filling procedure was reexamined, establishing that the project manager must approve the dumping site prior to beginning any construction work entailing excavation.

7. Can the company provide information on how it deals with hazardous waste to take account of the ultimate environmental impact of its disposal?

Abengoa has established as a strategic objective for its group of companies the implementation of environmental management systems in accordance with the requirements of the ISO 14001 Standard.

This framework establishes a specific objective: reducing any negative environmental impact of each company's products and services, including lowering natural resource consumption and waste and emissions generation.

The environmental management systems in place require that any activities involving significant environmental impacts be included in the monitoring and measurement plan, and in operational control. In addition to this, a reporting system has been devised for all companies to report on waste generation and the ultimate disposal method.

Therefore, company policy requires of all group companies control and measurement of their environmental performance in order to establish concrete objectives for reducing natural resource consumption and generation of waste, spills and emissions. Implementation in all companies of the environmental management systems based on the ISO14001 requirements and certified by external entities, as well as internal audits conducted out of the Corporate area ensure compliance with said policy. In 2009, the percentage of certified Abengoa companies totaled 84.96 %.

8.8. In relation to the supply chain of biofuels, can the company explain their policy on sustainable sourcing and, specifically, provide a detailed breakdown of which feedstocks are used (by %) and their country of origin?

In line with its sustainability policy, whose governing principle is the contribution to sustainable development through the use of renewable energies, Abengoa upholds an unquestionable commitment to being a global leader and point of reference in developing strategies to ensure sustainability in biofuel production, and consequently in the production of its raw material inputs.

This commitment is materialized in four strategic cornerstones:

- **Social Responsibility Code:** Within the framework of Abengoa's commitment to sustainability, for several years now, the company requires that its providers of raw material inputs sign up to its Social Responsibility Code, based on the international SA8000 Standard, which includes the commitment to compliance with and promotion of social, environmental and ethical aspects.

- **Greenhouse Gas (GHG) Emissions Inventory:** Abengoa likewise requests from its raw material input providers the information needed to identify the GHG emissions associated with their processes. Following the initial development stage and consolidation of this emissions inventory, the company will be in a position to carry out the process of abating the emissions linked to raw materials by selecting providers from among those suppliers with the lowest emissions levels, which will translate into fostering environmentally-responsible conduct among the company's providers.
- **Voluntary Scheme for sustainability verification:** Through the legal framework afforded by the Renewable Energy Directive (RED), Abengoa developed a Voluntary Scheme (VS) for verifying the sustainability of the biofuels it produces, referred to as the RBSA Standard, and which is currently in the process of approval and global implementation in the group's companies in Europe and the United States.

This standard establishes obligations for economic operators consisting of making sure that:

- Feedstock production areas are not located in areas with high biodiversity or in carbon reserves.
- Once it has been marketed, the biofuel offers GHG emissions savings that surpass the thresholds established under said regulations. These savings are computed through biofuel lifecycle assessment in comparison to the fossil fuel being substituted, with there being a direct relationship to inputs throughout the process (primarily involving fertilizer use in agricultural production).
- Data associated with the biofuel produced can be traced back to the feedstock of origin using a Mass Balance System.

These requirements apply to the entire production chain, from agricultural production to the end consumer, within a global geographical sphere. The process of formal approval of the RBSA Standard within the RED framework is currently under way, under the responsibility of the Directorate-General for Energy (DG EN) of the European Commission.

The RBSA Standard is:

- **Pioneer:** To date only 5 or 6 other VSs have been presented, among which only two of them involve private initiative, as is the RBSA Standard.
- **Voluntary:** transcending the legal compliance that could be achieved by merely providing information on sustainability in accordance with national laws and decrees associated with the RED and whose assurances of quality will in theory be lower. In this sense, it should be pointed out that Abengoa has proposed as a requirement within its standard the obligation for all suppliers to verify a prior external certification with respect to fulfillment of the sustainability requirements included under the same, which means that the company transfers this level of commitment and stringency with respect to sustainability to the supply chain.
- **Demanding:** The European Commission has established a thoroughly groundbreaking sustainability regime for any economy activity through the RED, set in motion by the DG EN. It is precisely this directorate-general which is the body in charge of evaluation and validation for legal purposes of the RBSA Standard, which, following approval and subsequent formal ratification by the European Parliament, will render the most stringent standard of approval currently available in the realm of biofuel sustainability.
- **Global:** Although the RBSA Standard is currently in the process of being approved, Abengoa has already implemented the procedures and technological solutions included under the same in its European companies (under way in the United States), in anticipation of definitive adoption in 2011, for the eventual extension expected to include operations in Brazil.
- **Committed to the supply chain:** Implementation of the RBSA Standard in the supply chain entails intensive training and instruction effort, which is being conducted through the development of explanatory documentation, meetings aimed at dissemination, promotional seminars, and the development of technological solutions, mainly for carrying out the computation of GHG emissions among feedstock providers, in order to facilitate practical implementation.

Raw material diversification through research and development: Abengoa Bioenergy's Research and Development Division has a demanding scientific and technological program aimed at the pursuit and development of innovative technological solutions to diversify supply sources (biofuel and power production), primarily through the development of solutions for the use of lignocellulosic biomass obtained from enzymatic hydrolysis and gasification technologies, in addition to integration thereof under the biorefinery concept.

In addition to the strategies outlined above, we may point out two specific initiatives carried out by Abengoa Bioenergy in the area described:

- In relation to the regulations in force in Germany, Abengoa Bioenergy Netherlands and Abengoa Bioenergy France were certified under one of the mandatory systems (International Sustainability Carbon Certification) in order to sell biofuel in Germany. Likewise, the chief ABF corn supplier was also certified under this system encompassing both environmental and social principles.
- Promotion of sustainability in Brazil has particularly materialized through changes in labor practices associated with cane-cutting mechanization. This has led to improved employee working conditions and the complete elimination of burning sugar cane as an agricultural practice. Abengoa Bioenergy signed an agreement with the state of Sao Paulo to progressively eradicate this practice in 2014. There are also GIS-based technological solutions for planning and allocating spatial agricultural data on plots of land under the responsibility of Abengoa Bioenergy. These GIS solutions support other specific management software (SAP, for example) to enable suitable monitoring of agricultural inputs, such as, for example, fertilizer use.

As far as the feedstock breakdown is concerned, below are the data for 2010 in Abengoa's three main locations for producing biofuels:

- In **Europe**, there is greater variability in the feedstocks employed, in terms of both type as well as crop origin. The table below shows the detailed breakdown in 2010 (including the December estimation):

Country of origin	Partial barley consumption by country %	Partial wheat consumption by country %	Partial corn consumption by country %	Total consumption by country %
Germany	0	1	0	1
Brazil	0	0	3	2
Bulgaria	0	9	4	5
Denmark	0	21	0	6
Spain	100	5	23	25
France	0	0	50	31
Hungary	0	0	7	4
Romania	0	6	3	4
Serbia	0	0	2	1
Ukraine	0	3	8	6
U.K.	0	54	0	15
Total consumption by grain type (%)	9	28	63	100

- In the **United States**, all feedstocks employed come from local production, with a corn consumption figure of 87 %, and the remaining 13 % in sorghum support with respect to estimated installed capacity in 2011.
- The only agricultural input utilized in **Brazil** is autochthonous sugar cane.

Social issues

9. Does the company have minimum criteria for HR policies which are applicable to all Abengoa companies around the world, and does the company have plans to extend SA 8000 certification to its main businesses, particularly to its construction activities?

Abengoa's principles and policies are specified in the Common Management Systems that apply without exception to the entire company and which are of mandatory compliance for all employees. Specifically, Norm 04 sets down the guidelines to be followed in terms of company human resource matters and includes, among other contents, the Equality Framework Plan, policy on Social and Labor-Related Responsibility, hiring, promotions and training, Code of Conduct.

Abengoa's corporate area presently holds **SA8000 certification**, which validates all company structure, policies and management procedures.

The group also has companies in the process of being certified in Brazil, France, Mexico, and Peru. While SA8000-certification is not currently required of group companies, implementation of a Social Responsibility Management System (SRMS), inspired by the model established under this standard, is mandatory. Compliance with this system is obligatory for all group companies and is audited internally.

10. Suppliers are required to sign up to the company's code of conduct. Can Abengoa provide details of any suppliers disqualified as a result of non-compliance with this code?

In order to work for Abengoa, companies that make up the group's supply chain are required to sign a social responsibility code based on the International SA 8000 Standard, through which they undertake a commitment to fulfill all requirements pertaining to social and environmental responsibility set forth in the United Nations Global Compact and by means of which they agree to possible inspections of their facilities.

In the event that Abengoa has knowledge of non-compliance with this code, the company reserves the right to terminate the relationship with the supplier until the latter has duly resolved the situation. In May 2010, for example, Abengoa excluded from the supply chain Indonesian group Sinar Mas, a leading producer of palm oil, in light of evidence that that company engaged in unsustainable environmental practices.

What is the whistleblower function? Can the company indicate whether it operates effectively?

Abengoa has made **two whistleblower** channels available to its stakeholders, one internal and the other external, so that these stakeholders may inform the company regarding potential irregularities detected within the organization.

The **internal channel** is intended solely for employee use and is available to all personnel through the corporate intranet. This channel enables employees to report any potential irregularity involving accounting, auditing, or failure to comply with the Abengoa code of conduct. Claims are treated with the utmost confidentiality and may even be submitted anonymously.

The primary objective of the whistleblower channel is none other than that of establishing an effective direct line of communication to make known to the company any concerns or irregularities related to financial statements, internal reports, accounting matters, internal control over financial information disclosed, internal auditing issues, or any other fraudulent act that may affect Abengoa and its subsidiaries.

Additionally, in 2009, Abengoa implemented a whistleblower protocol for detecting harassment in the workplace in order to deal with any potentially discriminatory situation within the company.

This protocol treats both whistleblower procedures as well as the definition of situations that may constitute harassment, and is executed in accordance with the principles of confidentiality, credibility and timeliness in order to ensure and protect the privacy, dignity and rights of company employees.

Abengoa makes the existence of the internal whistleblower channel known to all employees upon being hired through the Norms of Obligatory Compliance (NOC); through ongoing communication via the corporate internal Web site; and on an annual basis through training courses administered to all employees on the Common Management Systems.

The **external channel**, on the other hand, is available to any third party outside of the company with the purpose of calling attention to potential irregularities, fraudulent acts or violations of the Abengoa code of conduct.

In 2010, Abengoa set up this specific channel that may be accessed through the corporate Web site (www.abengoa.com).

Abengoa's objective in creating this external channel is to provide third parties with a tool to facilitate direct communication with management and governing bodies and to serve as an instrument to address any potential irregularity, non-compliance or conduct in violation of ethics, lawfulness or the norms governing the organization.

Abengoa makes sure that this procedure is made known to all company collaborators.

For all claims submitted, there is a structured process in place that is monitored by Internal Auditing and the General Secretariat to ensure,

- performance of appropriate independent analysis of claims reported,
- confidentiality of both the claimant and the claims reported; and
- absence of direct or indirect retaliation against the whistleblower.

All cases are examined and reported to the Audit Committee, and, depending on each one, brought to the attention of the pertinent administrative authorities. For reasons of confidentiality, Abengoa does not disclose aggregated information.

Implementation of this channel reflects the recommendations for better corporate governance practices and Abengoa's commitment to rigor and transparency in conducting its business.