

#### Abengoa and its Customers Annual Report 2010 ABENGOA





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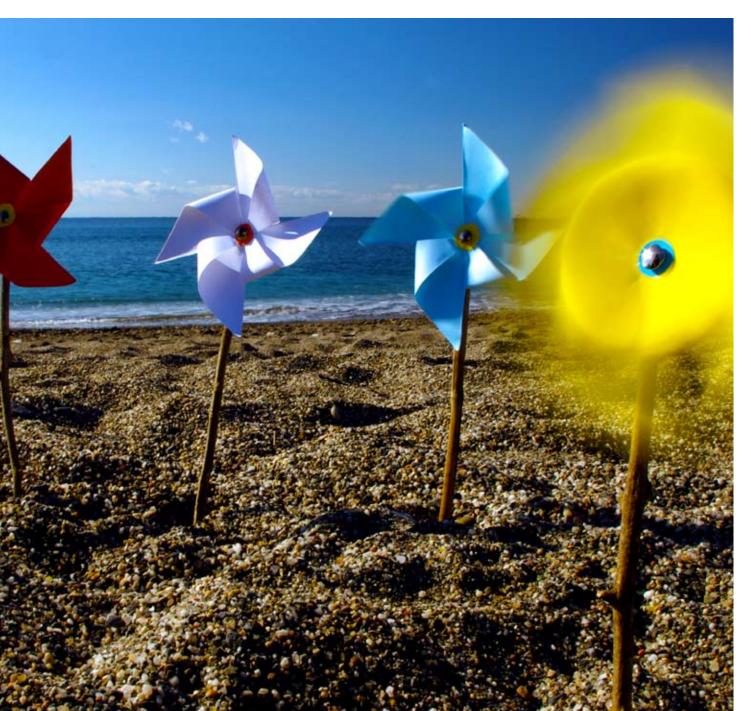
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#### Annual Report 2010 ABENGOA Abengoa and its Customers

We forge future relationships based on trust Since its inception, Abengoa has undertaken a commitment to ensuring that its products and services are always in line with achieving **full customer satisfaction**. Customers are the key agents in any business relationship and their satisfaction is essential in achieving fluid rapport based on trust in order to ensure long-term relationships. This commitment was explicitly incorporated into the Joint Management Systems of mandatory compliance for all group companies.

Furthermore, creating this bond of sustainable trust with customers requires a commitment to transparency in communication to ensure privacy, quality, health and safety as key variables in the company's relationship with its customers.

Photograph taken by Elena Ferre from Girh for the II Sustainable Development Photography Competition Each partner in a business relationship has a perspective that differs from but nonetheless complements that of the other partner. Thus, for customers it is essential that the required product or service be adapted to their needs and that there be high standards of quality in meeting deadlines and providing after-sale service. Abengoa works together with its customers in developing their business, and this requires the company to address their needs in order to build forward-looking **relationships built on trust**. The basic tool for achieving this is fluid and transparent communication.



#### **Our Customers**

Customer management is governed by the principles of **transparency**, **quality**, **confidentiality**, **safety and security**, and ongoing assessment of customer **satisfaction**.

Abengoa's key customer profile by business **sector** is as follows:

#### Energy

- Electric utilities.
- Public administration.
- Major industrial companies to which the company provides technology or installations.
- Grid operators.
- Transportation fuel producers and distributors.
- Livestock co-ops interested in DGS (distillers grains with solubles), an animal protein feed obtained from bioethanol production.
- Food processing companies that acquire the sugar obtained during sugar cane-based biofuel production.
- Society, as an end consumer of renewable energy.

#### Environment

- Major industrial companies to which the company provides technology or installations.
- Public administration.
- Large European iron and steel companies, primary zinc foundries and construction firms.
- Leading companies from the automobile industry, the European construction sector and the primary aluminum industry.
- Companies operating in the following sectors: Pharmaceutical, chemical, petrochemical, electricity, transportation, traffic management and the environment.
- Companies to which Abengoa provides hydraulic infrastructure design or construction.
- Society, as the end beneficiary or indirect customer of products and services.

Photograph taken by Elisa María Díaz Salmerón of Abengoa Bioenergy for the Il Sustainable Development Photography Competition



Abengoa is committed to implementing and certifying the quality management, environmental management and occupational risk prevention systems in accordance with international **ISO 9001** and **ISO 14001** standards, as well as **BS OHSAS 18001** certification. Effective implementation of the management systems will be achieved by following the guidelines set down by the management through its policy on quality, environment and occupational risk prevention; as well as through annual objectives and their ongoing monitoring, continuous improvement, training, and the unconditional support provided by all Abengoa personnel.

## **Customer Management**

In order to gauge **customer expectations** and **anticipate their present and future needs**, Abengoa upholds a course of action based on direct involvement in all phases of managing and executing company activities.

First, Abengoa has a computer application for managing customer relations referred to as **"Commercial Action"**, which aims to:

- Coordinate all customer-related processes with the aim of providing personalized treatment for each and every customer.
- Harness synergies among Abengoa's companies to offer full customer service.
- Prevent process duplication due to a lack of coordination or information between Abengoa companies that may detriment both the companies and the customer.
- Anticipate customer needs.
- Channel customer needs to those group companies that can handle them most effectively, thereby benefiting the customer.

Secondly, the sales divisions, general company management and other departments involved maintain regular contact with customers in order to ensure that Abengoa's resources are in line with their priorities and to pursue improvement in areas that may not be perceived as positively by customers.

Abengoa companies set up these contacts using a filing system, through which analysis is conducted on different parameters, and guidelines for action and follow-up are drawn up based on this information. In the "Commercial Action" application, a file is opened for each customer and periodic monitoring conducted to gain a historic overview of the same customer, thus making it a powerful tool for **anticipating future needs and expectations**. As a result of this follow-up, the company is able to assess the degree to which pre-determined objectives have been fulfilled for each customer, and then adapt these objectives accordingly for subsequent years.

## **Customer Satisfaction Processes and Results**

We must be able to gauge the satisfaction of our customers and analyze their needs and expectations

The management systems implemented in accordance with international ISO standards and the internal requirements described in the procedures that outline the way to assess the maturity of these systems effectively mean that the company must have processes in place that are able to measure customer satisfaction and analyze their needs and expectations.

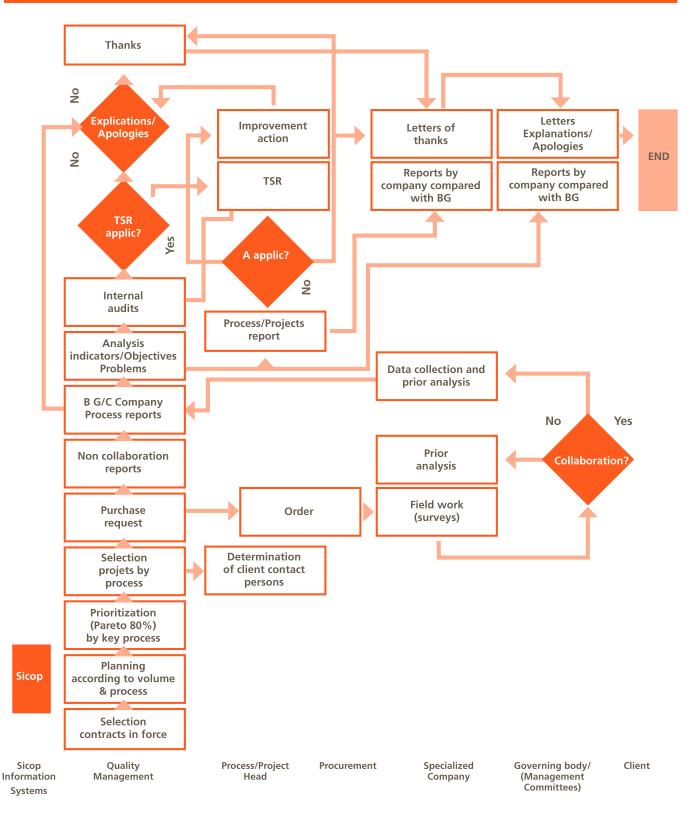
This analysis ultimately leads to specific **objectives and action plans for meeting expectations** and improving customer satisfaction. This is also taken into account by the management when establishing and defining strategy for each company. Implementation of this practice is reviewed and evaluated during the annual program of management system Control and Follow-up Visits (CFV), which determines the effectiveness of the measurement process employed.

Given the diversity of Abengoa's activities, products and services, and the customers targeted by the satisfaction study, the analysis is handled separately by each company and in certain cases results are obtained for each business unit. The flow chart below illustrates the most commonly used procedure.

## Abengoa and its Customers AB

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Uncertified

The most widely used tools for determining customer satisfaction are:

- Customer satisfaction surveys or interviews.
- Questionnaires on internal perception of customer satisfaction.
- Handling of claims and complaints.
- Letters of congratulation received, signing of agreements on quality, and customer contractor assessments.

## Certifications ISO 14001, ISO 9001, OHSAS 18001

On a corporate level, reporting directly to Abengoa's Chairman's Office, is the General Sustainability Management Department, created in January 2008, as well as a corporate department for Organization, Quality and the Environment.

The General Sustainability Management Department aims to gear Abengoa activities towards sustainability by ensuring that products and services are integrated into the model of sustainable development. This department promotes and directs implementation of the greenhouse gas emissions inventory and development of indicator systems to assess and improve the integration of Abengoa activities with sustainability.

The corporate department of Organization, Quality and the Environment has the responsibility, in environmental affairs, of reporting on the status and progress of the Management Systems throughout the different group companies. This supervisory function is headed by the General Coordinator for Quality and the Environment, who verifies fulfillment of objectives and the use made of the synergies generated through the control and follow-up visits.

ISO 14001		
Environment-certified companies according to sales volume (%)	2010	2009
ISO 14001-certified	86.05 %	84.96 %
Uncertified	13.95 %	15.04 %
ISO 9001		
Quality-certified companies according to sales volume (%)	2010	2009
ISO 9001-certified	94.04 %	92.87 %
Uncertified	5.96 %	7.13 %
OHSAS 18001		
Prevention-certified companies according to sales volume (%)	2010	2009
OHSAS 18001-certified	84.22 %	83.08%

During 2010, the number of Abengoa companies certified with ISO and OHSAS has increased: 1.17 % the ones with quality certification, 1.09 % the ones with environment certification, and 1.14 % the ones with Labor Risks & Prevention certification.

15.78 %

16.92%

## **Customer Health and Safety**

Each Abengoa company has a management system specifically focused on the ongoing improvement of processes, in accordance with the requirements imposed by international standards, and which supports and executes the company's strategy.

This management system, together with the control and monitoring mechanisms that have been devised, ensures that during each of the lifecycle phases of products and services there is an assessment of their impact on customer health and safety.

In 2010, no incidents deriving from failure to comply with legal regulations or voluntary codes associated with the impacts of products and services on health and safety during their lifecycle were reported through Abengoa's information channels in 2010.



#### **Product and Service Labeling**

In accordance with international regulations and internal specifications, it is essential to identify all legal or other requirements that apply to each of the companies, as well as to their products and services.

Abengoa also periodically assesses compliance with all prevailing requirements so that, in the event of non-compliance, this is reported in the corporate information troubleshooting (ITS) and improvement action (IA) systems for subsequent control and follow-up.

These requirements include all those relating to product and service information and labeling. No incidents of non-compliance in this regard were reported through Abengoa's information channels in 2010.

In the specific case of technological equipment and systems dispatched by Abengoa in the European Union, an EC Declaration of Conformity and EC Labeling are required. In accordance with EC regulations, EC labeling of equipment takes place after the technical report has been issued, while assurance is obtained through the required battery of tests.

As regards labeling relating to biofuel production, the requirements for which are determined by national or international regulations governing transportation and also depends on whether the product in question is classified as livestock feed, a distinction is drawn between three different products:

- Bioethanol: Regardless of the means of transportation, European bioethanol must be accompanied by the corresponding safety and security form, as well as a waybill. Given that the product is shipped bulk, there is no labeling involved; this is not the case with the container, however, which must be identified in compliance with ADR requirements, stemming from the European Agreement concerning the International Carriage of Dangerous Goods by Road, or in accordance with RID requirements in the case of railway carriage.
- DDGS: Since it is shipped bulk, bioethanol-produced DDGS (dried distillers grains with solubles) is exempt from labeling in Europe. However, due to its status as livestock feed, the product is shipped along with documentation that includes information on the shipper and seller, the authorized producer's registration number, the technical name of the product, the GMO Declaration (where applicable), protein, fat, fiber and moisture content, and batch traceability.
- Sugar: Regardless of how it is transported, sugar produced at bioethanol plants in Brazil must be accompanied by a laboratory analysis evidencing compliance with contracted specifications: Polarization, color, moisture and ashes, as well as an invoice indicating volume and consignment value.

Sales of these products in comparison to total Abengoa revenues for 2010 stood at 28 %.

In relation to construction work, it is generally the customer who sets requirements, guidelines, types of material to be employed, etc. Thus, all of the information required for responsible use of the work executed is included in the documentation accompanying the product or service supplied: Safety and security forms, installation instructions, user manuals, electrical installation manuals, legalizations, service start-up, connections, recommendations, etc.

## **Customer Privacy**

Abengoa guarantees the validity, integrity and security of any and all information handled by the company, particularly in regard to all aspects of customers' personal data.

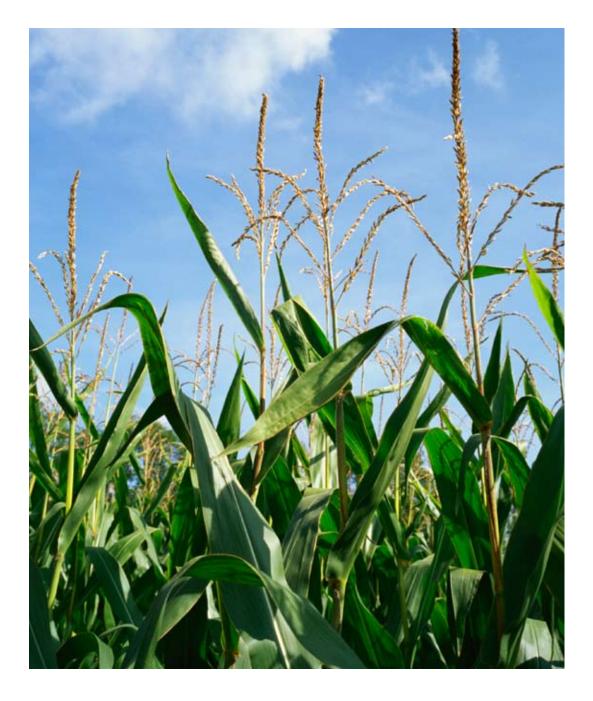
With the aim of guaranteeing sufficient security measures associated with communications and information systems, there is a security policy statement governing all Abengoa businesses and companies. This statement covers the implementation of an information security Management System as a tool for fulfilling security objectives, meaning confidentiality, integrity and availability.

The information security Management System explicitly reflects every aspect related to policy, standards and obligations applicable to the users of information systems, regardless of whether they are Abengoa employees.

The information security Management System sets down the policy on use of information systems, management of security-related incidents, password policy, security in the workplace, anti-virus protection, wireless networks, system administration, perimeter security, protection of personal data, and information classification.

There were no reports via Abengoa information channels of any claims filed by customers with respect to customer privacy or personal data leaks at Abengoa companies in 2010. Nor were there any fines recorded for failure to comply with regulations regarding the supply and use of products and services offered by each Abengoa company.

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## **Marketing Communications**

Abengoa has not signed up to any standard or voluntary code related to marketing, advertising or other promotional or sponsorship activities. However, the company's internal rules include a demanding and stringent internal control procedure for external communications.

This control system essentially involves a chain of internal authorizations that are ultimately submitted to the Chairman's Office of the company. All heads of the areas involved in communication content must authorize and complete the information in order for it to be consistent, truthful and complete. This process ensures that the communications generated neither contravene the company's principles and values nor violate its Code of Conduct.

There were no reports via Abengoa information channels of any claims filed with respect to this matter at any Abengoa company in 2010.

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#### **Customer Certification and Endorsement**

The company has certain customers, chiefly those with a significant invoicing volume, that require their own certification or endorsement in order to work with them.

These companies include the following:

#### Industrial Engineering and Construction

ADDC (Abu Dhabi Distribution Company), Adif, BP, Canal de Isabel II, Cepsa, CLH, DGAM, EDF (France Rail), EDP, Edison, Gas Natural, Enagás, Endesa, EMT, E-On, Epal, Euskotren, Ferrocarrils de la Generalitat de Catalunya, Ferrocarril de Sóller, FGV, General Dynamics – Santa Barbara Sistemas, Generalitat de Catalunya, Grupo Agbar, HC Energía, Huawei, Iberdrola, Metro Bilbao, Metro de Madrid, Metro Málaga, Metro de Tenerife, Metro Valencia, Mintra Comunidad de Madrid, Navantia, Powerlink Queensland, Propietarios de Centrales Nucleares, REE, REN (Red Eléctrica Nacional, S.A.), REPS, Repsol, RTE (Réseau de Transport d'Électricité), TMB, Transco, Tussam, SEC (Saudi Electricity Company), and Unión Fenosa.

#### **Environmental Services**

BP, Cepsa, Disa, Galp, Glaxo, Lilly, Petronor, Repsol, Sanofi Aventis, Siclar, and YPF SA.

#### **Teyma: Customer Satisfaction**

One of Abengoa's main objectives is to ascertain and meet the expectations of its current customers in order to lend continuity to a quality commercial relationship. In order to achieve this, mechanisms are established and periodically adjusted to increase their effectiveness.

These procedures make up a diversified information system that enables the company to compare documentation from different sources in order to verify consistency.

**Customer Satisfaction Survey upon Project or Service Completion (CSAPC indicator):** once each project has been completed, the customer receives the "Customer Satisfaction Survey upon Project or Service Completion". Here, through a form covering different aspects related to management, a detailed and standardized evaluation of Teyma is requested. It also allows customers to prioritize aspects they consider to be of most importance in executing the project, and to rank them in order of importance according to their own criteria. In addition, a request is made for an overall assessment of project execution, as well as suggestions for improvement. These surveys are then submitted to the Management Systems Department, which is charged with processing results and passing on periodic reports to the Quality and Management Committee. The form also covers information on customer expectations and company performance.

**Overall Customer Satisfaction Survey:** A consulting firm conducts personal interviews with customer representatives in different roles and hierarchical levels every two years, the aim being to gauge those values that customers value highly, including customer needs, expectations and the perception they have of Teyma companies. This survey yields a more global long-term overview than the previous one, as responses are less influenced by circumstantial successes or problems. The consulting firm presents the final analysis before the Quality and Management Committee, which then discloses the results down through the company.

The table below shows the evolution in global external customer satisfaction with Teyma Construction measured via Overall Customer Satisfaction Surveys from 1998 to 2008. The surveys were conducted, respectively, by the independent consulting firms Cifra, AG&A, and Multimedios CEOP.

"Were you satisfied or unsatisfied with the service provided to you by Teyma?"	2008	2005	2003	2000	1998
Highly	16	27	38	15	7
Quite	62	63	46	56	58
Neither satisfied nor unsatisfied	10	10	11	16	13
Quite	6	0	5	7	11
Highly unsatisfied	0	0	0	0	2
Don't know/no response	6	0	0	6	9
Total	100	100	100	100	100
Weighted average (on a scale)	3.94	4.17	4.17	3.84	3.63

In each case, Teyma submitted to the consulting firm a complete list of customers with which the company had worked during the previous three years (between 100 and 200 people), from which the consulting firm came up with a sample of around 50 contacts to be interviewed personally. The most recent data corresponds to a survey conducted in mid-2008, as the 2010 survey is currently being processed.

In the last three surveys, between 78 % and 90 % of the customers were either satisfied or highly satisfied with the results of the work performed, while only between 0 % and 6 % expressed any degree of dissatisfaction. In the most recent survey, one can observe a certain deterioration with respect to the two previous years, which, once analyzed, has been determined to be due to the migration of qualified Teyma Construction personnel to major Teyma Spain and Teyma International projects.

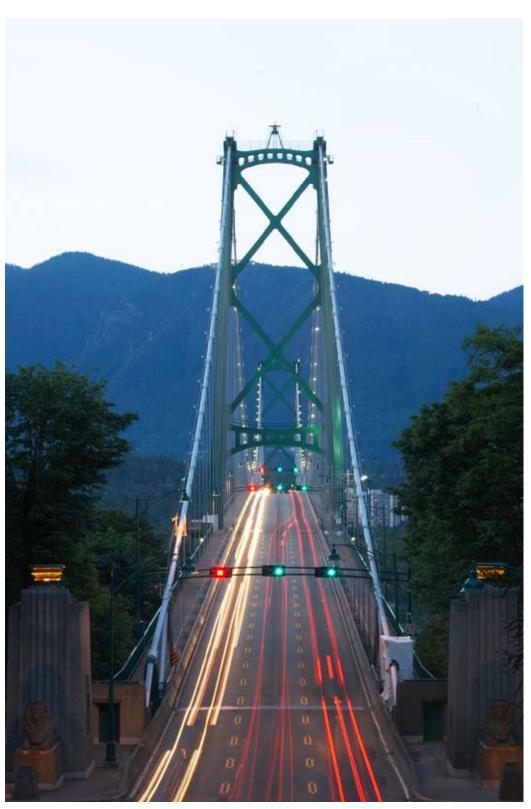
In turn, the CSAPC, prepared based on the results of the "Customer Satisfaction Surveys upon Project or Service Completion", also indicate a highly favorable trend over the years.

# Telvent: Safety and Security Measures for Traffic Controllers

Telvent provides **traffic signal regulation and control systems** that offer cities the possibility to improve traffic flow, reduce transportation-related greenhouse gas emissions, and take a further step forwards towards smart mobility.

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Telvent's range of traffic signal controllers is widely respected for its operational security and dependability. They serve a critical function in regulating urban traffic, and operate on a continuous basis from the time they are installed. There must therefore be no control malfunctions and they must have the capability to detect anomalies in order to prevent traffic flow conflicts.



With the aim of ensuring that Telvent traffic signal controllers meet all of these requirements, during the design phase all requirements are assured and verified in authorized laboratories in accordance with prevailing regulations. Controllers are checked during the manufacturing phase, and later quality is verified at the installations through daily operation. Different types of trials are conducted for all equipment and systems at the end of the manufacturing process, along with electrical and functional testing.

To ensure operational security, each controller features a supervisory unit, which is separate from the control unit, to monitor the state of the circuits that regulate red, amber and green lights at stoplight-regulated intersections. To prevent potentially dangerous situations (incompatible green lights or no red light), and in the event of any type of malfunction, the equipment must switch to safety state (flashing amber) in under 500 msec, as specified under Spanish standard UNE EN 12675.

Traffic signal controllers have been tested in authorized laboratories in accordance with the "Road Traffic Signal Equipment - Traffic signal controllers" standard (UNE 135401). This ensures compliance with electromagnetic compatibility (UNE EN 50293), electrical and environmental security (UNE HD 638) and operational security (UNE EN 12675) standards. Testing is also conducted at all times on proper system functioning in the event of external disturbances (environmental effects or those generated by other equipment) in order to ensure user safety.

## Milestones 2010

- In 2010, 103 TSRs from customer complaints were reported, which has entailed "non-quality" costs totaling 177,938 €.
- Abengoa company customers have acknowledged the company's efforts by awarding 12 prizes over the course of the year.
- Abengoa secured certification or endorsement from over 30 customers in order to work with them.

## **Areas of Improvement**

Through the various tools used to determine customer satisfaction, including surveys, interviews, internal perception questionnaires, handling of claims and complaints, and letters of congratulation, Abengoa pinpointed a number of areas of improvement. These require the company to take the necessary steps in order to **improve upon those qualities tagged as lacking or negative by customers, namely:** 

- Procedures employed to determine the degree of customer satisfaction. Some customers complained that their scope was limited, they were difficult to understand, and that unconstructive information was sometimes requested.
- Process for handling customer claims. There have been cases in which complaints or claims do not receive the attention they may deserve in terms of significance or in which the channel used to identify or treat them fails.
- Customer invoicing process. There may be deficiencies in the corresponding documentation.
- General awareness of and information on the companies. There have been documented cases that show a lack of two-way knowledge from customers to Abengoa, and vice-versa.
- **Laboratory analytical control area.** On occasion it has been detected that analysis has not been perfectly adapted to each customer or to a particular application.
- Transportation logistics area. There have been certain incidents relating to time optimization and the resources utilized in transportation.
- Project planning and scheduling. Deadlines may be negatively affected by poor planning.

# Annual Report 2010 **ABENGOA**Abengoa and its Customers

Foto realizada por Elena Martínez González de Telvent para la II Edición del Concurso de Fotografía sobre Desarrollo Sostenible Degree of proximity to the business. Abengoa can and should continue to improve on the process of analyzing what its customers want and what potential customers may want.

For all the foregoing areas of improvement and opportunities, Abengoa must draw up an **action plan** including goals, persons in charge and the assigned economic and human resources to ensure that the areas of improvement detected are handled accordingly.

All of these should be handled through the corporate IA (Improvement Action) tool.



## **Future Goals and Objectives**

Thanks to the results obtained through the tools to measure customer satisfaction, and deriving from the action plans devised to improve them, Abengoa has devised a raft of actions for each individual company which it considers necessary in order to improve existing customer satisfaction levels. These actions may be carried out in the short, medium or long term.

The following are of particular note:

- Customer loyalty through relationships based on the principles of transparency, quality, confidentiality, satisfaction, health and safety, and responsible communication in order to strengthen rapport through long-term contracts.
- Expanding the customer portfolio. Pursuit of new customers needed to gear activity towards the company's strategic plan.
- Forging of new alliances with key customers by accomplishing common goals and objectives based on mutual benefit.
- Continuous improvement of customer rapport and satisfaction through the development of tools to measure, as objectively as possible, the degree of customer satisfaction.
- Increasing productive capacity to meet customer demand.
- Fine-tuning delivery schedules by means of sound initial planning, conducting stringent project follow-ups, and developing innovative process and alliances with suppliers to improve execution.
- Expanding the range of products and services provided to attain a higher market share by employing the knowledge of business needs gleaned through market studies.
- Enhancing customer integration and involvement.