

## Report of Independent Expert Committee's Conclusions

# Independent Experts Committee

## CONCLUSIONS REPORT

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We have been engaged by KPMG, independent assurance provider, to prepare a Conclusions Report on the level of appropriateness of the information included in Abengoa's Corporate Social Responsibility Report in relation to those issues, that according to the people who compose this Committee, constitute the main issues to which the company must respond with public information in relation to its commitment and responsible performance for a sustainable development.

To that end we have prepared, in an independent manner and based on our judgment the following questions to the company Management.

### Questions formulated by the Committee to ABENGOA's Management

1. *In Abengoa's Corporate Social Responsibility Report it is stated, without further details, that the company does not operate in biodiverse rich areas nor where there are endangered species, and that there have been no identified "noteworthy impacts in biodiversity due to our activities" (page 70). How does Abengoa evaluate existing biodiversity and their operations impacts on biodiversity in the places where it operates and its areas of influence?*
2. *In its CSR Report the company establishes clearly its scope and organizational limits. The same does not happen for its operational limits, in which consumptions and indirect impacts are also considered. In this regards: what criteria have been used to determine the entities for which natural resource consumption and indirect environmental impacts are considered?, have relevant stakeholders expressed their views in relation to the definition of these limits, and if so in what manner?, are main clients considered in estimating indirect impacts?.*
3. *In relation to aspects connected to some environmental actions by the company: why have monetary valuations (investments, income, expenditure, etc.) of Abengoa's relation to the environment been excluded from the Corporate Social Responsibility Report? What environmental policies and commitments, does the group have in relation to end-of-life of its products, particularly about its engineering and constructions projects?*
4. *What is the carbon footprint of the company as a whole, and by business units?, has a challenging and public objective been set to reduce its CO2 emissions?, what is the objective, and, what is the deadline? And in relation to the consumption of paper and wood: Can the company guarantee that the paper and wood used come from legal and sustainable sources?, does the company have a FSC certified product purchasing policy to guarantee this?*

5. *It is striking that almost all companies in the group: Telvent, as well as Matchmind, Dedini Agro and Abencs, are left out from the scope of environmental indicators. In our opinion, in any company activity, in any aspect of it, the impact must always be taken into account and, thus, the environmental indicators: Could the company justify the absence of this information and if there is the intention of including the information about these indicators for the aforementioned companies in the short term?.*
6. *What system does the company have to guarantee the traceability of the raw materials used for the manufacturing of its biofuels?, can it be guaranteed that the sources used have not caused environmental damage?, does the company have data on the amount of pesticides, nitrates and other polluting substances used in its production?*
7. *Is there a person or committee in the Board with responsibilities for climate change or sustainability in its wider sense? In case there is not: does Abengoa have plans to allocate this responsibility to any member or committee? How does the new General Sustainability Secretariat relate to the Board, in such a way that the company's sustainability strategy is taken into account at the Board?*
8. *Abengoa's CSR Report (page 36) states a declared policy of non-discrimination, and declares in relation to gender balance: "Abengoa... actively drives the promotion of equal opportunities and treatment between women and men": however, at present approximately only 15% of the employees are women: Does the company have a strategy to increase its proportion of women working for its companies, aiming for a better balance between the number of men and women working in them? Are there any indicators to measure progress in this regards? Does the company have policies and procedures to deal with sexual harassment?*
9. *It is always convenient to provide details in relation to the application of the Disabled Social Integration Law, on the elimination of architectural barriers in old buildings, accessibility and ergonomics of new construction projects and work stations. Would it be possible and/or does Abengoa have the intention of including information in its CSR Report about some of these important social aspects?*
10. *In relation to the company's employment policy, it is mentioned that there is no workplace discrimination for reasons of sex, age, religious beliefs, etc: Is there a surveillance committee or a observation panel that allows for appropriate follow-up of these proceedings? Are personnel suitably informed about the criteria to be considered in hiring new workers, or promoting internal personnel? Are employee volunteering activities promoted in the regions where the different companies are located?*
11. *In the company's CSR Report it is stated (page. 46): "Abengoa respects and supports the free association of its workers, which it considers an inalienable right": Further to developing instances of dialogue and openness with the workers, are there initiatives within the company for workers to organize themselves with their own representatives in order to present management with problems and solutions?. Are there cases of unions being formed and collective contracts being signed within the company? Can a few examples of best practice be identified as well as dialogue experiences between unions and company?*
12. *Through the Fundacion Focus-Abengoa, specific actions are undertaken to provide social, educational or health support in different countries where the company operates: a) Are these actions subject to evaluation in order to measure their effectiveness in the context in which these are introduced? b) Do they foster the integration of particularly disadvantaged sectors (long period unemployed, youth, women, ethnic groups, etc.) according to the regions where these are introduced? c) Does the company assume the commitment to permanence or stability during the period of these policies?*

13. On page 21, the CSR report states that Abengoa's business model is focused on growth of the societies in which it develops its activities. What measures has Abengoa taken to identify the needs of the local communities, especially in developing countries, and to ensure that the impact of its activities in society respond to the actual needs of the people? Is there a strategy to support local development, for example through businesses focusing on excluded communities, which serve to guide the companies in the group to develop activities in this area?
14. Regarding Fundacion Focus-Abengoa's social programs developed in Latin America: How are the programs' impacts on society evaluated? Are indicators used to measure the impacts? If so, which ones? Do members of the community participate in evaluating impacts of social programs? If so, how do they participate?
15. Abengoa declares that it has signed the Global Compact whose tenth principle establishes the commitment to work against corruption. In this respect, in the CSR Report, the company makes a firm commitment to transparency, in which it aims to avoid corrupt activities, above all when dealing with public administrations in different countries. How are controls carried out for possible corrupt activities, from the standpoint of employees, administrators, as well as the company's suppliers? Has an Ethical Hotline been established? If so, what measures ensure that reports claims remain anonymous to prevent acts of retaliation? What measures are in place in case corruption or bribery is detected internally?

After having considered ABENGOA's answers to our questions and having studied the contents of the company's public information, we have provided our opinion on the way the aforementioned questions have been handled. In no way is this opinion related to the verification process carried out by an independent external assurance provider.

### Conclusions on the Report

*The function of this Committee is to evaluate the various social, ethical, environmental, and labor-related aspects of the company that are most relevant to its stakeholders and other social entities and the way these issues are treated in the CSR Report. The aim is to highlight the positive aspects as well as inconveniences, insufficiencies or issues that could be improved with regard to this company's situation and activities in the areas mentioned. Based on this, this Committee makes the following statements:*

*Of the answers and information analyzed with regards to our fifteen aforementioned questions, we have distinguished three groups or levels of satisfaction in the answers required by the Committee:*

*On the one hand, there is a group of questions which have been answered in an adequate and coherent manner, providing high quality answers, applying also to the related and complementary information that was provided with the answers. This applies to the following questions: numbers 2, 3, 4, 5, 6, 7, 8, 10, 12, 14 and 15. In any case, and in spite of the level of quality or adequateness, the members of the Committee believe it would be convenient to provide some more specific information about four of these questions:*

*Regarding question number 6, it is recommended that the company include concrete figures which allow environmental impacts to be measured or ruled out. It is also recommended that, given the sensitivity*

*of the issue, dialogue with the most affected and interested stakeholders be carried out.*

*Regarding question number 8, it is recommended that the company expressly state the degree of equality between men and women's salaries.*

*Regarding questions number 12, even taking into account the content and quality of the answer, it is recommended that the company take the following questions into account in the next or subsequent reports: Do the beneficiaries of the community programs participate in the evaluation of those programs? Are the impacts of community programs evaluated (direct and indirect effects in the long and medium term) or only performance (in terms of comparing planned activities to what was actually carried out)? And in the case that impacts of community programs are evaluated, what is the approach and the methodology used?*

*Regarding questions number 15, it is recommended the company include concrete information related to the measures planned in the case that corruption/bribery is detected or known.*

*There is on the other hand a second group of questions whose answers and/or provided information contain, in our opinion, a certain degree of insufficiency, and therefore we have provided several recommendations. This is related to questions number 9, 11 and 13.*

*Related to question number 9, the company does not mention policies or measures aimed to provide mobility assistance and accessibility to the disabled for the buildings and installations of the companies of the group. Moreover, in relation to the Disabled Social Integration Law, which is mandatory in Spain, the Committee recommends that the company spread and implement the contents of this Law in other countries to the degree possible.*

*Regarding question number 11, this Committee considers that the company's answer, although positive, are too general; it is recommended therefore that the company include examples of concrete cases of differences and/or disputes that were resolved through the dialogues aforementioned, and of the lessons learned through these experiences. In this sense, and with in order to offer more proof of the existence of a permanent dialogue, the CSR Report could include a statement from a representative of the workers, as a key group of stakeholders. In addition, it is recommended to state the percentage of total workers who are affiliated with a union.*

*Regarding question 13, the company does not state the process which leads to identifying the community needs of the various local communities. In addition, although the company's answer describes the mission and vision, as well as the general strategies of the company, it does not gather information about concrete strategies and actions related to the promotion of local development.*

*Finally, there is one last question, question number 1, whose answer and the information provided is, in our opinion, insufficient, for the following reasons:*

*Although the company emphasizes its response to the corporate demands of implementing and certifying an environmental management system under ISO 14001, it does not mention the means currently used to evaluate the biodiversity which exists in the places where the company operates and its areas of influence. It is quite clear that the company makes reference to the current development of "a system of environmental indicators which will allow... the company to measure the impacts of the operations on biodiversity and set objectives in relation to specific limits and controls", which leads one to understand that currently a similar system which would permit to concretely ratify what has been disclosed in relation to this matter. In addition, it is recommended that the development of indicators that was cited, the report could specify the qualification of those who would be carrying out the study, as well as specify if the study was carried out internally or if it was carried out by an external organization.*

*Aside from these opinions, insufficiencies and recommendations stated previously, this Committee values positively a company like the one evaluated. It has demonstrated willingness to subject itself to a detailed and critical examination, often with demanding questions on behalf of a Committee of independent experts like this one. This committee is composed of members of non-profit, academic or supranational organizations, whose goals it is to represent in some way civil society in its whole, which is increasingly acting as an instrument of vigilance and guarantee of companies' compliance of ethical, social and environmental norms. Moreover, we understand that this willingness to share information demonstrates that some companies can serve as a reference for other companies in the interest of a greater socioeconomic transparency demanded by a modern society such as the present one.*

Signed by the President, on the 20th of February, 2009

(signed)

Signed.: JESÚS LIZCANO ALVAREZ