



05

Independent Panel of Experts on Sustainable Development

- _ Recommendations of the IPESD
- _ Questions formulated by the panel to Abengoa

05 Independent Panel of Experts on Sustainable Development

For the sixth consecutive year, a Panel of Experts on Sustainable Development (IPESD), composed of six professionals of renowned international prestige in a range of areas related to Corporate Social Responsibility (CSR), analyzed Abengoa's CSR policies and reporting and issued a concluding report which has been published herein.

Abengoa voluntarily undergoes this analysis with the aim of incorporating the expectations of its stakeholders, represented in the opinion of the independent panel, into company strategy.

Recommendations of the IPESD

This year, the IPESD formulated its recommendations on the basis of a process of analysis consisting of the following: review by all members of the panel of Abengoa's CSRR12; an in-person meeting of the members of the panel with those in charge of the company's most representative CSR-related areas, which took place in September 2013 in Seville; and the evaluation of ten questions formulated by the panel for response by company management, the answers to which were verified with a reasonable level of assurance by KPMG.

Concluding Report

The IPESD (« the Panel ») was appointed again in June 2013, with the same membership as in the previous year.

The Panel conducted an analytical review of Abengoa's 2012 Corporate Social Responsibility Report in line with the following objectives:

- To provide an external and independent viewpoint on Abengoa's CSR reporting from the perspective of the Panel member's individual expertise.
- To provide Abengoa with feedback and challenge on its performance regarding CSR issues as reflected in the CSR report mainly via the submission of questions to the management of Abengoa.
- To advise on improvements in the clarity, consistency and structure of the Abengoa CSR report, also through an internal letter of recommendations to management.
- To evaluate Abengoa's process of determining which issues are most significant for inclusion in the CSR report.
- To provide Abengoa with insight on the latest CSR developments and practices around the world.
- To advise Abengoa on how to achieve the maximum value from the process of reporting and from the Panel's review.

Specifically, this involved the Panel in conducting the following steps:

- A reading of the 2012 report;
- The formulation of ten questions for response by management, following the same process and scope as in the previous year;
- A review of the company's responses to these questions.

05 Independent Panel of Experts on Sustainable Development

As in 2012, the Panel had the opportunity to visit Abengoa's head office to discuss the company's sustainability strategy, activities and its CSR reporting.

The ten questions directed by the Panel to Abengoa management had been prepared this year in time for face-to-face discussion with Abengoa in Seville.

The Panel's visit to Seville was organized so as to allow interactive sessions with key company contributors to the Report. This was of particular value in explaining some of the data and figures included in the Report and in providing preliminary answers to the Panel's questions.

Our concluding comments are therefore augmented both by explanations and written documentation received during our visit to Seville. The Panel does not review the accuracy of the data included in the report; assurance of this data is provided by the company's external auditors.

General observations on the 2012 report

The Panel commends Abengoa's continuing commitment to sustainability and to transparent reporting. The report contains a large volume of valuable information, amply demonstrating this commitment to transparency as well as compliance with leading corporate sustainability and reporting standards.

The company again demonstrated to us that it is open to discussions both on the substance of CSR and also on ways of improving the reporting. The Panel therefore continues to take a strong view that further progress can be achieved by reducing general descriptions of external standards and regulations, assuming that readers will either know these or can refer to them outside of the report.

Rather than concentrating on how internal processes are designed, the report would benefit from more focus on the actual performance of the company's systems and procedures, including reports of outcomes against quantified targets, what challenges the company is facing, and using examples and case studies to illustrate these. The same comments apply to some of the answers to this year's questions.

Several of the Panel's previous suggestions have been reflected in the 2012 report. This relates both to further improvements in the section on the GHG inventory and in the focus on supplier compliance with Abengoa standards. This in turn provides the Panel with the opportunity to enquire with further questions on the new information provided. We have also repeated some more specific questions where previous years' questions were not fully taken up by the company.

We believe that progress was made in 2012 to reduce the length of the report, but it is still a long read and tries to contain comprehensive information on the company's sustainability efforts and processes. It is therefore not easy to identify the most material issues that Abengoa wishes to communicate. We continue to encourage efforts to use the materiality analysis to focus on a reduced number of key issues in the report and leave more comprehensive descriptions to an interactive website designed around the needs of the different stakeholders. We believe that this will serve to enhance the quality of the report as an instrument of good and effective communications.

In determining these key issues there is room for more active selection of and outreach to external stakeholders and using their input alongside the company's own sustainability priorities to respond in the report to these more company-specific sustainability issues.

05 Independent Panel of Experts on Sustainable Development

An explanation of how external stakeholders are selected for interview based on their materiality from Abengoa's perspective would be helpful. Current procedures still concentrate principally on a review of general external information which can only provide non-company-specific insights. Our questions on the 2012 CSRR continue to press for this emphasis given the pressure of complying with GRI's G4 set of criteria and, further ahead, the challenge of integrated reporting.

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

GHG emissions - The Panel recognizes the greater effort in the report to provide information and trends on GHG emissions. As revenues are used as the common measure at group level, this information remains difficult to interpret and we welcome the additional information provided in answer to this year's question 4 against three different measures to assess relative GHG reductions. We have recommended further analysis by areas of activity where performance can differ strongly.

Information on sustainability efforts in major locations – given the large volume of Abengoa's business in Latin America, it would be valuable for the reader to understand in more detail Abengoa's CSR efforts and special challenges in this continent and in any other countries, such as the USA, with significant investment and activities.

Jermyn Brooks

President of the Panel, December, 2013

Questions formulated by the panel to Abengoa

1. Materiality of sustainability issues and report contents

Abengoa continues to use a combination of internal and external sources to determine a matrix of material items. The results are not satisfactory: the number of relevant issues is very long (29 items), includes numerous overlaps, and the links between this analysis and the content of the report remain unclear. By contrast, the 2012 report begins with five clear sustainability principles, which could frame the main focus of the report. The new GRI G4 calls for reporting on material issues only, using the new concept of boundaries. Will Abengoa move in future reports towards a more concentrated form of reporting along the lines of the «Big Five»?

Abengoa's relationship with its stakeholders (employees, customers, suppliers, shareholders, society, communities and public administration) unfolds within a context of transparency and trust based on truthful, ongoing, two-way communication. The primary objective of such communication is to strengthen the organization's relationships with all stakeholders and to uphold the commitments undertaken with each and every one of them.

In this regard, each year Abengoa conducts materiality analysis that enables the company to ascertain the issues of most relevance to stakeholders and their expectations in relation to the company. The information included in the CSRR is structured as a product of the outcome of this analysis because the report seeks to address all issues considered to be important by Abengoa's stakeholders.

05 Independent Panel of Experts on Sustainable Development

In addition, indicators that will enable the company to carry out follow-up on the evolution of these matters and improvement management thereof are defined or identified on an annual basis.

In line with the new guide published by the GRI (G4), Abengoa is redesigning the process that enables the company to determine which matters are of relevance to stakeholders and include new perspectives in order to be able to group issues into areas of materiality, thereby facilitating the reporting and disclosure process.

The five major issues mentioned by the panel involve values of the organization that could be taken into consideration as constituting core concepts upon which to construct the report, but which cannot replace the aforementioned materiality process, given that Abengoa deems it essential to determine the issues of relevance to stakeholders through a formal, periodic process based on two-way communication and the analysis of expectations.

2. The 2012 report states the intention of introducing the Ruggie principles for human rights in 2013. What progress in implementing the relevant human rights policies, due diligence procedures and remediation measures has been made so that these can become effective in 2014?

Abengoa advocates sustainable growth that is based on, among others, respect for human rights, both within the organization, and in the company's value chain and sphere of influence.

As set forth under the Ruggie Principles, the labor practices carried out at Abengoa, including the professional conduct of all company employees, are governed by the standards and protocols of the Universal Declaration of Human Rights, international agreements approved by said organization and, concerning labor rights, by the International Labor Organization (ILO). The company rejects all forms of discrimination and child and forced labor, and promotes equal treatment between men and women in all of its areas of influence.

The company's commitment to upholding human rights is formalized in the Common Management Systems that apply without exception to the entire organization. These norms establish guidelines and policies in relation to protecting these rights and the principles thereof extend to include 100 % of the company's providers. Abengoa suppliers have an obligation to sign the Social Responsibility Code (SRC), which contains 11 clauses based on the principles of the United Nations Global Compact and inspired by the international SA8000 Standard. Over the course of 2012, we conducted more than 19,000 supplier screenings in relation to human rights in order to watch over compliance with the code.

In addition, external and internal whistleblower channels are available to employees and society at large, with the aim of providing a channel for reporting any action that may be considered to indicate the occurrence of an infringement of human rights.

In keeping with the commitment to protecting human rights and implementing these principles within the company, analysis was conducted in 2013 on the requirements dictated under the Ruggie framework in order to draw up courses of action for fulfilling these requirements.

Furthermore, with the aim of ensuring smooth operation of control, prevention and regulatory compliance procedures in all company areas, a Compliance program involving direct reporting to chairmanship was created in 2013.

In 2014, we shall continue to work in this direction and on aligning our policies and systems with these principles in terms of due diligence and remediation of human rights-related impacts.

05 Independent Panel of Experts on Sustainable Development

3. Can Abengoa describe how it sets the criteria for its efforts and pull together in one place – perhaps as a kind of introduction to the Report - data from the various chapters of its report, highlighting the contribution which the company makes to society and using the format envisaged, for instance, by the IIRC (International Integrated Reporting Council), to cover not only financial and manufactured but also natural, intellectual, human, social and relational capital?

Abengoa, in pursuance of offering quality, useful information that brings value to its stakeholders, seeks to provide through its Annual Report, among other channels, the most complete and integrated contents that are able to communicate the company's challenges and future goals in all spheres of influence and areas of performance.

We are working on and analyzing different criteria for integrating information, including the guidelines established by the International Integrated Reporting Council (IIRC), with a view to making continued progress in providing our stakeholders with quality contents that are easily accessible and capable of addressing their information needs.

Thus, for example, the company is conducting an analysis of materiality to define issues that are relevant for the company value chain in a globally integrated fashion, which will enable us to incorporate stakeholder interests into our communications in line with the suggestion of the panel and the trend indicated by benchmark institutions such as the IIRC and the Global Reporting Initiative (GRI).

We are currently immersed as well in the process of updating the Strategic CSR Plan (SCSRP) to 2020. In addition to establishing the company's performance guidelines in the realm of Corporate Social Responsibility, this new plan seeks to reinforce integration thereof into all company areas as a business lever. In order to accomplish this, the process involves collaboration from all relevant business- and sustainability-related areas so that the integration of objectives has the capability to create real value for the company.

4. Both energy consumption and Greenhouse Gas (GHG) emissions are increasing. At the same time Abengoa calculates relative emissions reductions, with an intensity ratio measured by reference to revenue growth only. Could Abengoa provide more detail on this calculation and link both growth and relative reductions to a breakdown by business unit?

Abengoa computes its CO₂ emissions through the GHG Inventory Management System, which enables the company not only to calculate emissions, but also to set annual reduction plans and improvement targets.

In 2012, Abengoa's GHG emissions dropped by 725,932 t¹ over the GHG inventory for the previous year, representing a decrease of 6 %. This reduction stems primarily from Scope 3, which includes emissions associated with work-related travel, employee work commutes, losses in electrical power transmission, the value chain of fuels for generating acquired energy, and products and services supplied.

Note 1 In June of 2013 Befesa ceased to form part of Abengoa, with the GHG emissions reduction being affected for this reason. Further information can be found in the Environment chapter of CSR Report 2013.

05 Independent Panel of Experts on Sustainable Development

Based on the formula shown below, Abengoa compares the emissions in 2011 with the activity data in 2011.

$$\frac{\text{Emissions 2011}}{\text{Activity perimeter 2011}} \times \text{Activity perimeter 2012} - \text{Emissions 2012} = \text{Emissions cut 2012}$$

Once the company has done that, it extrapolates the 2011 status to 2012, and obtains the theoretical emissions the company would have excluding the effect of the activity variation between the two years. Once we have these theoretical emissions, they are compared with actual emissions to obtain the theoretical emission variation.

This calculation is performed globally using 'revenue' as the activity parameter for comparison against emissions. This is done in this manner due to the fact that Abengoa has so many different subsidiaries with so many different activities that there is no common activity parameter to be used apart from revenue. And that's what Abengoa does. The company uses revenue, aware that while it is definitely not the best parameter to use, it is the only one in common.

If we calculate this relativized reduction according to revenue using the formula shown above, the reduction amounted to a total of 1.9 Mt in 2012.

In addition, the CDP requires companies to carry out this analysis using two other parameters: the number of full-time employees and another one chosen by the participant. In the case of Abengoa, we have chosen ebitda as the other parameter to be used.

Although the Index only requires this analysis for Scope 1 and 2, we have also done so for Scope 3, as shown below:

Ratio tCO₂/k€ of revenue

	2012	2011	2010*
Revenue (k€)	7,783,000	7,089,000	4,860,000
GHG inventory/k€			
Scope 1/k€	0.38	0.42	0.50
Scope 1 biomass/k€**	0.38	0.35	0.37
Scope 2/k€	0.08	0.09	0.12
Scope 3/k€	0.59	0.82	0.96
Total	1.43	1.68	1.94
Variation 2012-2011	(14.48)		

(*) For purposes of enhanced comparability, 2010 data do not include Telvent, which ceased to form part of Abengoa in 2011.

(**) Direct generic emissions linked to productive processes (excluding emissions associated with biomass).

05 Independent Panel of Experts on Sustainable Development

Ratio tCO₂/M€ ebitda, also included in CDP

	2012	2011	2010*
Ebitda (M€)	1,246	1,103	812
GHG inventory/ebitda			
Scope 1/ebitda	2,403.83	2,677.26	2,991.10
Scope 1 biomass/ebitda**	2,342.89	2,233.25	2,211.42
Scope 2/ebitda	528.24	584.05	692.26
Scope 3/ebitda	3,684.56	5,284.67	5,726.72
Total	8,959.52	10,779.23	11,621.51
Variation 2012-2011 (%)	(16.88)		

(*) For purposes of enhanced comparability, 2010 data do not include Telvent, which ceased to form part of Abengoa in 2011.

(**) Direct generic emissions linked to productive processes (excluding emissions associated with biomass).

Ratio tCO₂/FTE also included in CDP

	2012	2011	2010*
FTE**	26,402	22,261	20,445
GHG inventory/FTE			
Scope 1/FTE	113.44	132.65	118.80
Scope 1 biomass/FTE***	110.57	110.65	87.83
Scope 2/FTE	24.93	28.94	27.49
Scope 3/FTE	173.89	261.85	227.44
Total	422.83	534.10	461.56
Variation 2012-2011 (%)	(20.83)		

(*) For purposes of enhanced comparability, 2010 data do not include Telvent, which ceased to form part of Abengoa in 2011.

(**) FTE: full time employee.

(***) Direct generic emissions linked to productive processes (excluding emissions associated with biomass).

As shown in the table below, despite the fact that in 2012 there is an increase in the emissions associated with Scopes 1 and 2, it can be seen that the rise in emissions is lower than the rise in revenue, yielding a better emissions intensity ratio.

GHG inventory	2012	2011	2010*
Scope 1	2,995,171	2,953,020	2,428,777
Scope 1 biomass	2,919,240	2,463,272	1,795,673
Scope 2	658,190	644,209	562,113
Scope 3	4,590,957	5,828,989	4,650,100
Total	11,163,558	11,889,490	9,436,663

(*) For purposes of enhanced comparability, 2010 data do not include Telvent, which ceased to form part of Abengoa in 2011.

05 Independent Panel of Experts on Sustainable Development

This rise in emissions (scopes 1 and 2) was mainly attributed to increased energy consumption in 2012, the year in which projects under execution rose, production increased (i.e. Abengoa Solar increased its installed capacity in operation by 300 MW with respect to the previous year), and more than 4,000 new employees were hired.

In line with the company's other communications and as a product of its strategy of information accessibility, beginning in 2011 reporting of information has been conducted on performance around the company's three business segments: engineering and construction, concession-type infrastructure, and industrial production. The information published in reports prior to 2011, which can be found on the [Abengoa website](#), was not prepared on this basis for information.

Thus, listed below are tCO₂eq/M€ of revenue ratios by activity segment:

	Emissions/revenues 2012 (tCO ₂ eq/M€)	Emissions/revenues 2011 (tCO ₂ eq/M€)
Engineering and construction	223.69	510.64
Concession-type infrastructure	2,650.13	1,409.69
Industrial production	3,183.71	3,022.14

See the CSR reports published on the Abengoa website for more information on the emissions-related performance of Abengoa and its business units.

5. Can Abengoa explain what specific energy efficiency measures they are adopting and what is their impact?

Abengoa drives energy efficiency measures in all activities for two basic reasons: to reduce the energy cost supported in all activities, and to reduce the company's environmental footprint.

As evidence of this corporate strategy, Abengoa has established the implementation of a GHG Inventory as an internal requirement among its subsidiaries for the purpose of calculating emissions and setting reduction targets.

Energy efficiency measures are defined and implemented by each Abengoa subsidiary by drawing up initiatives aimed at cutting greenhouse gas emissions and they are reported in the Corporate Social Responsibility indicator system.

Most of the specific energy efficiency measures are implemented in Industrial Production activities, and in facilities where Abengoa has control of management and can therefore establish improvements in the different processes.

In EPC (Engineering Project Construction) activities, specific energy efficiency measures are implemented during the design/engineering stage, when permitted by the customer, and in projects where Abengoa is the promoter, as in the case of a number of solar plants. The main specific energy efficiency measures adopted in 2012 were the following:

- Replacement of the gas turbine for a higher efficiency turbine at the Bioenergy Plant (Ecocarburantes Españoles). Energy ratio will be improved. This measure involves an investment of € 2,927,617. The positive impacts are 1.5 % gas savings, and a 2,369 t CO₂ reduction.

05

Independent Panel of Experts on Sustainable Development

- Installation of a variable-flow climate control system at Campus Palmas Altas. This measure involves an investment of € 77, 220. Positive impact up until July 2013 was reflected in savings totaling € 126,249 and a 311 t CO₂ reduction.

Noteworthy among the initiatives of less significance are light fixture replacement aimed at ensuring efficient consumption and enhancements to central air conditioning or heating systems for domestic use in most of the company's office locations.

6. Can Abengoa explain what collaborative measures they are taking with suppliers to reduce the carbon footprint of their supply chain?

Abengoa's commitment to sustainable development and the struggle against climate change extends to include the entire supply chain.

Thus, preparation of the GHG Inventory, which we implemented in 2008 to quantify the emissions from all of our products and services, requires suppliers to calculate the emissions associated with the products and services they provide to the company (scope 3)².

Along these lines, one of the main objectives Abengoa pursues in the medium term is that of evaluating and comparing its suppliers in order to choose those who emit the least in line with the reduction targets undertaken by the company itself.

If a supplier wants to keep working with Abengoa in the future, they will therefore be encouraged to work on reducing their carbon footprint.

At present, Abengoa does not require its suppliers to develop emission reduction plans as a prerequisite in the purchasing process. We are currently in the initial phase of providing support and assistance to our suppliers so they may begin to develop their own GHG inventories with the aim of gathering truthful and reliable information. This is carried out thanks to the many GHG specialists from our subsidiaries who offer ongoing support to Abengoa suppliers by addressing queries and conducting specific training.

7. With nearly 60 % of the workforce in Latin America, can Abengoa explain more clearly the focus of sustainability efforts and the activities in the countries and communities of Latin America? Do sustainability-related targets exist for these countries?

Latin America is one of Abengoa's most representative geographies, and here, as in all other locations, the same policies and strategies related to CSR and sustainable development are applied.

Thus, for example, the company requires that every subsidiary meet environmental sustainability-related targets focused on the development and implementation of their own GHG inventories and verification thereof in accordance with the ISO 14064 Standard. In addition, in keeping with the principle of continual improvement, each subsidiary has an obligation to establish reduction initiatives in order to reduce their environmental footprint.

In the specific case of Latin America, Abengoa's subsidiaries establish initiatives to reduce their CO₂ emissions, such as: use of machinery, utilization of efficient vehicles, increasing the number of purchases from local suppliers, and prioritization of holding videoconferences over on-site meetings.

Note 2 More information can be found in the chapter titled Environment.

05 Independent Panel of Experts on Sustainable Development

Other initiatives aimed at achieving higher energy efficiency were likewise implemented over 2012, including the improvement of the air conditioning system and the use of more efficient office lighting systems for the purpose of lowering energy use and CO₂ emissions.

In addition, exhaustive monitoring is conducted on the evolution of the other environmental and social indicators designed to measure the local and global impact of the company's activity. The aim of such follow-up is to achieve ongoing improvement in the organization's performance in every geographical area of operation, at all times taking into account the particular features and characteristics of each location.

In 2012, investment totaled over € 10 M, of which 0.7 was invested in Latin America in social engagement programs and community development in Abengoa locations of operation. Noteworthy among such programs is the PE&C: People, Education and Communities social development program. This program was launched in 2005 in Argentina and has since become Abengoa's flagship initiative in social action through the more than 65 projects the company carries out in seven countries (five of which are in Latin America): Argentina, Brazil, Chile, India, Mexico, and Spain. These programs provide assistance to children, women, senior citizens, the disabled, and families living in conditions of poverty and social isolation.

Abengoa works with a variety of local organizations in each country that enable the company to determine community needs and organize adapted programs for promoting social development through education.

In addition, the company conducted more than 250,000 hours of training in Latin America in 2012 through programs involving, among others, Occupational Risk Prevention (ORP) and language training.

Furthermore, since 2011, the company continues to manage the Transmission Line Technicians School in Peru dedicated to providing training in high-voltage tower assembly for people without experience in the country's communities where the company operates.

The second edition of the program, focusing on the personal and professional development of young adults in the region of Apurímac, was held in 2012 in the city of Abancay (Peru).

As a result of the importance the company attaches to professional development and training, a new grant program aimed at achieving agreements with the most important universities in Latin America was unveiled in 2013. More than 200 people are now part of the program, with most participants coming from Peru and Brazil.

8. Can Abengoa explain how the ISMS provides for incorporation of emerging issues and development of tools around biodiversity and what progress was made in evaluating and acting upon findings from supplier audits?

The ISMS is a tool that is made up of three systems: the GHG emissions management system, the environmental management system, and the CSR reporting and management system. The three components evolve year after year through continual updates and improvements in response to new requirements, potential opportunities, the recommendations of our stakeholders, and recommendations derived from the external review process.

New developments are addressed and prioritized in internal multidisciplinary committees in which detected needs are analyzed and the most viable solutions for introducing the information into the ISMS are assessed. Thus, for example, in 2013 the results obtained following a process for analyzing all social and economic indicators reported in 2012 were added to the CSR Reporting and Management System; improvements to reporting process automation were implemented; and new indicators were added, including 'Supplier Training' and others pertaining to R&D and innovation (number of patents, investment effort, R&D and innovation workforce).

05 Independent Panel of Experts on Sustainable Development

In relation to biodiversity, the ISMS has evolved in recent years to incorporate the tools needed for companies to manage their impact on the natural environment. We believe that having information on the reporting organization's significant direct and indirect impacts on protected areas and unprotected areas of high biodiversity value provides the background needed to understand and develop a company strategy for mitigating these impacts.

The ongoing process of improvement has enabled the development of a tool that performs all of the functions related to the company's non-financial information and which has the capability to adapt to the organization's CSR management and reporting needs.

Along these lines, Abengoa is working to create a supplier registration and qualification platform that will enable us to include sustainability criteria in current procurement procedures. This tool will also facilitate the process of carrying out more exhaustive evaluation of the supply chain, generating an assessment and rating for each supplier, which will enable us to acknowledge provider excellence or terminate commercial relations.

In order to determine the extent to which Abengoa providers ensure fulfillment of the principles included under the Social Responsibility Code (SRC), in 2012 Abengoa performed 99 in-person audits, which amounts to 16 % of the critical suppliers identified.

Over the first half of 2013, Abengoa conducted 66 in-person audits, without having detected any cases of non-compliance or non-conformity. These audits have resulted in suggestions and improvement plans for suppliers such as, for example, enhancements to air conditioning and lighting systems in certain areas and increasing the number of training hours for particular employee categories.

Since the Responsible Procurement project began, the aim of Abengoa's Internal Sustainability Auditing area is to gradually move forward in identifying critical suppliers in order to ensure compliance with our principles of conduct by mitigating the risks which particular actions of our suppliers may entail for us.

9. Risk assessment

New risks are emerging from the consequences of climate change that will affect Abengoa, including rising temperatures, drought and water stress. By contrast, highest risks are identified as relating to the certification of suppliers and other partners and to emergencies arising from environmental incidents. Can Abengoa explain why these latter risks were classified as of the highest category?

Abengoa has its own methodology, referred to as the URM (Universal Risk Model), for identifying, understanding and evaluating risks that affect the company globally. The primary aim of this model is to gain a full perspective of such risks, designing an efficient system in alignment with the organization's business objectives.

The URM, included within the Common Management Systems that are applied company-wide, encompasses 56 risks from 20 different categories that are divided into four major areas: financial affairs, strategy, regulations, and operations.

Within the Strategy area of the URM lie specific CSR risk and risks associated directly with climate change, including potential natural disasters.

05 Independent Panel of Experts on Sustainable Development

Furthermore, in reference to the question posed by the panel, in 2012 an analysis was conducted on specific CSR risks for 52 relevant Abengoa facilities in order to identify, monitor and control potential CSR-related risks involving all of these installations.

Analysis is carried out on the basis of a closed questionnaire containing a total of 27 risks selected from the relevant CSR issues identified under the company's Strategic CSR Plan and encompassing six areas: labor practices; occupational health and safety; supply chain; social engagement and local impact; environmental management and climate change; and ethics, integrity and compliance.

The questionnaire is completed by the person in charge of the facility, mandatorily taking into consideration at least five of the total number of risks.

This analysis is also performed on an annual basis and enables the company to determine not only the CSR risks involving each facility, but also yields information on third-party perception of these risks for subsequent implementation of a risk mitigation, control and follow-up plan.

Very few highly significant risks were detected during the 2012 assessment, in proportion to the risks categorized as being low or moderate, among which were environmental commitments along the supply chain, matters related to climate change, and potential environmental emergencies resulting from a catastrophe. Given the aggregate nature of the data, it is difficult to determine a single cause, but what they have in common is the fact that both are matters that do not lie under complete company management, hence this is categorized as an issue to which the organization must pay the utmost attention.

Moreover, although the questionnaire specifically asks managers about climate change, it was not considered to be of the highest risk category due to the fact that the approach revolves around the measures adopted to mitigate the risk, and all Abengoa companies have an obligation to conduct the ISO 140064-certified GHG inventory and to establish mitigation targets and plans.

In this regard, the URM and the CSR risk analysis are not the only means for measuring climate change-related risks; in 2011, a specific analytical method was developed for examining the consequences of climate change for our facilities.

Climate change in turn constitutes one of the cornerstones around which Abengoa's business resolves in pursuit of innovative technology-based solutions for achieving sustainable development.

10. Many complaints mechanisms exist in the areas of human rights, and for customers and suppliers, but it is recorded that no complaints were registered at all in 2012. Can Abengoa explain more about how these complaints mechanisms work to understand how code of conduct training or other factors may be influencing such results?

At Abengoa we believe that the honesty, integrity and sound judgment of all employees are essential to smooth company operation. As part of its unwavering support of these principles and the fight against bad practices such as extortion, fraud and bribery, the company adheres to the terms stipulated under the US Foreign Corrupt Practices Act (FCPA).

05 Independent Panel of Experts on Sustainable Development

Along these lines, Abengoa has a variety of measures in place to prevent the occurrence of these types of situations:

- The Common Management Systems, applicable to 100 % of the company, include specific rules regarding compliance with FCPA requirements pertaining to supplier contracting, company mergers, and other types of collaboration.
- Whistleblower channels, internal and external, available to both employees and third parties via electronic mail and the website.

The principles of ethics are of mandatory compliance for each and every company employee in performing their tasks and duties. These principles are listed under the code of professional conduct that can be found on the Abengoa website and intranet.

The Code suggests that employees share their doubts, concerns or complaints with someone who can guide them accordingly, such as, for example, their supervisor or any other member of the management team.

Furthermore, supervisors and directors should report or communicate alleged cases of failure to comply with the Code of Conduct directly to Abengoa's secretary to the Board of Directors or the director of Internal Auditing, individuals who have the specific and exclusive duty of reporting to the Audit Committee on all reported cases of non-compliance.

In addition, all internal complaints, except those involving management, should be reported in writing, in English or Spanish, via a specific mail box (audit_channel@abengoa.com) or by means of a sealed envelope addressed to the director of Internal Auditing or the secretary to the Board of Directors.

If the claim directly involves management, it should be submitted in writing to the chairman of the Audit Committee.

Once the complaint has been issued, the sender will receive confirmation of receipt of the reported communication. The Audit Committee shall investigate claims and the appropriate corrective measures will be taken.

In order to protect the confidentiality and anonymity of the whistleblower, a single identification number will be provided to facilitate follow-up and give feedback on the investigation of the matter.

In the event that an individual does not feel comfortable contacting the director of Internal Auditing or the secretary to the Board of Directors, or is unable to contact them, he or she may contact the chairwoman of the Audit Committee.

Complaints made through the external channel should be issued using a form available on the corporate website (www.abengoa.com) and will likewise be addressed and handled by the director of Internal Auditing and the secretary of the Board of Directors.

Additionally, with the aim of improving and streamlining the functioning of the whistleblower channels and raising awareness with regard to upholding the Code of Conduct, in 2013 the Internal Auditing Department prepared an online training course for the first quarter of 2014 that will enable company employees to gain further knowledge of the principles and values which underpin the company, as well as the rules for using the whistleblower channels.

The company's internal portal has a specific section (Whistleblower Channel Policy) that was updated in 2012 in order to make procedures for lodging complaints accessible to all employees and to provide a concise explanation of how the whistleblower channel works, as well as its governing principles.