

The logo consists of the letters 'CLH' in white, bold, sans-serif font, set against a red square background. This square is positioned on the left side of a horizontal blue bar that extends to the right.

Compañía  
Logística de  
Hidrocarburos

## Corporate Social Responsibility Report

2010



# Corporate Social Responsibility Report 2010

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## Message from the Chairman



I am both pleased and proud to present you with the fourth CLH Corporate Responsibility Report, in which we aim to give our interest groups an account of the main challenges our company faces in the economic, social and environmental spheres.

This Report has been prepared taking into consideration the guidelines and principles included in the 2010 Guide for preparing sustainability reports from Global Reporting Initiative (GRI) 3, and portrays a fair and balanced view of our performance and the key relevant issues in corporate responsibility taking into account the activity areas in which we operate and the CLH Group characteristics.

In our company, we are convinced that corporate responsibility is a role model that allows us to attain our business goals, while also building the social trust necessary for making our project a credible and long-lasting one. This is why we have set ourselves ambitious goals that we will be working on in the next few years to increase the economic, social and environmental value of our company, and you will find detailed information about them as you read through this Report.

The difficult economic climate and the international financial crisis have had a huge impact on the sectors where there is a demand for oil products, being accompanied by a reduction in their consumption. For example, consumption of gasolines and diesels fell by 1.2% compared with 2009, and the total in light products fell by 0.8%. As a result, operating income has fallen by 1% compared with 2009, reaching a figure of 585.9 million euros. Despite these difficulties, operating profit increased by 1.1% and reached 226 million euros.



Our commitment to quality and excellence has received its reward with the EFQM (European Foundation for Quality Management) 500+ seal granted by AENOR and the Spanish Club for Excellence in Management. The CLH Group also obtained recognition for using the “Madrid Excelente” mark at its facilities in the Autonomous Region of Madrid. Our commitment to innovation has enabled us to complete the process for implementing a management system that has obtained certification according to the requirements of the UNE 166002 standard, which is granted by AENOR.

The commitment to good governance and integrity passed its most important milestone in 2010 when the Board of Directors approved the Code of Conduct, an instrument through which we help to create a business culture based on integrity and transparency. Besides this, during January and February the second opinion poll was carried out, with the result that 86.9% of the interviewees said they were satisfied or very satisfied with the CLH Group as a place to work.

In the environmental field, I would particularly like to mention that the Energy Efficiency Plan has been put into operation, its aim being to reduce the use of natural resources while promoting the use of more environmentally friendly technology and processes. This plan seeks to reduce energy consumption by 13% and avoid 21,700 million tons of CO<sub>2</sub> emissions being released into the atmosphere.

2010 has been witness to the strengthening of the plan for relations with local communities, through a travelling exhibition that aims at bringing the company's image closer to the public at large and promoting free-flowing dialogue with interest groups. Over 9,000 people visited the exhibition which lasted for two and a half months, during which time it visited 27 towns in various Autonomous Regions.

The milestones we have achieved form the sound basis from which we propose meeting the new challenges that our group will be facing. Success will be the result of the dedication and efficiency of everyone who forms part of it. I would therefore like to extend my special thanks to everyone who is part of the CLH Group, and also to the different interest groups that have worked in association with us all through this year, for the work they have done throughout 2010, a particularly demanding year. At the same time, I would like

to encourage you to continue moving forward with renewed motivation, to make the CLH Group a committed company and one that is admired by its interest groups.

I invite you to read the Report you have before you in the conviction that its contents will serve to reveal our firm commitment to Corporate Responsibility and also our achievements in this area.

**José Luis López de Silanes**

Executive Chairman





## The CSR scorecard

	2008	2009	2010
<b>Economic dimension</b>			
Operating profit (thousands of euros)	224,966	223,467	226,015
Net profit (thousands of euros)	162,487	177,664	151,185
Operating revenues (thousands of euros)	588,487	591,707	585,922
Economic value distributed (thousands of euros)	612,731	579,818	510,408
Operating expenses (thousands of euros)	363,521	368,240	359,907
Investments (thousands of euros)	160,438	137,738	120,288
Dividend (thousands of euros)	246,480	224,173	155,257
Total Assets (thousands of euros)	1,828,199	1,899,643	1,952,939
<b>Activity Data</b>			
Deliveries from Facilities (thousands of tons)	39,221	36,989	36,797
Withdrawals by land sector operators (thousands of tons)	33,181	31,404	30,931
Withdrawals by aviation sector operators (thousands of tons)	4,500	4,123	4,296
Withdrawals by marine sector operators (thousands of tons)	1,540	1,462	1,570
<b>Activity in transport systems</b>			
Oil tankers (thousands of tons)	2,187	2,319	2,183
Pipelines (thousands of tons)	24,747	22,704	22,368
<b>Material resources</b>			
Number of storage facilities	37	37	38
Number of airport facilities	29	29	29
Number of chartered oil product tankers	2	2	2
<b>Number of customers and survey assessment</b>			
Number of CLH S.A. customers	33	35	33
Number of CLH Aviación customers	12	10	10
Average assessment CLH S.A. customers	3	3	(1)
Average assessment CLH Aviación customers	3	3	(1)

	2008	2009	2010
<b>Social dimension</b>			
Number of employees	1,787	1,678	1,673
Average age of employees (years)	48.1	46.5	45.6
Average employee length of service (years)	22	21	20
Staff turnover (unsought staff loss) (%)	0.5	0.2	0.4
Investment in training (euros)	1,020,200	1,005,511	1,010,945
Average training hours	38	37	33
% of employees receiving formal assessment of performance	32%	34%	34%
% of employees covered by collective bargaining agreements	87%	87%	87%
Total frequency rate (TFR CLH Group)	24.4	13.9	12.3
Safety training (Hours)	12,859	12,033	12,945
<b>Environmental dimension</b>			
Environmental investments (millions of euros)	4.8	7.9	13.9
Direct energy consumption (Gigajoules/year)	443,607	438,663	484,079
Indirect energy consumption (Gigajoules/year)	1,004,045	945,321	932,269
Water consumption (m <sup>3</sup> )	49,356	191,095	165,590
SOx emissions (tons)	296	272	351
Volatile organic compound emissions (tons)	817	762	720
Particle emissions (tons)	19	19	21.9
NOx emissions (tons)	303	290	339
Hazardous waste generation (tons)	4,772	3,682	3,484
Non-hazardous waste generation (tons)	136	283	97
CO <sub>2</sub> emissions (tons)	31,452	31,015	34,443
CO <sub>2</sub> emissions in road transport (tons)	3,378	5,845	3,036
Spills with environmental affection	8	3	1

(1) The surveys are every two years as from 2010.





# A look back at 2010 through its milestones

## 2010. Reaffirming our commitments

### • Collaboration agreement with INDRA to promote the internationalization of the CLH business model

*The two companies signed an agreement for working jointly on the structuring, marketing and implementation of the CLH business model in other countries and companies.*

The services offered by CLH and INDRA include projects for strategic advice; consultancy on making improvements in operations, organization and processes; and the implementation of information systems.

The aim is the structuring, marketing and implementation of the CLH business model in third countries and companies in the oil sector in order to help to develop and improve their logistics activities worldwide, and also in other sectors where the company's logistics model may prove useful.

### • “We Move Energy” travelling exhibition

*The aim of the exhibition was to bring the company's image closer to the public at large and establish free-flowing dialogue with the various interest groups.*

Between December 2010 and February 2011, the “CLH, We Move Energy” campaign visited 27 towns where the company has some kind of infrastructure, in the autonomous regions of Castile and León, Extremadura, Andalusia, Castile-La Mancha, Madrid, Murcia and Aragón.

Over 9,000 people visited the exhibition, which was installed in a specially adapted bus in which information panels and touch screens had been set up, besides a lecture room area where a teacher was on hand to give an enjoyable, educational explanation of the company's main logistics activities

### • The CLH Group celebrates the International Year of Biodiversity

*CLH commemorated the International Year of Biodiversity with a tree planting activity in which volunteers from the company, accompanied by family members and friends, took part.*

Working in collaboration with the United Nations Environment Programme's “Let's plant for the planet” campaign, the CLH Group organized a tree planting that made it possible for a large area of Parque de los Cerros, in Alcalá de Henares (Madrid), to be reforested.

This action is part of the social action plan known as “We move our most valued energy”, through which the company encourages voluntary work among its employees and gives its cooperation to projects related to social integration, the environment, education or culture.



## • Changes in the CLH body of shareholders

*The BBK savings bank joined the CLH body of shareholders after purchasing a 5 per cent stake in the company from Repsol.*

BBK purchased from Repsol the 5% stake in CLH that this oil company held indirectly through Petronor, in order to position itself in the oil product storage, logistics, transportation and distribution sector which is such a strategic one for the economy, besides improving its competitiveness. Repsol continues to hold a shareholding stake of 10% in CLH.

## • New infrastructures

### *New storage facility in Arahal*

CLH opened a new facility in Arahal (Seville) with a storage capacity of over 184,000 cubic metres, which required an investment of 30 million euros.

The plant has 6 tanks intended for storing gasoline, diesel and aviation kerosene. Most of the plant's capacity will be devoted to the storage of strategic fuel reserves.

### *Expansion and improvement of facilities*

Apart from the new plant in Arahal, in 2010 the CLH Group placed nearly 337,000 m<sup>3</sup> of new storage capacity in service at various facilities in its logistics network, the most important of them being Loeches, Cartagena, Alcázar de San Juan, Barcelona and Gijón. Besides this, CLH Aviación carried out expansion and remodelling work at the airport facilities in La Rioja, Murcia, Ibiza and Santiago de Compostela.

### *A new pipeline 150 kilometres long for reinforcing supply to central Spain*

The company inaugurated a new pipeline 150 kilometres long between Arahal (Seville) and Adamuz (Cordoba), in the context of the project for duplicating the southern section of the Rota-Zaragoza pipeline. This construction work involved an investment of 36 million euros and has made it possible to reinforce the supply of oil products to central Spain.



## • Visits to CLH facilities

*The CLH Group has continued to promote institutional relations and has received visits from various public figures and bodies.*

Representatives from the National Centre for the Protection of Critical Infrastructures (CNPIC), which is attached to the Ministry of the Interior, visited the plants in Son Banya and Porto Pi in Palma (Majorca), and various members of the Ministry of Defence were shown around the pipeline facility in La Muela (Zaragoza). Among others to visit the company were Mario Flores, the Autonomous Region of Valencia's Minister of Infrastructures and Transport; Juan Ignacio de Lema, President of AENA (Spanish Airports and Air Navigation); Antonio Cejalvo, the Valencian Autonomous Government's Director General of Energy; and Francisco Faraco, Director of the Autonomous Region of Murcia's Industry and Energy Area.

## • CLH presence at Energy Trade Fairs and Congresses

*Throughout the year, the CLH Group has kept up an active presence at symposiums and congresses related to the energy sector.*

The president of CLH, José Luis López de Silanes, was a participant at the National Energy Congress in Valladolid and took part in several symposiums, such as the meetings of the Spanish Committee of the World Energy Council, and the meeting organized by the Gas System Monitoring Committee.

Key representatives of the company also attended other specialized forums, such as the "Energy Transportation" conference which was organized by the Royal Academy of Engineering, in conjunction with CLH and the ICAI School of Engineering; the forum on new energies in transport, which the Basque Energy Authority held in Bilbao; and the "Cepsa and Biofuels" conference, which was organized by the Polytechnic University of Madrid's Higher Technical School of Mining Engineering.

On the international scene, CLH was present at the COPEX congress which was held in Brussels; the World Biofuels Markets Conference and Exhibition in Amsterdam, and the Platts 3<sup>rd</sup> Annual European Oil Storage Convention, which took place in Budapest.

## • CLH stays among the 100 best companies to work for

*The company holds 72<sup>nd</sup> place in the Merco People ranking, which is based on over 7,500 surveys carried out on different sectors of society.*

The CLH Group achieved 72<sup>nd</sup> place in the 2010 Merco People Report that was prepared by the Spanish Corporate Reputation Monitor (MERCOR), promoted by the consultancy firm Villafañe y Asociados and the Institute for Analysis and Research. For the fourth year running, the company appears in this ranking which uses a thorough methodology for identifying the 100 best companies to work for in Spain.

In addition, CLH stood in 70<sup>th</sup> place in the 2010 MERCOR report which analyses the companies with the best reputation in the country, moving up eight places compared to the 2009 classification, and José Luis López de Silanes stood at 59<sup>th</sup> place among the most prestigious leaders and executives in the Merco Leaders index, having moved up eleven places since the previous ranking.





## • The Board of Directors approves the CLH Code of Conduct

*The Code of Conduct is applicable to everyone in the company and takes its inspiration from the Mission, Vision and Values of CLH, the rules of Good Corporate Governance and the principles of the United Nations Global Compact*

The Code includes guidelines and rules of conduct that regulate rights and liberties, non-discrimination and rejection of workplace mobbing, the use and protection of company assets, occupational health and safety, conflicts of interest and influence peddling, transparency and confidentiality, sustainability, environmental protection and safety of the facilities.

An Ethics Committee has been set up in order to promote this set of rules, disseminate them and ensure they are complied with. The committee members are: the Director of Communication and Institutional Relations, Pedro Martínez, who also acts as chairman; the director of Human Resources, Juan Bonilla; the assistant director of Legal Consultancy, Pedro Recalde; and the assistant director of Auditing, Manuel Docampo.

## • Cooperation with institutions

### *Commitment to musical education*

The CLH Group holds a partnership agreement with the Albéniz Foundation for promoting the training of young talent in the world of music. Through the terms of this agreement, each year the company endows a tuition fee scholarship at the “Reina Sofía” Higher School of Music. The first student to receive a CLH scholarship was the violinist Eszter Stankowsky.

### *Historical Archive of Hydrocarbons*

In 2010, CLH and the Spanish Energy Commission (CNE) continued working together on the recovery of the Historical Archive of Hydrocarbons. Early in the year, an exhibition of some of the most important documents found to date was put on at the head offices of the CNE. Besides this, the CNE web page has created a section in which the main collections can be consulted in digital format.

### *“San Millán de la Cogolla” Foundation sponsorship*

The company has signed a collaboration agreement for sponsoring the “San Millán de la Cogolla” Foundation, an institution that promotes social, economic, cultural and tourist development in this town.

### *Membership of the IREC Board of Trustees*

The CLH Group has joined the board of trustees of the Catalonia Institute for Energy Research (IREC), a reference centre in research into energy efficiency and renewable energies.

## • New certifications

### *European Seal of Excellence 500+*

The CLH Group was awarded the EFQM European Seal of Excellence 500+ after successfully passing an assessment carried out by AENOR (the Spanish Association for Standardisation and Certification) and the Spanish Club for Excellence in Management (CEG). The award represents the maximum possible distinction for quality given by this body. Only 34 other companies and institutions in Spain hold this seal, and just two of them belong to the energy sector.



### *UNE 166002 Certificate for the R&D&I Management System*

The UNE 166002 certificate is given in recognition of the work carried out by the company for boosting its activities in research, development and innovation. In the last three years, the CLH Group has devoted 6.6 million euros to projects of this type, the most important of them being improvement of the systems for pipeline logistics planning and simulation for programming, both long term and daily, and the development of advanced control and operation applications, besides highly-developed management tools for pipeline integrity.

### *Renewal of the ISO 9001 and 14001 certificates*

The CLH Group successfully passed the follow-up audits carried out by AENOR for continuing to hold the ISO 9001 quality certificate and the ISO 14001 environmental management certificate. The auditing team highlighted the remarkable involvement of senior management and other people in the company regarding compliance with the Environmental Management System, and also the creation and promotion of various activities for achieving continuous improvements, such as suggestions from employees, improvement groups and innovation projects.

## **Awards and distinctions**

### *A proven track record*

The president of CLH, José Luis López de Silanes, received the Senior Management Forum's Gold Master Award and obtained the "Former Student with the most relevant impact on society" prize, awarded by the Former Students Association of the Higher School of Industrial Engineering (ETSII) at the Polytechnic University of Madrid (UPM).

### *Prizes awarded to CLH Aviación*

The airline operator Delta Airlines awarded CLH Aviación the 'Grand Slam' prize in recognition of the excellence of the service provided at Barajas airport, and also for the safety and respect for the environment demonstrated in its activities. The company also took part in the 2<sup>nd</sup> Company Environmental Contest organized by Madrid-Barajas airport, together with 90 other organizations, and obtained third prize.

### *"Actualidad Económica" prize for the 100 best financial experts*

The CLH Group general director of Finance and Economy, Jesús Alba, was elected for the third year running as one of the 100 best chief financial officers in Spain by "Actualidad Económica" magazine. This weekly publication and the KPMG

consultancy firm drew up a study on the finance departments of almost 2,000 companies that operate in Spain in order to be able to decide on the award of these prizes.

### *"Madrid Excelente" quality mark*

The Autonomous Region of Madrid has granted the CLH Group the "Madrid Excelente" quality mark, a distinction with which it recognizes the commitment to excellence made by the best Madrid-based companies and their active contribution to the economic and social development of the region.

### *Accreditation given to the Central Product Laboratory by the International Automobile Federation*

The CLH Central Laboratory was included in the list of 42 analysis laboratories recognized by the FIA (International Automobile Federation) for analysing the fuels used in both national and international motor racing competitions, making it the only Spanish centre to be included in this group.



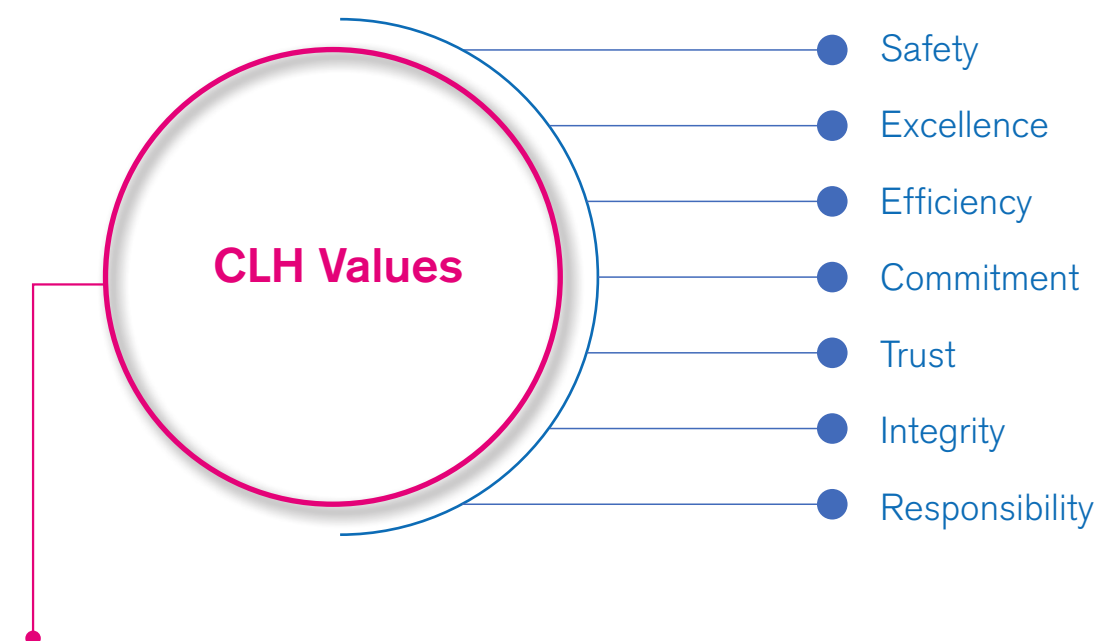
## The CLH Group corporate culture

### Mission

“The CLH Group’s mission is the distribution of liquid fuels in a way that is continuous, efficient and safe. We work so that every day we do our job better in the firm belief that we are providing society with an important service.”

### Vision

“The vision of the CLH Group is to collaborate in economic, environmental and social progress, provide our customers with an excellent service, guarantee earning power for our shareholders, develop employment advancement for our employees and the reconciliation of their personal and professional lives. With all of this, we aim to be an international referent in the distribution of energy, collaborating towards its responsible use, looking after the safety of people and protecting the environment, and cooperating in the prosperity of the places where we have business units. With all of this, it is also our aim for our employees to feel proud of forming part of the company, aware of its social relevance and the importance of their work.”



### Corporate values

#### Efficiency

“The fulfilment of our mission is our greatest contribution to society. To carry it out as efficiently as possible contributes to improving the quality of life of those around us. This is why we place special emphasis on achieving our targets quickly and efficiently.”

#### Commitment

“We feel we are a part of CLH and this is why we try to exceed the expectations of those around us. We honour our commitments and do our best to attend properly to the needs of our customers, to produce results for our shareholders and partners, and to be increasingly more useful to society.”





## Responsibility

“We know how to take responsibility for our actions in relation to all our interest groups. We are self-critical, we learn from our mistakes and we believe that merit gives the measure of the people in the organization. We act with corporate responsibility criteria that are in coherence with our aim of sustainable growth, because we understand the importance of looking after the natural environment, improving safety and contributing to the improvement of the communities we serve.”

## Excellence

“We look for improvement all the time. This is why we reward creativeness and the generation of new ideas that help the organization to grow. We apply the best technology available at all times and innovate in the development of our processes, with the aim of being one step ahead of our customers’ needs and the new demands of society.”

## Safety

“The safety of people, the facilities and the people around them is at the core of our decisions. Maintaining safety standards forms an unavoidable part of our processes.”

## Integrity

“Our conduct is irreproachable in everything we do, and this is based on honesty and rectitude. In particular, we create a favourable job environment that works on the basis of respectful collaboration with people’s rights and dignity. As a result, we are a company where a long, attractive, gratifying professional career can be developed.”

## Trust

“Our organization is sensitive to social trends and perceptions at all times. We believe that in the long term, our ability to prosper runs parallel with the ability to inspire trust, respect and admiration among those with whom we interact: customers, shareholders, employees or society as a whole. We are particularly aware of the importance of demonstrating our commitment in the places where we operate facilities, and of the need to dedicate the greatest of care to protection of the natural environment.”



# 1. The CLH Group: leader in oil product transportation and storage

## 1.1. Profile of the Group

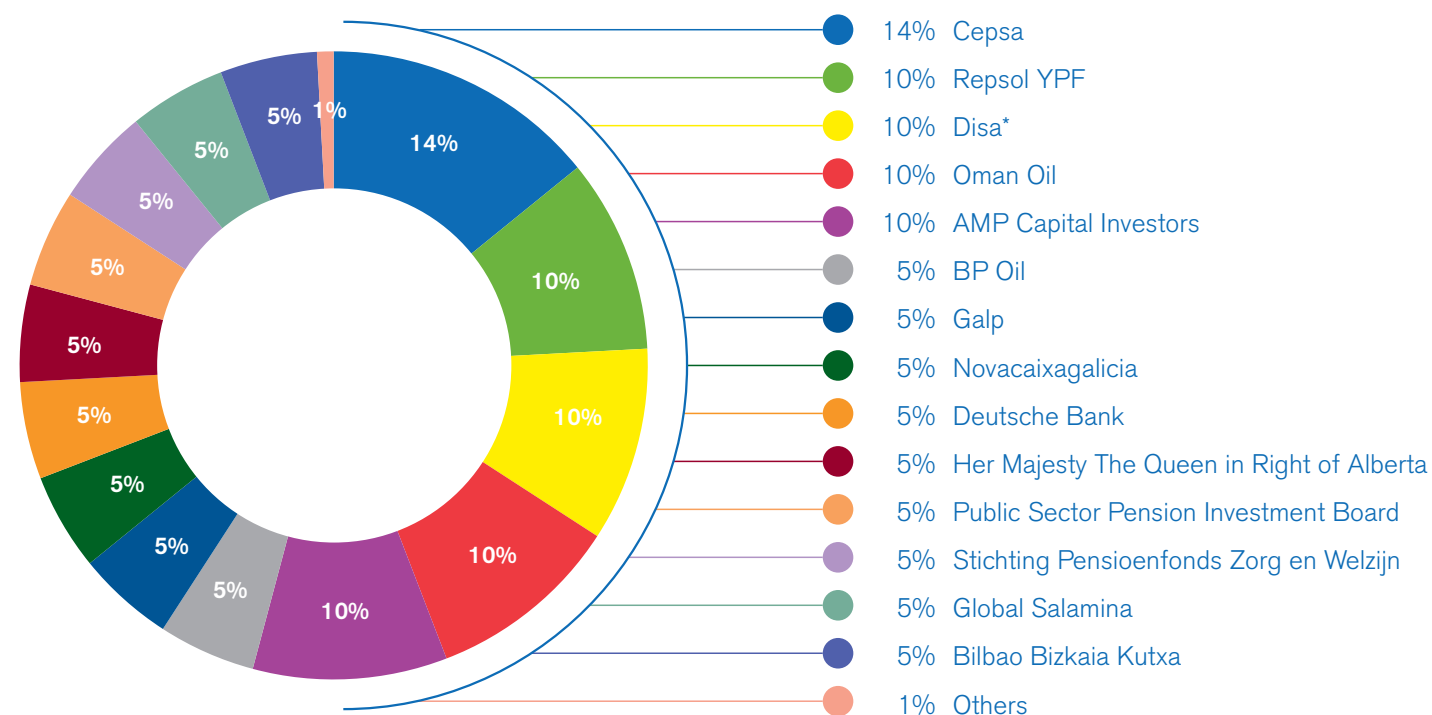
The CLH Group, which comprises Compañía Logística de Hidrocarburos and its subsidiary CLH Aviación, is the leading company in the transportation and storage of oil products in the Spanish market.

Efficiency and continuous improvement are the characteristics that set the activities of the CLH Group apart, and in its history of over 80 years they have enabled it to adapt to the demands of the world around it and guarantee the supply of fuels to society, offer its employees a satisfactory work environment, provide its customers with an excellence service and give its shareholders a suitable return on investment.

The CLH Group has one of the largest and most efficient integrated oil product transportation and storage networks in the world, comprising over 4,000 kilometres of pipeline, 38 storage facilities and 29 airport facilities.

These infrastructures are available to all oil product operators doing business in Spain, aviation companies and other national and international bodies responsible for the management of strategic reserves, such as Corporación de Reservas Estratégicas de Productos Petrolíferos (CORES), the public entity responsible for Spain's strategic oil reserves.

Structure of the CLH Group corporate capital as at 31/12/2010



\* On 18 March 2011, Marthilores S.L.U. acquired the 10% equity holding that was owned by Disa.

For more information about significant direct and indirect equity holdings, see the 2010 CLH Group Management Report and Annual Accounts.



## 1.2. Areas of activity

The CLH Group carries out its activities in two main areas:

- CLH: transports, stores and distributes oil products, mainly gasolines, diesels, kerosenes and fuel oils.
- CLH Aviación: offers services for the storage, distribution and into-plane supply of aviation fuels and lubricants.

### 1.2.1. Basic logistics activities

The CLH Group has over 4,000 kilometres of pipeline, through which it connects the eight Spanish fuel-producing refineries in the Peninsula, and the major receiving ports, with most of its storage facilities.

The plants that are not linked up with this pipeline network and the ones located in the Balearic Islands are supplied by means of tankers that are on charter from reputable shipowning companies that offer full guarantee, while the medium-sized and small airport facilities are supplied by means of tank truck.

During 2010, deliveries of products from the company's facilities totalled 36.8 million tons of oil products, mostly gasolines, diesels, fuel oils and aviation kerosene.

The CLH Group has at its disposal 38 storage facilities that are distributed across the Spanish territory of the Peninsula and the Balearic Islands, with a fuel capacity of 7.4 million cubic metres, and most of them are operational around the clock for 365 days of the year.

One of the company's characteristics is that it offers instantaneous product accreditation. This means its customers can make use of their products at different destinations immediately after they have delivered them at a source facility that is a long way away from the destination facility.

Also, another activity is the incorporation of the additives and markers required by current legislation, and also those developed by the different operators for improving or differentiating the quality of their oil products.

### 1.2.2. New business areas

#### Strategic and security storage

The CLH Group devotes an increasingly percentage of its storage capacity to Corporación de Reservas Estratégicas de Productos Petrolíferos (CORES) and to the oil companies so they can maintain the minimum fuel reserves required by law.

## Biofuels

The company has facilities where it is possible to store and supply diesel with biodiesel and gasoline with bioethanol, in order to meet the new requirements of the market and continue keeping up the high efficiency of the company's logistics system, from the economic and environmental point of view.

The start-up of these facilities makes it possible to continue cooperating in the implementation of the PANER drawn up by the Spanish government. In this respect, during 2010 CLH distributed over 1.6 million cubic metres of biofuel, of which 1.2 million cubic metres were biodiesel and 0.4 million cubic metres were bioethanol in the form of ETBE (ethyl tertiary butyl ether).





### 1.2.3. Other activities

#### Supplies to aircraft

CLH Aviación has 29 facilities, located at most of the Spanish airports in the Iberian Peninsula and the Balearic Islands, and offers storage, distribution and into-plane supply services for aviation fuels and lubricants. In 2010 it performed over 350,000 aircraft refuelling operations and supplied aircraft directly with around 3 million cubic metres of aviation fuel.

CLH Aviación also provides advice and technical assistance for the installation and maintenance of distribution networks for various types of aviation fuel. The CLH Aviación facilities are equipped with technologically advanced resources that guarantee product quality and safety in supply operations.

#### Service station maintenance

CLH provides technical assistance and undertakes integral maintenance work for service stations. It also carries out remodelling and refurbishment work to bring them into line with current legislation. During 2010, the company continued providing its services to a large number of service stations that includes filling stations, yachting harbours and railway stations.

#### Metrology

The CLH Metrology Unit provides services for the calibration, verification and adjustment of equipment that measures the volume, temperature, pressure and density of oil products, in order to guarantee the reliability of the quantities supplied to the end customer.

This work is carried out at the Metrological Verification Laboratory in Loeches (Madrid), the only one in Spain that is accredited in the area of calibration by the Spanish accreditation body ENAC, and one of the most complete and complex in Europe. This Metrology Laboratory is an international benchmark in its field, and designs and manufactures most of the systems it uses for carrying out these controls. During 2010 this Unit performed near 3,400 calibrations.

#### Laboratory

CLH operates a network of laboratories that has over 60 years' experience and enjoys great prestige in the sector. Their main activities focus on the quality control analyses established in fuel and biofuel specifications, and on researching into incidents occurring in logistics and in the market. It also carries out environmental tests and testing of the characterization and conduct of materials and additives using instrument-based analytical techniques.

This laboratory is fitted with equipment for fuel characterization that is practically unique in the sector. It also has a sophisticated samples and results management system that is integrated into the CLH systems, thereby making it possible to control and make instantaneous exchange of information regarding the characteristics of all products stored and distributed by the CLH network.

Such are the technological characteristics of the CLH Central Laboratory that in 2010 it was selected by FIA (the International Automobile Federation) as the only Spanish laboratory to be included in its list of recognized laboratories around the world for performing analysis of the fuels used in national and international motor racing competitions.

It also holds collaboration agreements with universities and vocational training centres for carrying out research work, organizing specialized courses and for training students during their practical study period. During 2010 it received over 30,000 samples and carried out over 127,000 tests.



## 2. Value generation

### Challenges for 2010

Sustained growth in Ebitda.

Decrease Operating expenses.

Change of version of the purchase management computer system, extending it to the management of contracts with suppliers.

### Degree of compliance

High

High

High

### 2010 milestones

- Sustained growth in Ebitda.
- Decrease Operating expenses.
- Change of version of the purchase management computer system, extending it to the management of contracts with suppliers.

### Challenges 2011

- Ending of the Strategic Plan 2007-2011.
- To continue with the policy of competitive prices.

### Our approach

The creation of value for its shareholders and satisfaction for its interest groups are of key importance for the CLH Group, which is firmly committed to transparent management based on relations of trust and cooperation.

## 2.1. A source of wealth for the company and its interest groups

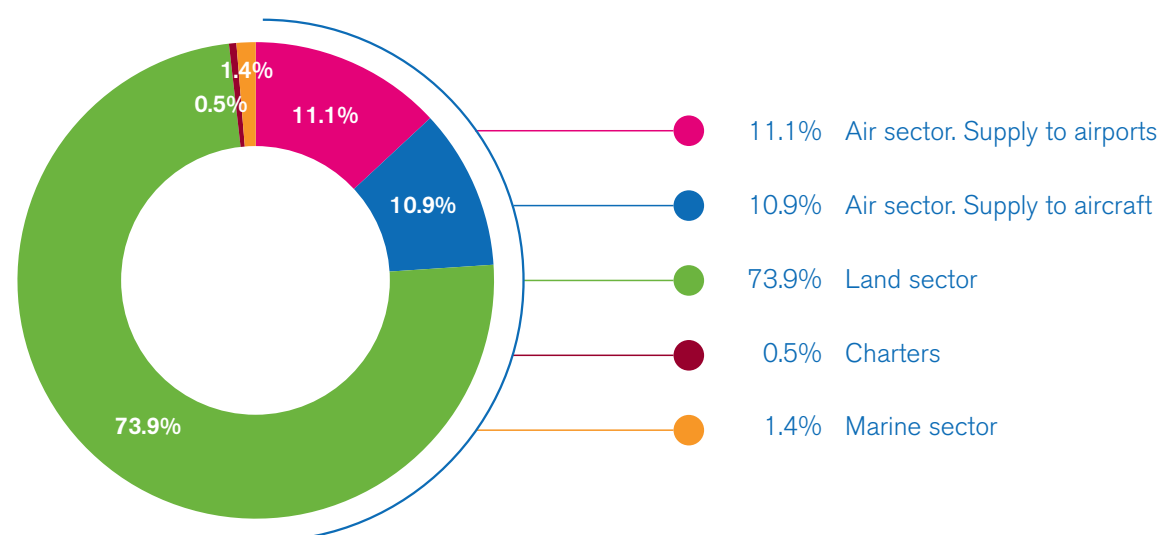
The corporate capital of Compañía Logística de Hidrocarburos CLH, S.A. is 84,070,140 euros, represented by 70,058,450 shares each with a nominal value of 1.2 euros, fully subscribed and paid up and distributed into three classes:

- Class A, comprising 90,000 bearer shares.
- Class C, comprising 68,279,401 registered shares.
- Class D, comprising 1,689,049 bearer shares.

All the company shares have identical contents as regards rights and obligations and their distribution into classes corresponds solely to their representation by means of registered certificates in the case of class C shares, and by means of accounting entries, in the case of class A and D shares.

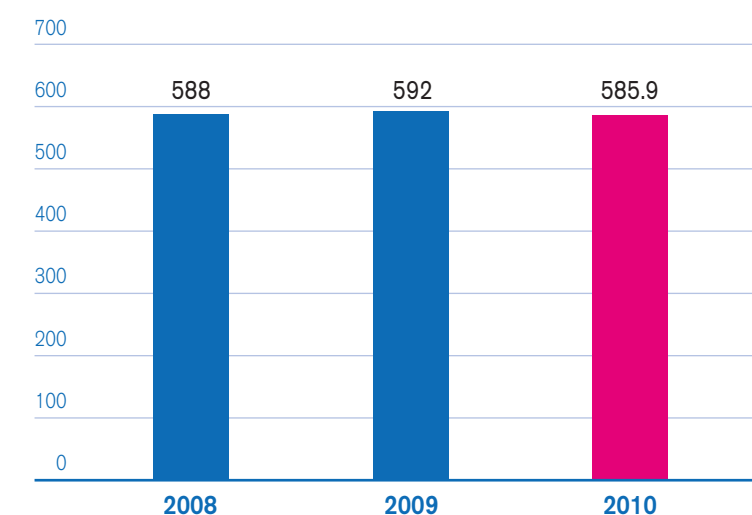
2.54% of the company shares, corresponding to classes A and D, are listed on the four Spanish stock exchanges, although in 2010 shares in the company were only traded on the Madrid stock market, which can be considered a normal situation. The number of securities traded in that year was 122,505.

### Origin of CLH Group earnings in 2010



### CLH Group Evolution of operating income

Millions of euros



## 2.2. Economic value generated

The results for 2010 are a reflection of the CLH Group's commitment to keeping up return on investment and the creation of value.

- Operating revenues of 585.9 million euros, 1.0% less than in 2009.
- Investments of 120.3 million euros in 2010 for the expansion and improvement of facilities.
- Operating profit amounted to 226.0 million euros, meaning an increase of 2.5 million, or 1.1%.
- Net profit of 151.2 million euros, which is 14.9% less compared to 2009. Profit from trading and financial transactions was 0.9 million euros higher than in 2009, and the outcome in Other gains and losses was 38.2 million lower than in 2009 due to the reversion to results that was carried out in 2009 in respect of provisions set up to cover tax liabilities.
- The listed share price as at 31 December 2010 was 28.83 euros.

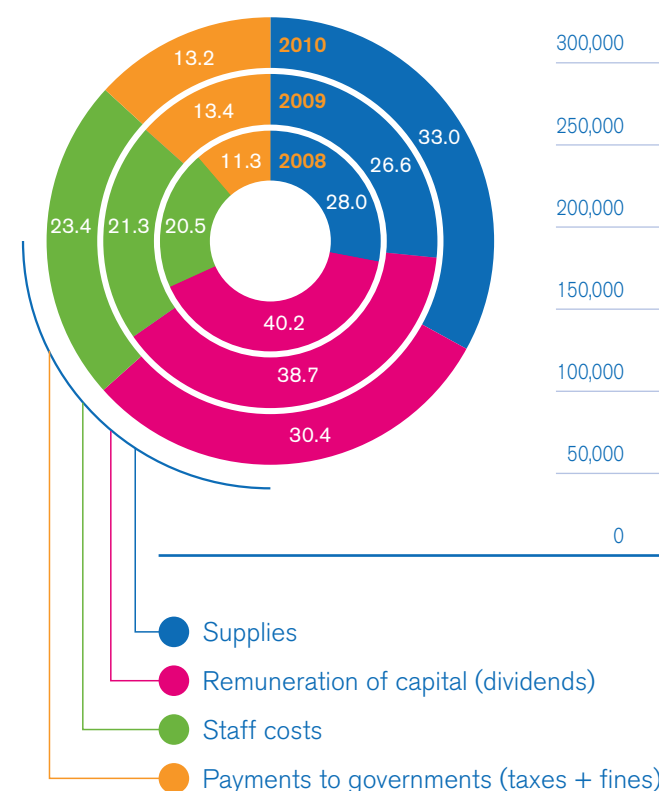
## 2.3. Economic value distributed

Thousands of euros

Added Value	2008	2009	2010
Supplies	171,424	154,477	168,191
Remuneration of capital (Dividends)	246,480	224,173	155,257
Staff costs	125,594	123,708	119,653
Payments to governments (taxes + fines)	69,233	77,460	67,307
<b>Added value</b>	<b>612,731</b>	<b>579,818</b>	<b>510,408</b>

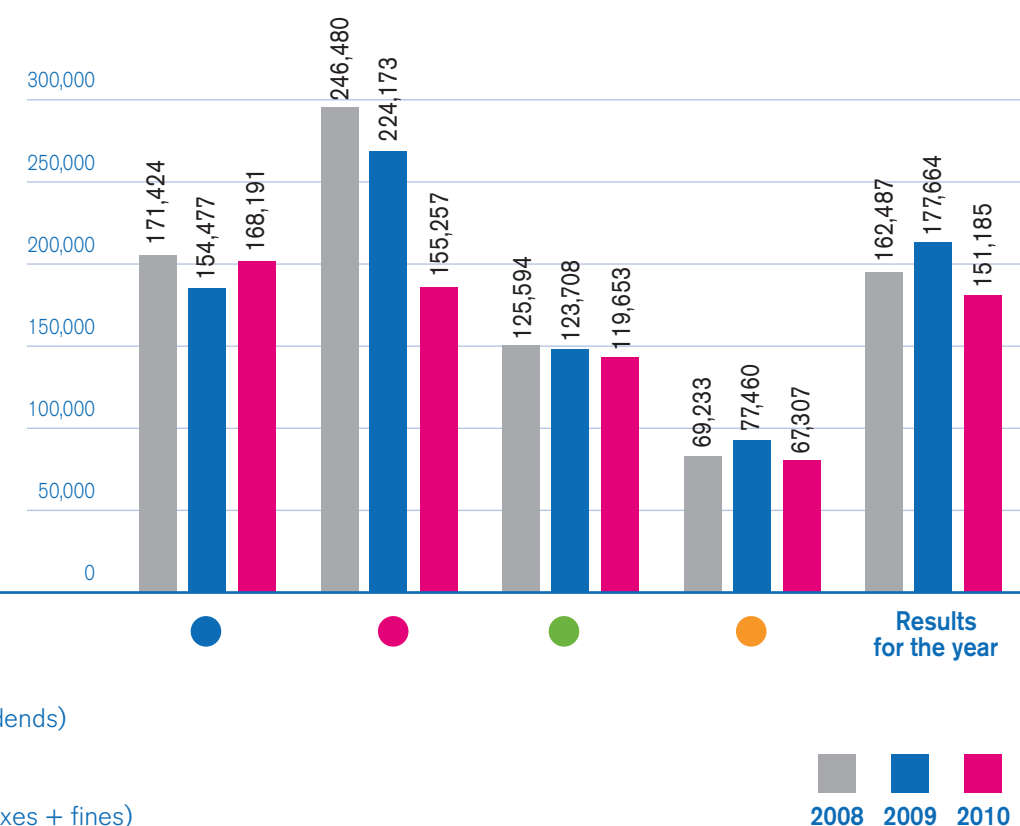
### Economic value distributed

In percentage



### Variation in wealth flows 2008-2010

Thousands of euros



2008 2009 2010



## 2.4. Indirect economic value

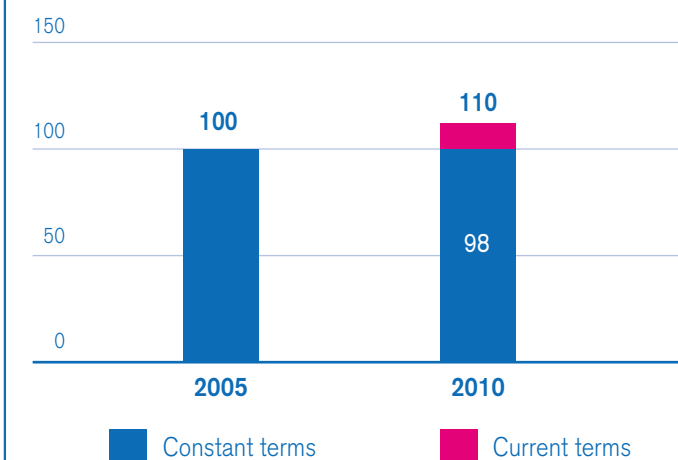
In addition to creating direct economic value, the CLH Group creates indirect economic value in the social setting in which its operations are carried out. The main indirect impacts of the company were as follows:

- The CLH Group's oil product logistics system stands out for its integrated nature and an excellent optimization of the use of available assets and resources, providing a high level of safety and efficiency in the storage and transportation of oil products which is beneficial to consumers as a whole.
- The high level of efficiency achieved by the CLH Group in the management of its logistics system means that the average cost of fuel storage and transportation services is less than one eurocent per litre, which means less than 1% of the fuel prices paid by end consumers.
- The CLH Group pricing policy has meant a reduction in the price of the company's services in constant terms since 2005, which directly affects the fuel prices paid by end consumers.
- One of the CLH Group's aims is to make intensive use of the pipeline network in order to minimize transport costs. In this way there is a decrease in transportation by road or sea, which gives rise to a decrease in contaminating emissions. It is estimated that the CLH pipeline network represents a reduction of 400,000 tons of CO<sub>2</sub> emissions released into the atmosphere.
- On the other hand, the diversification process started by the CLH Group in order to be able to receive, store and dispatch biofuels is making it easier for products of this type to be used nationwide.
- Similarly, the adaptation of infrastructures for controlling sulphur content has made it easier to introduce products with low sulphur content which are, therefore, less pollutant.

### Index of CLH service prices

*CLH has held prices practically constant since 2005*

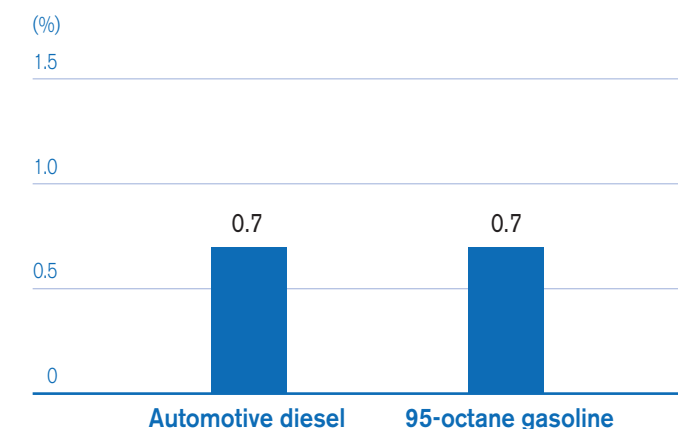
Index (2005 = 100)



The actual average price in 2010 for basic logistics of gasolines and diesels was €7.83 m<sup>3</sup> (equivalent to €0.0078/litre).

### Weight of CLH logistics in the final prices of automotive diesel and 95-octane gasoline in Spain

*The impact of the CLH service on final prices is less than 1.0%*





## 2.5. The CLH Group and value generation through its suppliers

The CLH Group uses management procedures that make it possible for each purchase to be made in a rational, efficient and economic way that integrates with the general budgets and corporate purchasing policies. The aims of these policies are:

- To unify purchasing criteria.
- To hire services and make purchases in a way that is transparent and economically efficient.

The Purchasing and Warehouse Unit is responsible for centralized management of purchases at corporate level. Besides this unit, purchase management duties may be delegated to any other unit in the company, particularly in cases where, because their purchases are so specific, they have always handled this themselves.

Centralized purchases are those which possess any of the following characteristics:

- Technical specification and standard use for the whole of the company.
- Those intended for use in investments for fixed assets.
- Those that have some kind of corporate identification or image.

In addition to centralized purchases, other decentralized or local purchases are also made for the purpose of acquiring goods or consumables for a lower value and which are charged against the expense budget.

The CLH Group uses a list of “Approved Suppliers of Materials” regarding whom, apart from verifying that they comply strictly with all the requirements established by law, a regular check is made on their reliability through the following parameters: compliance with delivery dates, compliance with the required quality standard and compliance with the required control of quantity. In the case of service providers, the assessment criteria are: Quality, Safety and Environment.

Both generic information regarding suppliers and the initial requirements for approval are included in the RePro system. This system belongs to the Achilles Group, which specializes in supplier information management, and was agreed by some of the major Spanish and Portuguese companies that operate in sectors such as electricity, gas, petroleum and water, besides the naval sector, in order to be able to have the use of a tool that enables them to record their suppliers and contractors in a way that is efficient, permanently updated, objective and non-discriminatory.

With RePro, suppliers register just once for all the user companies in the system. The information provided by the supplier is therefore structured and up to date and is the same for everyone. It is one of the channels used for complying with regulations relating to classification systems that are established in Law 48/98 on contracting procedures for the water, energy, transport and telecommunications sectors.



A supplier must first be assessed in order to be approved by the CLH Group. As a general rule, suppliers of critical materials for basic logistics undergo assessment before the first purchase is made and are subjected to continuous assessment after that, with the dual aim of guaranteeing their ability to supply in accordance with the specified requirements and verifying compliance with these requirements over time.

All suppliers and contractors must adhere to the CLH Group safety policy. Safety criteria are therefore used for assessing and selecting the contractors that work for the CLH Group, and they are required to comply with the same safety regulations as CLH workers.

Besides this, in 2010 51.6%<sup>(1)</sup> of the most important contractors and suppliers of materials and equipment were assessed from the viewpoint of their social responsibility, analysing aspects such as:

- Adherence to some international standard in the sphere of corporate responsibility
- Prevention of forced, child or compulsory labour
- Freedom of association and collective bargaining

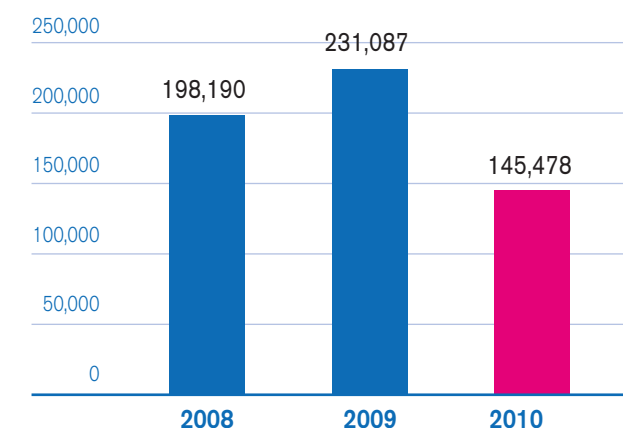
- Prevention of discrimination (on grounds of gender, religion, etc.)
- Disciplinary practices.
- Daily working hours.
- Remuneration.
- Harassment and abuse in the workplace.

Systems were introduced during 2009 for streamlining communications with suppliers and users placing orders. The orders are sent simultaneously to the supplier and also, for information and follow-up purposes, to the centres requesting materials and equipment through electronic mails in PDF format, which also remain accessible for subsequent consultations.

The implementation of this system has speeded up and improved the authorization circuit, attaching the necessary information for this in electronic format for revision and possible inspections, besides which paper format is dispensed with. With this in view, the suppliers are required to send technical information, reports, etc. in electronic format and avoid printed catalogues wherever possible.

#### CLH Group awards for purchase of materials and hiring of services<sup>(1)</sup>

Thousands of euros



<sup>(1)</sup> This information is out of the scope of the review.

During 2010, 96.64% of the purchases made by the CLH Group were carried out in Spain. This is because 100% of the company's activities are carried out on Spanish soil, meaning that most purchases are made in the areas where the company operates, with the aim of contributing to the development of the local communities.



### 3. Corporate Social Responsibility in the CLH Group

#### Challenges for 2010

Publication and verification of the third Corporate Responsibility Report.

Approval of the Code of Conduct by the Board of Directors.

To continue disseminating the Corporate Social Responsibility Outline Plan.

To continue making the Mission, Vision and Values known and applying them.

#### Degree of compliance

High

High

High

High

#### 2010 milestones

- Publication and verification of the third Corporate Responsibility Report.
- Approval of the Code of Conduct by the Board of Directors.
- Set-up of the Ethics Committee.

#### Challenges 2011

- Updating of the Corporate Social Responsibility Outline Plan.
- Publication and verification of the fourth Corporate Responsibility Report.
- Publication and distribution of the new pack of Mission, Vision and Values.
- Circulation of the Code of Conduct.
- Implementation of the ethical code mailbox.

#### Our approach

With more than 80 years of history behind it, not only does the CLH Group wish to be recognized as the leading company in the Spanish market for the transportation and storage of oil products, but also for the excellence of its processes and services and for its contribution to the wellbeing of the societies it serves.

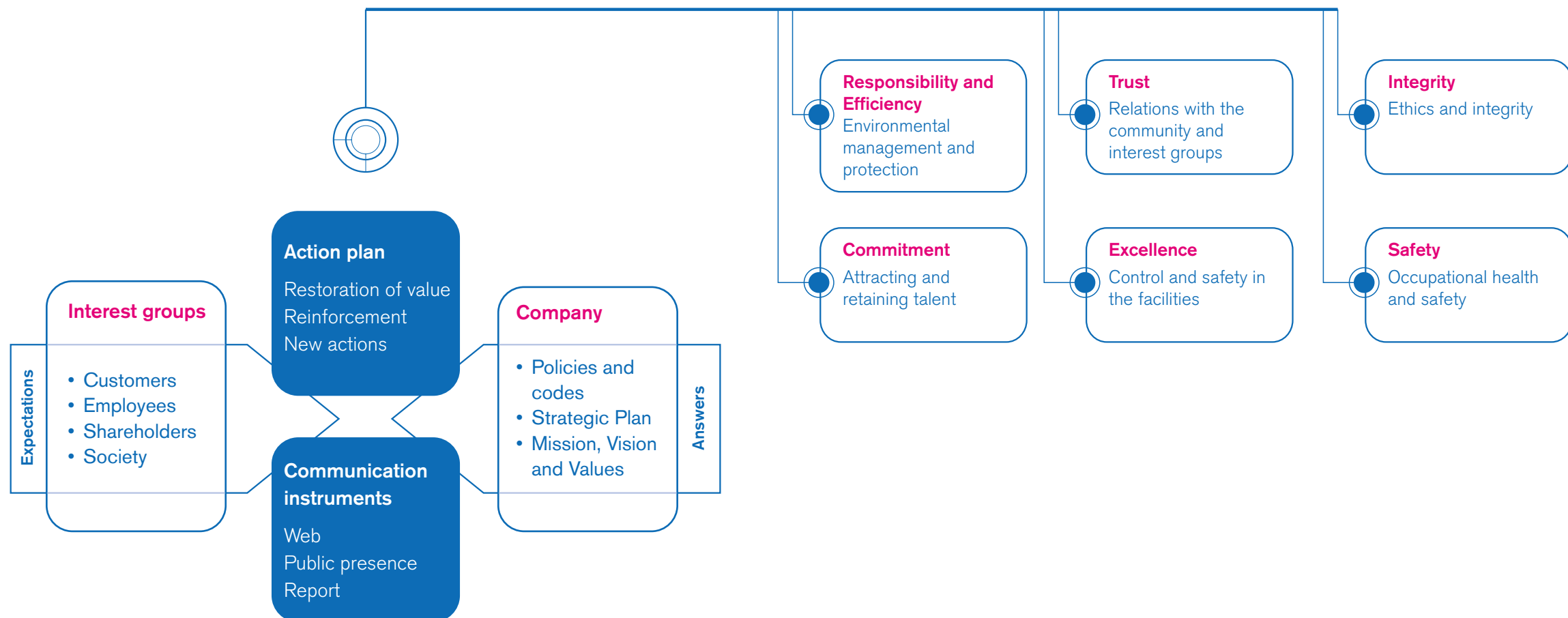




### 3.1. The CLH Group and its Corporate Social Responsibility strategy

The CLH Group Corporate Social Responsibility model seeks to establish relationships of trust with its interest groups and its aim is to turn the company into a leader in the transportation, storage and distribution of fuels, generating value for society.

The 2007-2011 Corporate Social Responsibility Outline Plan is the CLH Group programme for implementing its Corporate Responsibility Policy. This Plan consists of six action areas, in which all areas of the company are involved.





There is a specific area in the CLH Group for managing Corporate Social Responsibility in the company, the Communication and Institutional Relations Management, which receives cooperation and advice from the Corporate Social Responsibility Committee and is supervised by the Management Committee.

The following are among the duties of the Corporate Social Responsibility Committee:

- To review the focus of the Outline Plan and the action programmes that form part of it.

- To promote and monitor the plans of action provided for in this Outline Plan and to keep the administrative and management bodies of the company informed about their progress.
- To verify compliance with the external commitments undertaken by the CLH Group in relation to Corporate Social Responsibility.
- To support the Communication and Institutional Relations Management in identifying and engaging in dialogue and cooperation with the different interest groups.
- To collaborate in the preparation of the Corporate Social Responsibility Report.

Likewise, and within the framework of this Corporate Social Responsibility strategy, in 2007 the CLH Group became a member of the United Nations Global Compact which involved its undertaking to support and develop the ten principles of this pact in relation to respect for human and labour rights, the environment and anti-corruption practices. As a result, and as part of its commitment, each year the CLH Group draws up a Progress Report in which it reports on the progress being made by the company in this field.

### 3.2. Dialogue with interest groups

In line with its Corporate Social Responsibility strategy, throughout 2010 the CLH Group has kept up an active presence in bodies and associations related to the energy sector.

For example, the company is a member of the top organizations for professionals in the energy sector, such as the Spanish Energy Club (Enerclub) and the Spanish Association for Energy Economics (AEEE). It is also an associate member of a wide group of business associations, including the CEOE (Confederation of Employers and Industries of Spain), the Spanish *Círculo de Economía*, the Spanish Businessmen's Circle, the American Chamber of Commerce, the Luso-Spanish Chamber of Commerce and Industry, the IE Business School, the Institute of Directors-Administrators and the Association for Management Progress.



Besides this, and pursuing a spirit of continuous improvement, this year the company also joined the board of trustees of the Catalonia Institute for Energy Research (IREC) and has continued to work in association with the National Energy Commission on the recovery of the Historical Archive of Hydrocarbons.

CLH contributed to the sponsoring of events in the sector, such as the seminar entitled "Energy Policies and sustainability: the European challenge", which the Spanish Energy Club (Enerclub) held in Seville, or the conference given by the Sultanate of Oman's Ministry of Trade and Industry, which was organized in Madrid by the New Economy Forum (*Foro de la Nueva Economía*) in association with The Wall Street Journal Europe.

The company also held a new meeting of the Club for Excellence in Management (CEG) Forum at its head office, and hosted a meeting of the 6 Sigma committee of the Spanish Association for Quality (AEC) at the central products laboratory.

The CLH Group has kept up an active presence in forums and congresses during 2010. The chairman, José Luis López de Silanes, spoke at the Valladolid National Congress of Energy and participated in various events, such as the meetings of the Spanish Committee of the World Energy Council and the one held by the Gas System Monitoring Committee.

Besides this, key representatives of the company also took part in other specialized events, such as the forum on new energies in transport, which the Basque Energy Authority held in Bilbao, the "Cepsa and Biofuels" conference, which was organized by the Polytechnic University of Madrid's Higher Technical School of Mining Engineering or the "Energy Transportation" conference which was organized by the Royal Academy of Engineering, in conjunction with CLH and the ICAI School of Engineering.

On the international scene, CLH was present at the World Biofuels Markets Conference and Exhibition in Amsterdam, the Platts 3<sup>rd</sup> Annual European Oil Storage Convention, which took place in Budapest, and the COPEX congress which was held in Brussels.

In 2010 the CLH Group continued promoting institutional relations and received visits from various public figures and bodies, such as the National Centre for the Protection of Critical Infrastructures (CNPIC), representatives of the Ministry of Defence and from the Aragonese Association of Service Station Operators.

Among others to visit different company facilities were the Autonomous Region of Valencia's Minister of Infrastructures and Transport, the President of AENA, the Valencian Autonomous Government's Director General of Energy, the Director of the Autonomous Region of Murcia's Industry and Energy Area, and the manager of Malaga Airport.

During 2010, the company attended to over one hundred journalists asking for information about the CLH Group and its future projects, besides which press conferences and meetings with the media were organized for giving publicity to the company's economic results and its main projects.

In this regard, "El Nuevo Lunes", a newspaper devoted to economic affairs, has once again recognized the CLH Group communication policy and has ranked the company as one of the top 20 private companies with the greatest degree of reporting transparency. Also, in its section devoted to assessment by the media, the Spanish Corporate Reputation Monitor's 2010 Merco Report considers CLH to be the second best-rated company in the oil sector for its transparency and approachability.

The company also has a corporate web page, one of the Group's main communication tools, which registered around 50,000 visits during 2010.

### 3.3. Good Corporate Governance Model in the CLH Group

One of the pillars in the corporate social responsibility strategy of the CLH Group is the set of corporate governance practices that have been implemented. These measures are directed at achieving the company's strategic targets through the implementation of the best good governance practices in listed companies.

The internal regulations that govern the actions of the CLH Group in the area of good governance are contained in the Articles of Association, the General Meeting of Shareholders Regulations, the Board of Directors Regulations and the Internal Regulations for Conduct in the Securities Market.

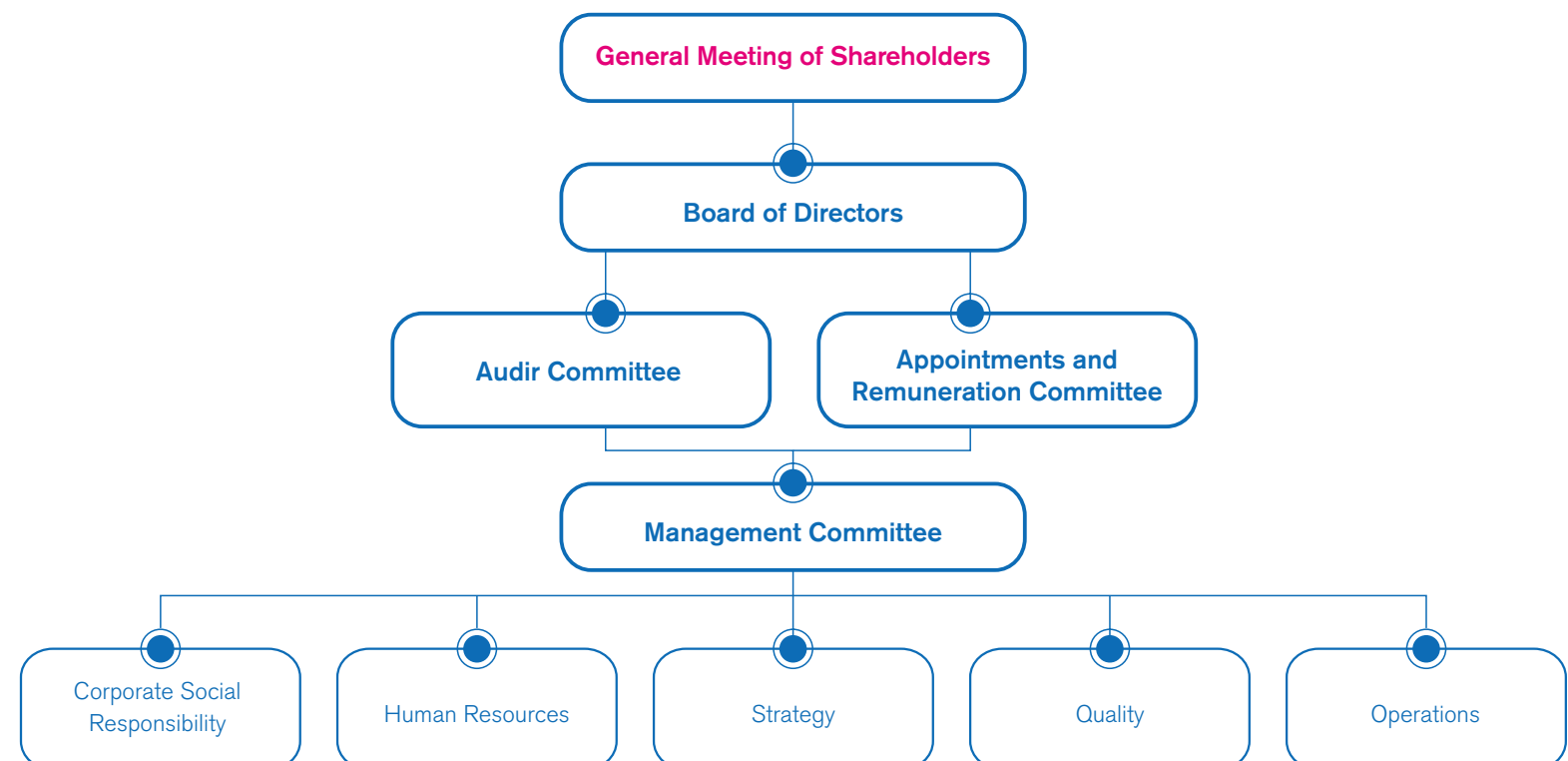
The circulation of good governance contents is a priority issue for the CLH Group, and so the use of its web page ([www.clh.es](http://www.clh.es)) has been promoted as a tool for offering accessibility to these contents and ratifying its commitment to transparency.

This web page contains a section called "Information for Shareholders and Investors" in which the following can be consulted:

- The corporate capital structure and the company's shareholders.

- The functioning of the General Meeting of Shareholders.
- The composition and duties of the administrative bodies.
- The corporate governance regulations.
- Relevant information of interest regarding the CLH Group.

The administrative structure of CLH is established in the Articles of Association and guarantees the presence of representatives of the vast majority of shareholders on the Board of Directors. This means that actions for consultation with the shareholders promote free-flowing dialogue that has a direct effect on the processes for decision-making by the supreme administrative body of CLH.







### 3.3.1. General Meeting of Shareholders

The General Meeting of Shareholders is the supreme governing body of the company and holds powers for deciding on the matters that affect the company and which are not attributed by law or by the Articles of Association to the authority of another company body. It will necessarily meet within the first six months of each calendar year in order to assess the performance of the company, approve the annual accounts and decide on allocation of the results. The organizing and running of the General Meeting, and the shareholders' exercise of their rights at the time it is convened and held, are regulated in the General Meeting of Shareholders' Regulations, which complete the provisions of the law and the Articles of Association.

### 3.3.2. The Board of Directors

The Board of Directors holds powers on matters relating to management of the company and acts as its representative. With the exception of matters that are set aside for decision by the General Meeting, the Board of Directors is the supreme decision-making body of CLH.

The criterion applied in the actions it undertakes is maximization of the company value, both in the long and the short term, by supervising the performance of business activity and assuring its future viability.

Also, its composition, powers and operation are regulated by the CLH Articles of Association and the Board of Directors Regulations and the Regulations governing Conduct in the Securities Market.

In order to optimize the process, the Board of Directors has set up the following committees internally as complementary administrative bodies:

**Audit Committee**, with the aim of supervising the performance of internal audits, requesting and receiving information regarding external audit, and guaranteeing the accuracy of information in relation to the shareholders and financial markets.

**Appointments and Remuneration Committee**, whose aim is to report on or present proposals in respect of the appointments to office and remunerations of Board Members, the members of the executive committee and Board Committees and the executives of the company.



Board of Directors as at 31 December 2010

Chairman - Chief Executive Officer	Mr. José Luis López de Silanes Busto
Members	Mr. Daniel Micheal Agostino
	Mr. Hamed Sloom Mubarak Al Athobi
	Mr. Ahmed Hassan Al-Dheeb
	Mr. José Eulogio Aranguren Escobar
	Mr. Mario Armero Montes
	Mr. Raimundo Baroja Rieu
	Mr. Alfredo Antonio Barrios Prieto
	Mr. João Pedro Leitão Pinheiro de Figueiredo Brito
	Mr. Demetrio Carceller Arce
	Mr. Pedro Fernández Frial
	Global Noray, S.L. (represented by Mr. Miguel Iraburu Elizondo)
	Global Ramayana, S.L. (represented by Mr. José Luis Palomo Álvarez)
	Global Winche, S.L. (represented by Mr. Guillermo Briones Godino)
	Mr. Philip Bernard Holder
	Kartera 1, S.L. (represented by Ms.. Alicia Vivanco González)
	Mr. José Luis Pego Alonso
	Mr. Dominique de Riberolles
	Mr. Juan José Rodríguez Fidalgo
	Mr. Robert Edward Verrion
Secretary	Mr. Luis Valero Quirós



### 3.3.3. Management Committee

The Management Committee is an internal steering and control body incorporating other lower-ranking committees with powers for controlling certain specific functions:

- Strategy Committee.
- Human Resources Committee.
- Operations Committee.
- Quality Committee.
- Corporate Responsibility Committee.

### 3.3.4. Unified Code of Good Conduct

During 2010 the CLH Group has followed the corporate governance recommendations included in the Unified Code of Good Conduct, which was approved on 22 May 2006 by the Spanish Securities and Investments Board (CNMV), without prejudice to the special features arising from the company's ownership structure and administration. In this respect, special mention should be made of the maximum participation that the shareholders have in the management of the company since the Articles of Association stipulate that every shareholder with equity holdings of 5% or more are guaranteed a presence on the Board of Directors, meaning that practically all the shareholders, which currently hold 99.15% of its corporate capital, are represented on this body.

On the other hand, it was agreed by the General Meeting of Shareholders, held on 15 December 2009, to modify certain of the Articles of Association, one of them being article 14, relating to the convening of the General Meeting of Shareholders, and article 27, which deals with the remuneration of the directors, the purpose in both cases being to adapt their wording to changes in the law and to recommendations as regards Corporate Governance.

The modification of article 14 includes the legal changes relating to the minimum advance notice for publishing the announcement convening the General Meeting of Shareholders and, as regards the right to request a complement to the calling of the General Meeting of Shareholders, it reproduces the legal right held by all shareholders who represent at least 5% of the CLH corporate capital, because this is potentially of interest for the shareholders and in line with the best corporate governance practices.

The regulation of directors' remuneration as laid down in the Articles of Association has, in turn, also been adapted to the reality of the company, to the most recent corporate governance regulations and to the legal requirements in this regard. The new wording of article 27 of the Articles of Association links the remuneration of the Board of Directors to the profits obtained by the CLH Group, thereby helping to align the interests of the directors more fully with those of the shareholders.



The above-mentioned article also establishes a specific salary for holding office on the board of directors, which is separate from the different types of compensation that may be payable to board members who perform executive duties, using for this purpose a formula that is identical or similar to that used by most listed companies. In any case, the article itself establishes that these remunerations shall be reported on in the Report and the Annual Corporate Governance Report, thereby complying with the transparency that must necessarily be observed in this regard.

In short, the modification of both articles was adopted after carrying out a comparative study of the way these aspects are regulated in the articles of association of the principal Spanish listed companies, and is considered to be in line with the best corporate governance practices.

### 3.3.5. Participation in the development of public policies

The CLH Group belongs to a number of important organizations in the hydrocarbon sector, through which it states its position on various public matters that affect it.

For example, the General Secretary of CLH is a member of the Hydrocarbons Advisory Board at the Spanish Energy Commission (CNE), the public regulatory body attached to the Ministry of Industry, Tourism and Trade. As a member, he represents the interests of liquid hydrocarbon storage and logistics companies. These companies also defend their common interests through ASTERQUIGAS, the Spanish Association of Bulk Receiver Terminals for Chemicals, Liquids and Gases, to which CLH also belongs.

The CLH Group also holds membership of CEOE, the Spanish Confederation of Employers' Organizations, and is a member of various committees in this body, such as the Committee for Social Responsibility in Business, the Environment Committee and the Energy Committee.

The CLH Group makes its voice heard on the issues that affect it through its membership of the Spanish Energy Club and the Spanish Committee of the World Energy Council. The following are among the important issues that the company has focused its attention on:

- Projects for regulations relating to the legal specifications of products.
- Biofuels.
- Minimum security reserves.

The CLH Group participates in the Joint Inspection Group (JIG) through CLH Aviación. This is an organization that was created by the majority of the oil companies in order to promote and guarantee quality control and efficiency in aviation fuel facilities, developing a global standardization for good practices in aviation equipment.

CLH Aviación also belongs to IATA, an association created in 1945 to promote and control services linked to airline companies. Its mission consists of representing the industry in order to obtain the improvements that are possible in a global economy, providing its members with professional support.



### 3.4. Risk management model

The Risk Control and Management System established by the CLH Group is based on the methodology of the Committee of Sponsoring Organizations of the Treadway Commission (COSO II), which covers all relevant areas and processes in each of the Organizational Units. The CLH Group seeks to achieve the following objectives through this methodology:

- To identify and assess the key risks in each business.
- To know the risks that must be assumed and the risks to be avoided for developing the business.
- To draw up the necessary plans of action for reducing the main risks.

In accordance with this methodology, the CLH Group has arranged the risks into four groups:

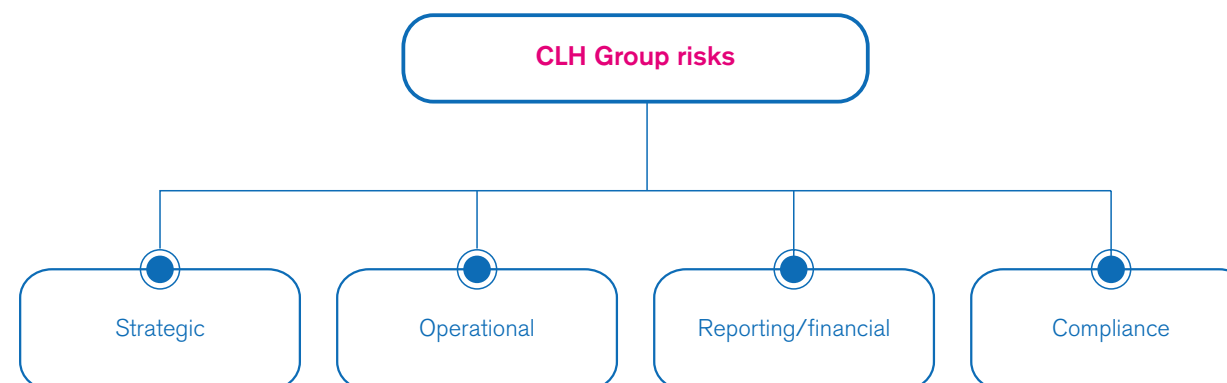
- **Strategic Risks:** Those that are considered to be key for the Group and which must be managed proactively and as a priority (e.g. deciding on investments, entering new segments, generational change-over process, etc.).
- **Operational Risks:** Those that affect operational management, and which may come to have a significantly disturbing affect

on the Group's operations (e.g. system failures, occupational and environmental accidents, shortcomings in the processes, etc.).

- **Reporting/Financial Risks:** Those that directly affect aspects of information reported to the company and/or third parties (false information given to investors, shareholders, etc.). This category also includes financial risks (e.g. credit, market, liquidity, etc. risks).
- **Compliance Risks:** Those that affect compliance with internal or external regulations in respect of third parties (compliance with safety and environmental rules, presentation and payment of taxes, compliance with the law on protection of personal data, etc.).

The company therefore assesses:

- **Inherent risks** (risk that is present for CLH in the absence of any action taken by the Management for changing the probability of the risk occurring or its impact).
- **Residual risks** (risk that remains even after the Management has implemented a response to that risk). The most important of these latter risks are related to safety in product storage and transportation, the safety of staff and the environment, solvency and liquidity, and also risks related to compliance with the targets established in the Group's Strategic Plan.





The CLH Group has developed a risk management procedure that is adapted to its activity and its associated risk profile. It has also established continuous monitoring of the risks in each process and unit in the organization. The Management Committee is notified of their status and management through the communication channels established in the current procedure.

The Management Committee is responsible for proposing to the Board of Directors, through the Audit Committee, the risk profile assumed by the Group, and also for carrying out follow-up of the risks, establishing the appropriate measures for guaranteeing their proper control and management.

The Risk Map Technical Secretary's Office supports the organizational units in their work for monitoring and control of corporate risks, by ensuring due compliance and also monitoring the plans of action established regarding risks until they have been placed at a tolerable level. This Secretary's Office is also responsible for:

- Integrating risks by taking their interrelationships into account.
- Regular updating of the risk map.
- Ensuring that information about risks flows in the direction of the bodies responsible for controlling them (Management Committee, Audit Committee and Board of Directors), and from there to the units responsible for managing the corresponding processes or projects.

The most relevant control systems in the organization are:

- On prevention matters, the CLH Group organization has its own prevention service that operates jointly for CLH, S.A. and CLH Aviación, S.A., each assuming its own specialities in Safety in the Workplace and Industrial Health and Hygiene. The Group also appoints "designated workers" for isolated cases of assistance on prevention issues. There is also an arrangement with an outside prevention service, the company

called Sociedad de Prevención de Fraternidad Muprespa, with which agreements for the Ergonomics and Psychosociology and Medicine in the Workplace (Health Monitoring) specialities have been signed, a medical coordinator having been provided by CLH (medical service Manager).

- There is a Safety Management System that includes both prevention of occupational risks and industrial safety. The company is seeking to obtain the OHSAS 18001:2007 certificate (Phase I of the certification audit has been passed) in order to guarantee maximum safety in all the facilities, while ensuring that all our activities are carried out with special attention paid to protecting the health and safety of people.

The target that has been established is "Zero Accidents" of any type that may affect our employees, contractors, suppliers, customers, shareholders and the community in general.



- The organization also has an Environmental Management System (certified by AENOR according to the ISO 14001 standard) which endorses the presence of different environmental criteria in all its activities and during their entire life cycle. In this way, harm to people and damage to property and the natural environment are guarded against.
- There is an Integrity Management Plan for infrastructures with annual monitoring of goals and objectives, that implements the internal rules and procedures required for carrying out operational work efficiently and safely. This plan is being drawn up in accordance with the API (American Petroleum Institute) Regulations which focus on storage facilities and oil pipelines.
- A Succession Plan has been designed for complying with the generational change-over target established in the Strategic Plan. This plan is in the process of being implemented and has made it possible to identify the key positions which will require replacement staff in the short term and during the next few years. A training plan has been drawn up for covering these jobs so that the future managers can acquire the necessary abilities and skills for taking on the new tasks assigned to them.

- The Group has developed a broad control system related to management of excise taxes in order to eliminate any error in the application of current regulations and the corresponding tax payment demands. The management of financial risks, such as market, credit and liquidity risk is, in turn, managed through sensible policies that do not compromise the aims of the company.

### 3.5. Ethics and integrity

During 2008, the CLH Group started work on designing a Code of Conduct in accordance with the best international practices. The document was approved by the Corporate Social Responsibility Committee and the Management Committee. The Corporate Code of Conduct was finally approved at the Board Meeting held on 27 July, and so a mechanism is now established for employees to have the use of confidential communication channels on this matter.

This Code is also published on the web page and on the corporate portal and has been notified to the CNMV.

The purpose of this Code is:

- To endeavour to achieve professional, ethical, responsible conduct on the part of the company's employees in the performance of their activities and discharge of their duties.
- To create a business culture based on the integrity of their conduct, that is in harmony with the corporate reputation of the CLH Group.

The CLH Group Code of Conduct is applicable to the members of the company's administrative and management bodies, and to all employees in the companies that form the CLH Group. The CLH Group also will promote the code among its suppliers, contractors and co-workers, in order to create a link and provide guidelines for conduct that conform to the principles and values contained in this Code.

## 4. Customer focus and quality management

### Challenges for 2010

To obtain European excellence 500+ recognition, in accordance with the EFQM model

Implementation of a management system for innovation

Selection of an additive for improving the critical properties of biofuels (behaviour under cold conditions)

Increase of the hydrant network at Malaga airport.

### Degree of compliance

High

High

High

High

### 2010 milestones

- Obtaining European excellence 500+ recognition.
- Obtaining the licence to use the Madrid Excelente quality mark.
- Obtaining certification of the R&D&i system according to the requirements of the UNE 166002 standard.
- Adoption of the CLH specifications for allowing the increased presence of biofuels in fuels for transport, maintaining quality guarantees for the end user.
- Maintenance of all quality certificates according to ISO 9001 ISO/IEC 170225, obtaining specific certification for the Barcelona storage facility according to the port authority manual requirements.

### Challenges 2011

- Consolidation of the CLH central laboratory as a reference centre in fuel technology.
- Maintenance of all quality certificates and accreditations, as well as business Excellence recognitions. Design and implementation of actions for improvement in all spheres of management and activity.
- Systematization and promotion of a global project initiative and targets for improvement/ reengineering in all company processes, encouraging the use of "lean management" and "seis sigma" tools.

### Our approach

Excellence in the service provided to its customers is fundamental for the CLH Group. One of its aims is, therefore, to guarantee society with a safe fuel supply that focuses on efficiency and quality in service.





## 4.1. Commercial offer in the CLH Group

The company offers a wide range of services related to fuel storage and transportation, besides the supply of fuels for aviation.

- **Access to facilities:** The conditions for third-party access to storage and transport facilities existing in Spain, which include the CLH facilities, are established in Article 41.1 of Law 34/1998, of 7 October, on the Hydrocarbons Sector. This law establishes that the owners of fixed oil product storage and transportation facilities, which are authorized in accordance with the provisions of article 40 of this law, must permit third-party access through a negotiated procedure, under technical and economic conditions that are non-discriminatory, transparent and objective, applying prices that they must make publicly known.

- **Integrated System for Operators (S.I.O):**

This system provides operators with all the real-time information necessary for the performance of their activity, while also allowing them to carry out a number of operations directly from their own offices: registration and consultations of orders and customers, movements and consultation of their product account balances, and consultation about carriers and tank trucks.

- **Additivation:** CLH offers its customers the possibility of adding the additives of their choice to the products dispatched from its facilities. These additives are automatically added in the loading arm. CLH assesses and selects quality and antifreeze additives for improving product quality.
- **Biofuel services:** With the aim of satisfying its customers' requirements, CLH incorporated loading-arm biodiesel and bioethanol blending logistics services into several facilities. The biodiesel services currently offered are blends of fatty acid methyl esters (FAME) with diesel prior to tank truck loading in proportions of up to 5%, and in-line blends in different proportions from 5% up to 30%, which the customer can request for dispatch in each cargo loaded.

Several facilities have also been adapted for storing bioethanol and making blends of gasoline with this biofuel at the time tank trucks are loaded.

- **CLH Aviación services:** CLH Aviación is currently present at 29 Spanish airports in the Iberian Peninsula and the Balearic Islands, providing storage, distribution and into-plane fuelling services for aviation fuels and lubricants. It also gives advice and technical assistance for the installation and maintenance of distribution chains for various types of aviation fuel. CLH Aviación supplies turbofuel (JET A1), aviation gasoline (AVGAS 100LL) and aviation lubricants at airports.



- **Service station maintenance:** CLH offers technical assistance for the integral maintenance of service stations. This work encompasses both service station maintenance and technical assistance, such as their adaptation. For achieving this, the company has 22 workshop vehicles that are fitted out with the latest equipment and electronics and metrology laboratories for carrying out this activity, and offers their services around the clock for 365 days a year.
- **Supervision of deliveries:** The oil companies deliver products to CLH through the national refineries or through imports by tanker from foreign refineries. There is a CLH team working at each of the eight refineries that are distributed throughout Spanish peninsular territory (La Coruña, Tarragona, Cartagena, Puertollano, Huelva, Algeciras, Bilbao and Castellón), that is in permanent contact with the refinery staff and has first-hand control of the quality and quantity of the products, besides which all products that are imported by tanker are analysed before being unloaded. CLH performs analysis on 100% of the products that enter its system, which ensures that all the products entering its logistics system comply with the quality standards established by contract. Besides this, accuracy in the measurement of the quantities received and delivered is backed up by an assurance system that is also supported by a metrology laboratory accredited in accordance with the ISO/IEC 17025 standard.
- **Analysis laboratory services:** The management of fuel technology and quality is one of the distinguishing strengths of the CLH Group, whose prestige and reputation are recognized on a nationwide and European level. The CLH Group has achieved this with a network of laboratories for carrying out product analysis and characterization. This network is formed by seven laboratories that are coordinated from the Central Laboratory in Madrid. It holds accreditation according to the ISO/IEC 17025 standard and has one of the most complete analysis services portfolios in the sector.
- **Metrology and calibration services:** Another of the skills that set CLH apart is its technical ability in the field of metrology. It operates a metrology unit that provides services for the calibration, verification and adjustment of equipment used in measuring volume, temperature, pressure, density, and length and transmission of electrical signals, in order to guarantee the reliability necessary in an activity such as quantity control in all processes for the receipt, delivery and internal movement of products. Technical competence in this field is backed up by accreditation from the Administration in the area of volume, and by ENAC (the Spanish accreditation body) in its range of operations
- **Product identification:** Because of the nature of the CLH business, the services provided by the company are subject to requests for information. In this respect, the ADR (European Agreement on the Carriage of Dangerous Goods by Road) regulations make it compulsory to identify the products being transported and the risks arising from them:
  - The tank trucks that are loaded at CLH facilities use a system of plates identifying the type of substance and the associated risk.
  - In addition, the delivery notes, which serve as accompanying commercial documentation, have the safety measures in the event of an accident occurring printed on the back.



## 4.2. Volume of activity

During 2010, the weak economic and financial situation of the environment has been mirrored in sectors where there is a demand for oil products, giving rise to reduced consumption of these commodities. This was the case at a national level where consumption of gasolines and diesels fell by 1.2% compared with 2009, and by 0.8% in the total for light products.

Withdrawals of oil products from CLH Group facilities totalled 36.8 million tons in 2010, which represents a fall of 0.5% compared with the 37.0 million tons recorded the previous year. Withdrawals in the land sector, also stated in tons, fell by 1.5% compared with 2009. On the other hand, there were increased withdrawals in the aviation and marine sectors, which were 4.2% and 7.4% up, respectively. Biodiesel services were also strengthened and recorded a heavy increase in 2010.

Because of greater activity in the aviation and bunker fuel sectors (which are more related to foreign trade), growth in biofuel incorporation services, strategic and security oil stocks storage and the increase in differentiated additivation and other services, the company managed to reach year-end with similar earnings to those achieved the previous year.

### Activity in Aviation

During 2010 the increase of 4.2% in kerosene withdrawals is mainly due to the start of recovery in air traffic, which had declined significantly in previous years. Passenger traffic from most of the airports supplied from CLH facilities has exceeded the numbers recorded in the previous year, even when the incidents that occurred in 2010, such as the cloud of ash caused by the Eyjafjallajökull volcano, the air traffic control incidents that occurred in Spain and France, or the closure of European airports due to the cold snap that occurred at the end of the year, are taken into account.

### Increase in our strategic reserves storage capacity offer

An outstanding item this year is the important increase in demand for security storage on the part of some of our customers and for CORES (Corporación de Reservas Estratégicas de Productos Petrolíferos), the public entity responsible for Spain's strategic oil reserves.

### New service for bioethanol in loading arm

CLH has adapted nine facilities during the year to enable them to add bioethanol to 95-octane gasoline in the loading arm. These plants were fitted with installations for receiving and storing bioethanol, and also with pumping equipment, lines and blenders in the tank truck loading arms.



### The biodiesel content in automotive fuel increases to 7%

The new specifications included in Royal Decree 1088/2010, of 3 September, increased the maximum biodiesel (FAME) content in unlabelled automotive diesel from 5% to 7%. The company made a great effort to materialize this increased FAME content as soon as possible, adding the possibility of making complementary blends of 2% in the tank truck loading racks to the stocks that had a content of 5%. This CLH initiative was very warmly welcomed in the market and practically all customers requested this service.

### New differentiated additivation in red diesel and heating oil

The extension of differentiated additivation for red diesel and heating oil came into operation in December and has now been extended to all CLH facilities.

### Expansion of bunker fuel capacity on Isla Verde - Algeciras

Great progress has been made in expanding the Isla Verde storage facility in Algeciras, which specializes in bunker fuel. Part of the new storage capacity was put into service in the third quarter of the year, and the rest will become available throughout 2011. This expansion will help our customers to compete under better conditions in the demanding bunker fuel market that exists in the Straits of Gibraltar area.

### Special operations

Other special services carried out in 2010 were:

- Storage and loading of fuel oils, removed from the two power stations in Catalonia, into tanker in Tarragona. This meant making a specific tank truck unloading installation for this task.
- Leasing a 12,700 m<sup>3</sup>-capacity tank at the Rota facility to the Ministry of Defence for storage of the fuel used by ships belonging to the Spanish Navy.

## 4.3. Operational improvements

### Changes in tax legislation-Adaptation of the Sole Logistics Tax Warehouse (DFLU) tax return form

The innovations introduced by Royal Decree 191/2010, of 26 February, which modifies the Regulations for Excise Tax on Hydrocarbons, forced customers to adapt their operations to the requirements of the new regulations.

Given this situation, CLH offered new solutions to the operators, who demanded that additional developments be carried out on the computer applications that support the Tax Authorities' Sole Logistics Tax Warehouse (DFLU) tax return form, as these taxes have a considerable impact for oil product operators.





### Changes in specifications

The new specifications for gasolines and diesels have had considerable consequences in the company's processes. This becomes more notable in the determination of the base gasoline for subsequent incorporation of bioethanol, indeterminacy of the sulphur in red diesel and the saturated monoglyceride content in blends of automotive diesel with FAME at 7% and the way in which these monoglycerides are determined.

All these issues have given rise to numerous meetings with customers and other interested groups, such as the Spanish association of biofuel producers and the association of operators. These talks have looked for consensus on the measures to be adopted and acceptance of the procedures agreed on.

### External assessment of the level of implementation of the EFQM

In the assessment carried out by AENOR on the level of implementation of the EFQM, customer sub-criteria were one of the aspects awarded the most points.

Regarding annual surveys, which were carried out in 2007, 2008 and 2009, it was decided not to carry one out in 2010 as this was considered superfluous and was postponed until 2011, when it will be decided whether to carry out a global survey or measure specific aspects of management.

### Implementation of the customer service monitoring working group

A database was developed throughout 2010 in order to gather all the requests from customers that were collected in meetings held with them or in express requests.

These needs are discussed with Operations and Resources Managements in the Customer Service Monitoring Working Group in order to provide the best possible solution and share these needs with the rest of the organization.

## 4.4. Quality management and continuous improvement

The CLH Group has achieved the excellence 500+ seal, which is the maximum recognition of the European Foundation for Quality Management (EFQM) .

Through this model, not only is the company committed to its economic, financial and customer satisfaction objectives, but also it undertakes a commitment to long-term competitiveness and viability based on satisfying the needs and expectations of all its interest groups and on respect for the environment and the social environment.



## The continuous improvement process in the CLH Group

*CLH includes in its quality policy the target of continuous improvement and performance on a par with the best in all its activities and processes, this becoming a reality in a series of specific initiatives:*

### Suggestions system

The "APORTA" initiative has been consolidated as a corporate initiative for encouraging staff participation through a formal suggestions management system. In 2010, prizes were awarded to the best suggestions in 2009:

- Proposed system for identifying tank truck compartments. A suggestion that has given rise to a working group and to the development of a pilot project for optimizing the solution and assessing the best technology available.
- Proposed sample-taking system for improving sample taking in heavy products, which has been introduced in the facilities that handle these products.

### Systems for improvement actions

Consolidation and promotion of the kaizen (a Japanese word meaning 'change for the better') initiative for management of all reactive and proactive improvement actions that emerge in any sphere of the company. The information systems tool that provides support to this methodology has been implemented and it has been fully operational during 2010, being considered a sound approach but one that is naturally subject to continuous improvement cycles.

### System for innovation projects

The system for management of innovation projects was consolidated during 2010 in the sphere of R&D&i system certification.

Initiatives have also been taken for promoting continuous improvement projects, by designing initiatives for standardization of the corporate systems for managing these projects.

### Improvement groups

2010 saw the creation and functioning of improvement groups, both those of a stable and "ad hoc" creation nature, for solving problems or taking isolated improvement actions.

### Management through processes

A more in-depth look has been taken at management through processes that is clearly directed towards continuous improvement with the focus on effectiveness, efficiency and service quality.

Actions have been designed for the deployment of these systems in an ascending and descending direction, so that they reach all levels of the organization. Implementation of the management through processes approach is hoped to be completed during 2011.



#### 4.4.1. Main lines of quality management and continuous improvement

##### Guarantee of Excellence

CLH Group includes in its quality policy the target of continuous improvement and performance on a par with the best in all its activities and processes, both strategic and operational or related to support, all with the aim of satisfying its interest groups.

As a management tool for all these excellence initiatives, in 2006 it implemented the European Foundation for Quality Management, EFQM, excellence model, and in 2008 it obtained European excellence 400+ recognition, awarded by the Club for Excellence in Management. In 2010 CLH obtained European Excellence 500+ recognition, awarded by AENOR and the Club for Excellence in Management, achieving a score of between 550 and 600 points.

The recognition that has been achieved places the company among a small group of firms that hold this maximum recognition of Excellence in Management which, among other aspects, means that the company possesses:

- Well-designed approaches that are firmly implemented for each and every one of the management aspects of the company.
- Clear focus on results both at the level of internal performance and key results for the organization and its interest groups.
- Focus on continuous improvement and innovation.
- Commitment on environmental, safety and prevention matters and contribution to improving the social environment in which it operates.
- An interest in and commitment towards each of the people who form part of the organization.
- Continuous comparison with the best in all aspects of management, first seeking performance that is on a par with the best in order to become a benchmark in management.

In line with this commitment of the company to Excellence systems, in 2010 CLH Group also obtained recognition for using the “Madrid Excelente” quality mark for its facilities and activity in the Autonomous Region of Madrid.

##### Product quality

In 2010, the ISO/IEC 17025 accreditation awarded by ENAC was renewed for the fuel analyses carried out at its central laboratory. This accreditation endorses the technical competence of the tests carried out by the laboratory.

In accordance with the wishes of the company's major customers, the strategy for maximizing the use of bioethanol in gasolines has been defined, this resulting in the establishment of a base gasoline specification which, besides complying with the requirements of Royal Decree 1088/2010 on fuel specifications, permits the addition of ethanol in the tank truck loading arm. This measure not only contributes to the use of bioethanol as a fuel, but also makes it possible for customers to comply with their quota obligation.

The optimization of fast methods for characterizing biofuels and their blends at storage facilities also continued during 2010, thereby allowing this service to be introduced and complying with the subsequent legal requirements for use.



CLH has, in turn, assessed and selected a new additive for improving the behaviour of diesels in cold conditions. This new additive improves behaviour even for diesels containing 7% of biodiesel, meaning that the legal specifications on the use of biofuels are complied with without the CLH quality standard being impaired.

### Competence in environmental analyses

CLH Group has implemented an environmental management system that is certified by AENOR in accordance with the requirements of the ISO 14001 standard.

During 2010 CLH Group updated all the analysis methods and included the most important ones in the scope of accreditation according to ISO/IEC 17025, this representing a guarantee of technical competence in the control analyses it carries out.

### Process and service quality

One of the aims is to give customers the guarantee of a continuous, homogeneous quality standard in the services provided. CLH also honours its commitment to constant improvement in the processes and services provided so that they add the maximum value at all times for its customers and for society, with the minimum consumption of resources. With a view to achieving these aims, during 2010 CLH

consolidated its systems for management through processes and for participation and continuous improvement.

In 2010, it also obtained the quality certificate for the Barcelona storage facility, issued by the Port Authority in accordance with the requirements this body's bulk liquids quality manual.

### Commitment to innovation

During 2010, CLH completed the implementation process for its innovation management system, which was certified by AENOR in accordance with the requirements of the UNE 166002 standard.

This system includes the best market practices and endeavours to cover all spheres of innovation, ranging from products and services, processes and operations, to management systems. The innovation management system supports the formal commitment of the CLH Group to innovation as a factor for customer satisfaction and keeping up results in the short term, and also as a factor for competitive success in the medium and long term, thereby overcoming market and environmental restrictions and difficulties.

### Metrological control

CLH has a metrology unit that manages its own calibration and measurement laboratories in the variables associated with the quantification of static and dynamic volumes of oil products.

During 2010, CLH renewed the accreditations awarded by ENAC according to the ISO/IEC 17025 standard for the performance of calibrations and tests in its oil product volume metering system. This accreditation validates the technical competence of the organization in activities and functions related to oil product metrology.

This technical competence guarantees precision in the measurements of the quantities of oil products received and delivered by the company, thereby satisfying one of the quality attributes that is most important for customers and other interest groups, such as the administrations.

During 2010, the company continued working in association with the Polytechnic University of Madrid in the sphere of activity of the CLH Chair in metrology, where a multi-annual project related to the measurement of static volumes has been completed and work has started on a pioneer project related to the measurement of dynamic volumes using positive displacement metering.





The company has also executed its own projects for improving measurement systems, procedures and equipment, such as those for calibrating the prover meters that control the quantities entering the CLH pipeline network.

### Service station maintenance

The quality assurance target in this service continues in place. With this aim in view, the area has implemented its own quality management system which has been certified by AENOR in accordance with the ISO 9001 standard. This certification remained valid in 2010 and the methodology for identifying customer requirements in this service, assessing and improving satisfaction, continues to be used.

### Biofuels

2010 saw completion of the process carried out in coordination with the major customers and interest groups for making it possible to increase the penetration of biofuels in the Spanish market, in accordance with the new quality regulations laid down in Royal Decree 1088/2010 and in the different regulatory provisions related to the promotion and /or mandatory use of biofuels.

At the present time, the infrastructures, procedures, quality control systems and information management systems make it possible to meet the needs and expectations notified by customers and other interest groups.

### Reengineering of the bunkering process

Reengineering of the bunkering process was carried out during 2010 by a working group, this initiative clearly focusing on identifying the needs of customers and interest groups, meeting those needs and creating value.

### New services

Negotiations were carried out and investments made where necessary to meet demands for service made by individual customers in isolated cases such as, for example:

- Receipt of heavy fuel oils by tank truck in Tarragona, their storage and shipping by tanker.
- Integration of the TERQUIMSA tanks into the Sole Logistics Tax Warehouse, with important benefits for customers using that infrastructure.
- The development of infrastructure and procedures for connection to other terminals, thereby increasing the flexibility of the country's global logistics system, with operational and cost benefits for the customers.
- In addition, the necessary action has been taken to meet the needs stated by or identified in new customers, such as the design and implementation of biodiesel storage and blending services.



## 4.5. Continuous improvement in CLH Aviación

Regarding continuous improvement activities in CLH Aviación, action has been taken on two fronts:

- To speed up the notification of orders placed by customers, providing them with a system through which they can fill them in directly and even be able to send the information directly to the airports in real time.
- To develop a new and more flexible system for conducting operations that provides the supervisor responsible for them with more information that is more accurate so they can be carried out more speedily, thereby avoiding delays in service provision.

### 4.5.1. Satisfaction interviews carried out with CLH Aviación customers

Customer satisfaction is one of the greatest concerns of CLH Aviación, whose customers are not always the end users (mainly airline companies) because the commercial relationship is basically established with the oil operators which are, in turn, the owners of the product.

CLH Aviación offers services for the storage, distribution and into-plane supply of aviation fuels and lubricants. It also provides advice and technical assistance for the installation and maintenance of distribution networks for various types of aviation fuel.

CLH Aviación keeps up a close relationship with the end users (airline companies) so as to be able to analyse their level of satisfaction. Throughout 2010 the company held a series of meetings with the different customers in order to ask them how satisfied they were with the service provided, and also about any new requirements they had.

### 4.5.2. Conclusions of the interviews held between CLH Aviación and its main customers: opportunities for improvement

The following courses of action for improvement, expansion and start-up were carried out throughout 2010 in order to provide service to our customers at the different airport facilities:

- Start-up of the fuel facility in La Rioja.
- Start-up of the second hydrant network re-siting and increase in the number of pit positions at the new terminal in Malaga airport.
- Complete overhaul and adaptation of the Malaga airport facility to the new requirements of the airport.
- Completion of alterations and start-up at the airport facility in Santiago de Compostela.



- Complete overhaul and adaptation of the airport facility in Ibiza with replacement of the pumping and tank extinguishing system, replacement of all the unloading and loading equipment, and automation of this latter process. All the pipes in the installation were replaced, leaving all the main lines accessible.
- Work has begun on alterations to the airport facility in Alicante. This refurbishment includes its total adaptation (tanks, reception, loading area, fire defence and auxiliary services) and connection to the existing hydrant and its extension to the existing terminals. Around 40% of the work was carried out in 2010 and the new hydrant is expected to come into operation by the end of 2011.

Another important action carried out in the context of continuous improvement is the development of a new airport information system (SIADA) (version three), which will replace the present system at Madrid/Barajas, Barcelona and Palma (Majorca) airports, and will subsequently be extended to Malaga and Alicante airports.

The SIADA system is a tool for planning and assisting in decision-making, that makes it possible to integrate the tasks related to aircraft fuel supply into a single screen. This system is equipped with the functionality necessary for making an initial planning schedule for human and material resources, as well as for monitoring, in real time, any incidents that occur in aircraft fuel supply operations.

With version three of this new SIADA system, the following improvements will be achieved:

- Technical support and maintenance in CLH.
- Equalization of work at different airports.
- Exploitation of the SIGA system potential.
- SIGA-SIADA interfaces are not required.
- Integrated, synchronized solution.
- No remote maintenance is required.

This new version of the SIADA system will make it possible for better optimization of the human and material resources at the airports where it is installed, which will result in better customer service by guaranteeing a more immediate provision of service.

On the other hand, work has continued on developing customer order applications so as to integrate them more fully into the CLH Group systems. This process has been undertaken in two phases and enables a faster, more reliable management of orders, besides improving the information available to customers on orders that have been carried out.

## 4.6. Safety in product transportation

The CLH Group has an extensive network of oil pipelines for transporting products, linking the reception points to most of the company's storage facilities. This network is fitted with a control system that is sophisticated from the operational and safety point of view, and is connected via satellite, which allows efficient, safe and environmentally friendly management.

The automation of product receipt at Barcelona Airport and its integration into the CLH pipeline control system became operational during 2010. This same system has also been designed for the receipt by pipeline that is being restructured at the airport facility in Alicante.

Besides this, the facilities in Malaga and Ibiza have been restructured by automating processes and thereby incorporating greater safety measures in the product movement operations that are carried out there.

In addition, five new refuelling units for kerosene have been placed in service, all of them with the documentation necessary for circulating on public thoroughfares. On the other hand, work has started on alterations to a series of 5 dispenser vehicles to which the latest innovations in safety and efficiency will be added. This type of vehicle is thus adapted to present requirements, permitting the addition of safety elements that improve the quality of transport at the airport, the safety of people and the into-plane service for these products.

The extension of 36 pit positions in the hydrant network at Malaga airport, corresponding to 12 new aircraft parking places, has become operational through another initiative. The traffic of tank trucks loaded with fuel across this airport's apron is therefore reduced, and operations can be carried out using dispenser vehicles that do not have storage capacity. The percentage of supplies using this method has increased as a result of this extension.

The incorporation of devices known as "deadman" (immediate shut-off button) in tank truck loading and unloading as an additional safety element has been completed, the aim being to reduce the risk of spills during these operations.

Lastly, authorization has been obtained from the administration in some autonomous regions for applying the special procedure for carrying out ADR (European Agreement concerning the International Carriage of Dangerous Goods by Road) tests for the case of aircraft supply vehicles.

## 4.7. Data protection and commercial communications

The company's commercial information is handled through the Integrated System for Operators (SIO), which allows the privacy and confidentiality of customer data to be controlled.

The CLH Group has not identified any breach of the regulations or voluntary codes relating to marketing communications, including advertising, promotion and sponsorship, during 2010.

Similarly, no breach of the regulations or voluntary codes has been identified either in relation to the information the CLH Group reports regarding services rendered during 2010, neither has it received any claim in relation to respect for the privacy or personal particulars of its customers.





## Practical case

### Promoting the use of biofuels in the transport sector

The use of biofuels in the transport sector is being promoted from different Administrations and social groups. One of the courses of action for providing an answer to this demand is the use of bioethanol in blends with automotive gasoline. With this in mind, CLH created a working group with its customers to assess customer needs and expectations and to design a satisfactory service.

As a result of agreement reached with customers, a quality specification for the base gasoline that permits blends with ethanol was established, thereby complying with the specifications established by Royal Decree 1088/2010 for gasolines that reach the end consumer.

A study was then organized to determine the best strategy to implement, with the aim of maximizing the incorporation of biofuels, and it was decided that the ideal scenario included bioethanol blending at 9 CLH facilities.

Lastly, the projects for engineering and the building works necessary for making bioethanol blending possible were undertaken, in accordance with the service that had been designed.

The operational and control procedures for attaining the necessary service quality and product quality levels were developed. The pilot tests required were carried out subsequently, and by the end of December 2010 the nine planned facilities were in a position to offer the bioethanol blending service.



## 5. Our commitment to people

### Challenges for 2010

Negotiation of new Collective Bargaining Agreements in CLH and CLH Aviación.

Negotiation of the Equality Plan.

Dissemination and assessment of the 2<sup>nd</sup> Opinion Poll among people in the CLH Group. Plan of Action with people.

Negotiation and agreement regarding the Employment Plan for CLH Aviación.

Development of a new system of Competencies.

Sustainable reduction in the number of accidents compared with 2009.

### Degree of compliance

Medium

Medium

High

High

High

High

### 2010 milestones

- Performance, dissemination and assessment of the 2<sup>nd</sup> Opinion Poll among people in the CLH Group. Plan of Action with people.
- Negotiation and agreement regarding the Employment Plan for CLH Aviación.
- Development of a new system of Competencies.

### Challenges 2011

- Negotiation of CLH and CLH Aviación Collective Bargaining Agreements.
- Negotiation of Equality Plans.
- Renewal of the EFR Certificate.
- Implementation of new system of Evaluation by Competencies: "Better yourself Project".

### Our approach

The CLH Group business project becomes a reality thanks to the commitment of its human team. The company therefore aspires to offer its employees a satisfactory working environment and an attractive professional career through its policies for training and career development, attracting and retaining talent, and occupational health and safety.

## 5.1. X-ray and evolution of the staff

People management in the CLH Group is an essential aspect in the company's corporate social responsibility strategy. To achieve this, the company promotes responsible management in the different business units under the premises of ethical conduct contained in the Mission, Vision and Values.

The fundamental values of the CLH Group in human resources management are based on the right to non-discrimination for reasons of race, nationality, ethnic origin, age, religion, gender or civil status. In this respect, no incident of discrimination or forced labour has been known in the CLH Group during 2010.

Besides this, a favourable atmosphere is created for the reconciliation of working and family life through the various measures that promote diversity and non-discrimination, as included in the company's collective bargaining agreements. An important point worth mentioning is the possibility of requesting extended leave of absence of up to three years when a child is born or in the case of child adoption.

Similarly, and with a view to help increase employee satisfaction, a voluntary transfer plan was set up to allow people who were working

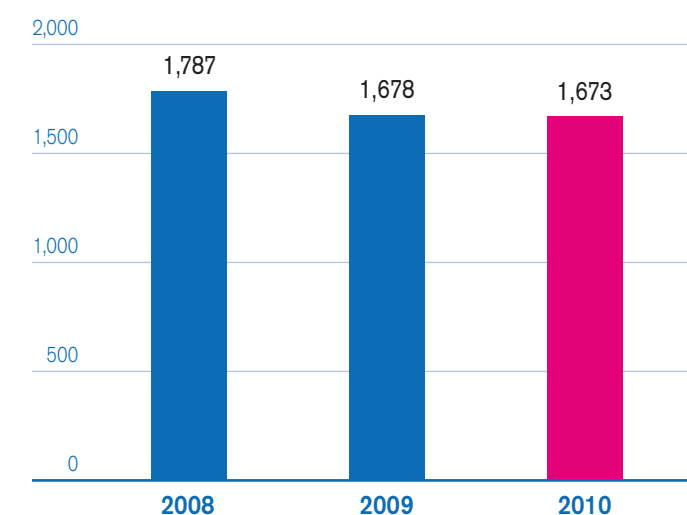
far away from their places of origin to be able to do their job much closer to home.

Maternity protection is also established so that if the job entails working under circumstances that might have a negative effect on the health of the pregnant woman or the foetus, the working conditions are changed or the person concerned can move to another job, without this affecting the salary conditions the employee is acknowledged to hold.

The protection of workers who are particularly sensitive to work-related risks, because of their own personal characteristics or physical condition, including those who are officially acknowledged as having a physical, mental or sensory disability, is also specifically guaranteed.

The total number of employees in the CLH Group amounted to 1,673 (permanent + temporary) at the end of 2010, which is 0.3% less than in the previous year. There is also a total of 220 employees in a situation of partial retirement as a result of the application and development of the Replacement Plan that the company started up in 2007, after being agreed with the trade union representatives.

CLH Group No. of employees



In 2007, the CLH Group began a process for rejuvenating its workforce, which had been agreed with the trade union representatives. The reason behind the preparation of this plan was the low rate of staff turnover and recruitment experienced by the company in the previous fifteen years, all of which were positive circumstances but did, however, result in the average employee age being over 50 years. The application of this plan is having the following direct, quantifiable result:

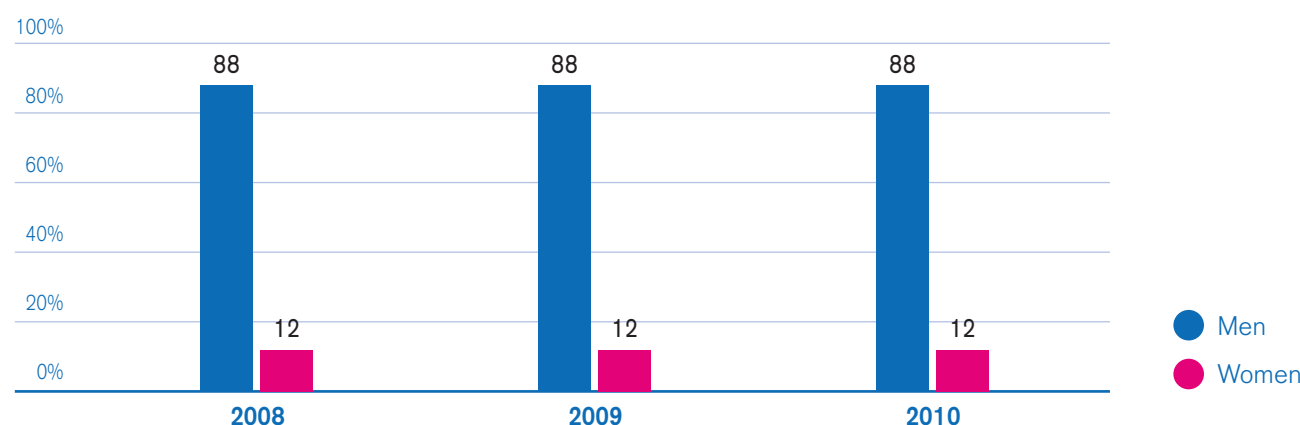
- A significant rejuvenation of the workforce, situating the average age at 45.6 years at the end of 2010.
- Renewed teams that are aligned with the new corporate culture.
- Increase in the average training and professional level
- Elimination of redundancies and optimization of workforces.
- Decrease in absenteeism.

An essential part in the achievement of this plan has been the success that the partial retirement plans and replacement contracts agreed with the trade unions. Another noteworthy fact attributable to this process is increased staff diversity, mainly due to the increased number of women joining the labour

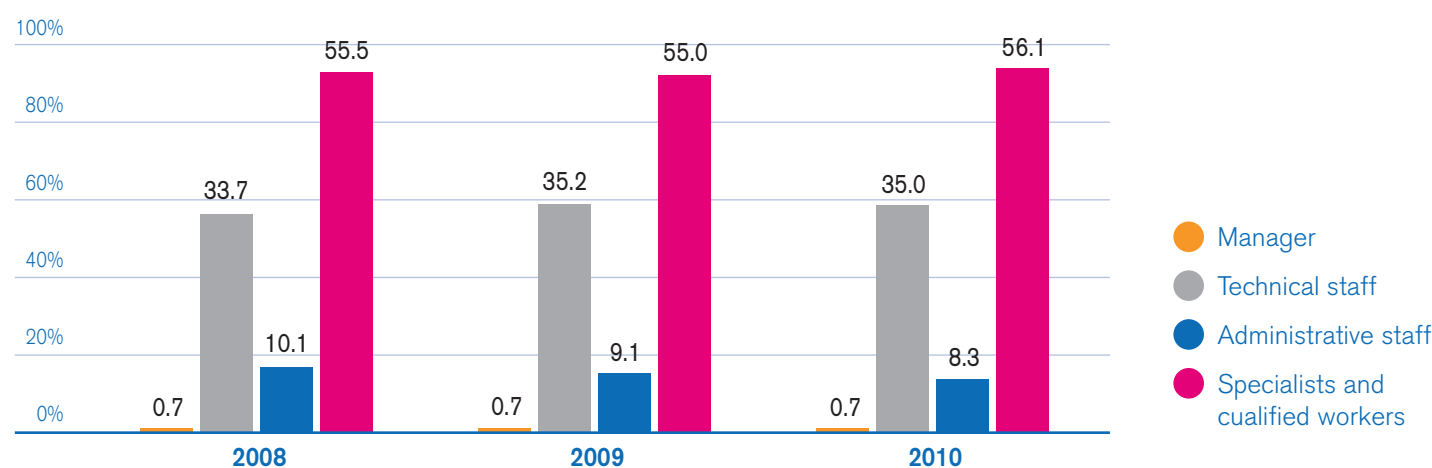
market in recent years. This fact is being noticed more clearly in the latest recruitments made in the company, particularly in technical jobs.

Staff diversity	2008	2009	2010
% International employees	0.4	0.4	0.5
Average age	48.1	46.5	45.6

#### CLH Group Percentage distribution by gender



#### CLH Group Percentage distribution by professional category





## 5.2. Handling and attracting talent

The CLH Group is aware of the importance of having the best professionals in a sector such as the energy sector which is so competitive, and so it makes an effort to offer its employees a quality job while also allowing them to develop their professional career.

Throughout the year, the company has strengthened its relations with vocational training and university teaching centres and holds 66 and 17 collaboration agreements, respectively, with them. These agreements have involved students from these centres spending their study period for gaining practical experience at CLH Group facilities.

Participation in the Erasmus Recruiting Project is important in this aspect as it has allowed 20 university students from different degree subject areas to be granted scholarships after their international university experience, and receive practical training in the company.

Another noteworthy initiative is participation in various employment trade fairs, which aim to help newly qualified young people find a job, for example: the 4<sup>th</sup> Employment Fair, organized by the Autonomous Region of Madrid, INDUFORUM 2010 (Industrial Employment Fair) and the 5<sup>th</sup> Vocational Training Employment Fair, organized by the Autonomous

### CLH Group, permanent staff who left in 2010

	Gender		Age groups		
	Women	Men	<30 years	30-50 years	>50 years
Turnover in absolute terms	10	59	2	4	63
Turnover Rate	5.3%	4.8%	1%	1%	8.7%

### Talent retention

	2008	2009	2010
Average Length of Service	22	21	20
Turnover (unsought departures)	0.50%	0.20%	0.40%

region of Madrid (Regional Ministry for Employment, Women and Immigration).

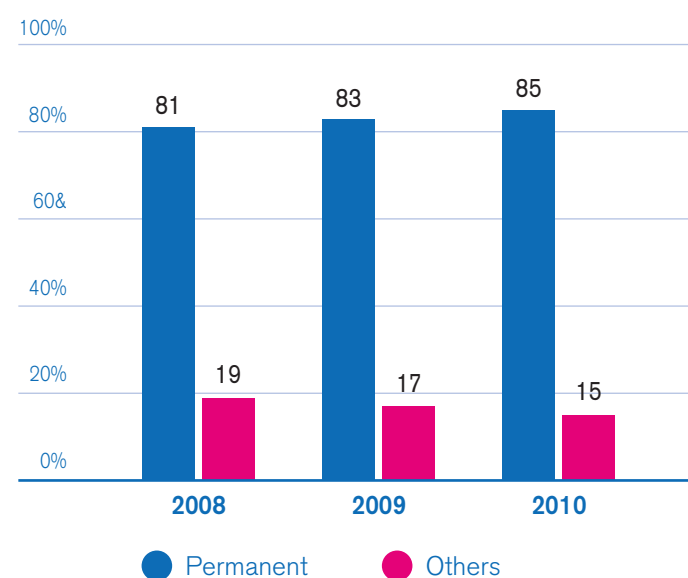
In 2010, the number of employees with permanent job contracts increased until it reached 85% of the workforce. Moreover, this percentage rises to 93% if replacement and job experience contracts, which clearly have a high chance of becoming permanent, are taken into consideration. Of the 246 temporary contracts, 71 are replacement contracts and 62 are job experience contracts.

There are two clear facts that reveal the high level of talent retention in the company: the low rates of unsought staff turnover, and the

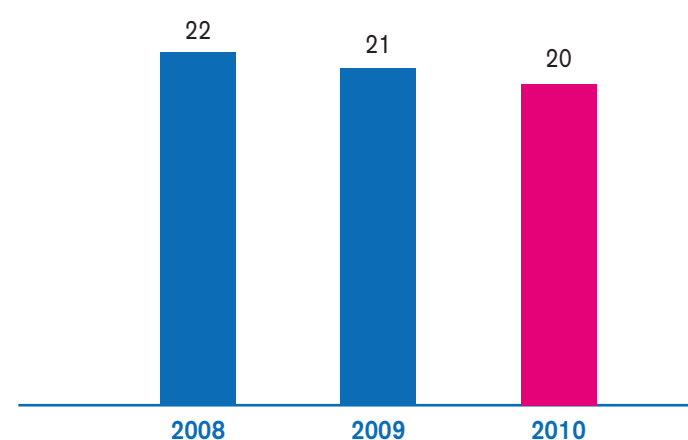
average length of service of employees in the CLH Group.

The starting salary paid in the CLH Group (the starting salary that must be offered to a full-time employee in the lowest professional group and level) was 17,307.17 euros per annum, which represents double the minimum inter-professional salary approved by the Government, which was 8,866 euros per annum in 2010. Besides this, in the CLH Group the basic salary is the same for all employees in each professional group and performance level.

## CLH Group Percentage distribution by contract type



## CLH Group Average employee age (years)



## Staff recruitment CLH Group

	2008			2009			2010		
	Total	Local	%	Total	Local	%	Total	Local	%
CLH	88	84	95	91	87	96	101	99	98
CLH Aviación	57	55	96	10	8	80	13	13	100
<b>Total CLH Group</b>	<b>145</b>	<b>139</b>	<b>96</b>	<b>101</b>	<b>95</b>	<b>94</b>	<b>114</b>	<b>112</b>	<b>98</b>

One of the top priority aspects in the selection processes carried out in the CLH Group is the recruitment of people who were either born or live in the same geographical area as they are going to work. In 2010, 98% of all contracts signed by the company were completed locally, this measure achieving the following:

- It helps in reconciling working and family life.
- Less time is spent travelling between work and home.
- There is more loyalty and stability among the employees.

The CLH Group offers its employees a large variety of social benefits, some of the most important being kindergarten ticket vouchers, schooling assistance for children up to the age of 24, study assistance for employees, help in house purchase, advances on salary, subsidised holiday programme, meal allowance and help for handicapped family members.

The company also provides paid paternity and maternity leave, besides leave for serious illness of family members, moving house or time off work for sitting important examinations in accordance with the provisions of current legislation. Employees are paid their full salary when on maternity or paternity leave, CLH complementing the public benefits they receive.



### 5.3. Reconciling working and family life

Being aware of the challenge that reconciliation of working and family life means, and the need to develop more flexible work environments, through its human resources policy the company offers its employees a package of measures that encourage reconciliation of working and family life, and so all employees can enjoy the following advantages:

- The possibility of part-time work.
- Shorter working hours (with proportional reduction in salary).
- Paternity leave that is longer than that established by law.
- Extended leave of absence for looking after family members.
- Flexible holiday calendar.

- Recognized employment conditions are honoured when a long period of leave is taken.
- Life and accident insurance.
- Health insurance with advantageous conditions.
- Possibility of redeployment after a centre has been restructured or closed down.
- Public welfare payments are complemented in cases of sick leave taken because of illness or an accident.
- Maternity and paternity leave can be take on full salary.
- Flexitime at head office.

In recognition of its human resources policy, in 2008 the company obtained the Family-Responsible Company (EFR) certificate which is awarded by the +Family Foundation. This is a private, independent organization that endorses the company as one that is committed to promoting the reconciliation of personal, family and working life. The company also successfully passed the maintenance audit carried out in 2009. Besides this, and ratifying its commitment, CLH takes an active part in the EFR Forum of this foundation.

The CLH Group continues working on new projects that contribute to providing families with support and helping its employees to find a better balance between their working and family life. In 2010, an economic assistance plan was established through Human Resources Management for any employees wishing to take part in team sports competitions (municipal, inter-company, in aid of charity, etc.). This initiative is designed to encourage playing sport and enjoying the benefits derived from this, as besides promoting a healthy way of life, it also helps to encourage personal relations and communication between the employees

The policy designed to favour voluntary transfers in order to allow families to be reunited or closer together also continued during 2010.

Lastly, CLH has a “meetings model” for moving ahead with the culture of reconciliation and the efficient management of time. This model also aims to improve the productivity and efficiency of work meetings since it values, respects and optimizes everyone’s time, which brings tangible and intangible benefits to the company and its employees.



## 5.4. Developing human capital.

### Our commitment to training

Through its human resources policy, the CLH Group has drawn up a programme for professional career development whose aim is to promote the professional development of its employees. The aim of this programme is threefold:

- To equip the company with the best trained human resources for tackling the complex, innovative and ever-changing technological, economic and business reality.
- To develop professional skills for doing an efficient job.
- To motivate its employees in personal and job terms through a real possibility of career development and economic promotion, through the appreciation of their experience and ability to fulfil the objectives marked out by the company.

During the last five years, the CLH Group has gradually increased its investment on training per employee, which was 4.5% higher in 2010 than it was in the previous year. The total investment on training was over one million euros in 2010, which is a significant amount in relation to the company's turnover and staff volume.

The following are among the management skills training programmes that the company offers its employees:

- **The “Lead in order to motivate” training programme for managers:** this is the consolidation of a training skills programme that started in 2006. In its first phase it was addressed to all technical employees with leadership responsibilities, and since 2009 it has been extended to middle management. Its purpose is multiple: to strengthen their ability to manage people, equipping them with communication tools, involving them in the message transmission chain and making an in-depth study of the mechanisms of motivation. The combination of these elements aims at improving the level of employee satisfaction and optimizing team management.
- **Managerial development programme for employees with high potential.** The company finances 100% of the cost of these programmes at business schools.
- **Training plan for new recruits:** Besides being heavily weighted on the theoretical side, the design of the initial training plan has practical, personalized scope and introduces the figure of the personal tutor and other measures.

- **Study assistance:** The company is also committed to its employees' initiative and offers financial assistance to enable them to undertake the studies they consider to be of interest and applicable for the company.

#### Investment in training in the CLH Group

Euros

	2008	2009	2010
Investment per employee	546	568	593
<b>Total investment</b>	<b>1,020,200</b>	<b>1,005,511</b>	<b>1,010,945</b>

#### Average training hours

	2008	2009	2010
CLH	39	40	35
CLH Aviación	34	29	28
<b>Total CLH Group</b>	<b>38</b>	<b>37</b>	<b>33</b>



## 5.5. Career development

The CLH Group actively promotes the development of its employees both within their professional group and in promotion to higher groups through periodically setting promotion and development activities which they must complete successfully. This enables the employees to demonstrate the degree of ability achieved, an assessment being made of their experience and recognition given to the quality of their performance.

The company also takes trade union participation into account through a Joint Committee for Classification and Career Development for providing information, making consultations and monitoring professional promotion and development processes. This Committee comprises six members, three appointed by the company and the other three by the trade union sections.

During 2010, a total of 60 people were promoted to positions involving greater responsibility. In addition, a further 10 employees were promoted to a higher professional group, and there were others who moved up to a higher level of development by complying with the procedures defined in the collective bargaining agreements.

Lastly, the CLH Group makes regular assessments of the performance and career development of its employees. In 2010, a formal performance assessment was carried out on 34% of the CLH Group employees.

### Testimonies from 2 scholarship holders who recently joined the CLH staff:

- **Beatriz Guirao**, final year of chemical engineering. Central Laboratory

*I chose CLH because during my Erasmus year I took part in a biodiesel production project that I found very interesting, and because I decided to focus my training in the direction of the energy sector. This scholarship is a really attractive one because it means you can combine it with studies, so you broaden your knowledge and job experience has been gained before finishing the degree course.*

- **Ricardo Gutiérrez**, final year of industrial engineering. Operations control

*Sharing in the experiences of the Erasmus study period can be very beneficial for companies. Apart from that, the possibility of learning more by working is tremendously valuable. there's no doubt about it, but one of the most remarkable aspects I've noticed so far is the wonderful atmosphere that runs through the company, and its excellent work environment.*

### CLH Group performance assessments

	2008	2009	2010
Average Active Workforce (a)	1,867	1,771	1,704
Number of employees who underwent formal assessment of performance and review during the period (b)	606	598	586
Percentage of employees who underwent formal assessment of performance and review during the period (b/a)	32%	34%	34%



## Practical case

### Recruiting Talent: “Erasmus Recruiting”

*Through the “Erasmus Recruiting” project, the CLH Group has offered 20 students the opportunity to complement their academic training with a valuable experience.*

The CLH Group is firmly committed to a policy for attracting and retaining talent, as it is aware that being a benchmark company in its sector of activity means having the best professionals. One of its strategic targets in recent years has been, and still is, to continue with the generational change-over of its staff, which makes it necessary to explore the best sources of recruitment in search of young, well qualified staff who are enthusiastic about work.

The “Erasmus Recruiting” project, which is carried out in association with other top-ranking companies in the Spanish labour market and the PeopleMatters consultancy firm, has become the ideal shop window for selecting young professionals and opening the labour market door for them.

20 young people were chosen through a selection process that was as thorough and demanding as the one used with any candidate wishing to work in CLH. During 2009 and 2010 they joined different departments with a very competitive interneeship scholarship lasting for six months and with flexible working hours.

Each intern was assigned a tutor who supervised their training and helped them in their activities.

The experience was more far-reaching than a traditional scholarship and provided the participants with the kind of know-how that can only be acquired in the real world of business. 30% of them are now part of the CLH workforce.

The success of “Erasmus Recruiting” has exceeded all expectations and the 2011 edition, in which the CLH Group will be participating again, is already under way.



## 5.6. Internal communication

During 2010, the CLH Group continued promoting communication with its employees through holding communication meetings, which were attended by around 120 company employees. The contents of these meetings are shared with the other employees through meetings held with their superiors, the internal magazine and through the corporate portal.

Also, the “Breakfasts with the Chairman” programme, in which 93 people participated last year, offers those attending the opportunity of getting first-hand news about the strategy and aims of the company and making proposals and suggestions.

Besides this, four “executive encounters” were held throughout 2010 in which the executives were able to hold talks with outstanding representatives of Spanish business society.

## 5.7. Collective bargaining

There are two company collective bargaining agreements in the CLH Group to which all employees are subject, with the exception of those who, because of the characteristics and responsibilities of their job, have their working conditions included in an individual contract and are therefore excluded from the collective agreement. The trade union sections and staff representatives in the CLH Group have their activity guaranteed, as it is protected by Spanish laws and the Company Collective Bargaining Agreement, acting in accordance with these rights. 87% of all CLH Group employees fall under the collective bargaining agreement system. A new collective bargaining agreement started being negotiated in 2010.

### Collective bargaining

	2008		2009		2010	
	Employees covered by collective bargaining agreements	%	Employees covered by collective bargaining agreements	%	Employees covered by collective bargaining agreements	%
CLH Group	1,558	87%	1,455	87%	1,451	87%

## 5.8. 2<sup>nd</sup> Opinion Poll on people in the CLH Group. Relying on the opinion of everyone

The “2<sup>nd</sup> Opinion Poll on people in the CLH Group” was held during January and February 2010, an important participation level of 73.2% being achieved.

In this consultation, 90.2% of those who filled in the survey form said they were satisfied or very satisfied with CLH as a place to work. This figure is even higher than the one obtained in the previous survey which was held in 2007.



## 5.9. Occupational health and safety

One of the main targets of the company's Strategic Plan is to reduce the number of occupational accidents. With this aim in mind, the CLH Group believes in promoting a sound culture of prevention that is integrated into all fields of activity of the firm. The company works to guarantee the safety of everyone who forms part of the organization and the activities carried out in it.

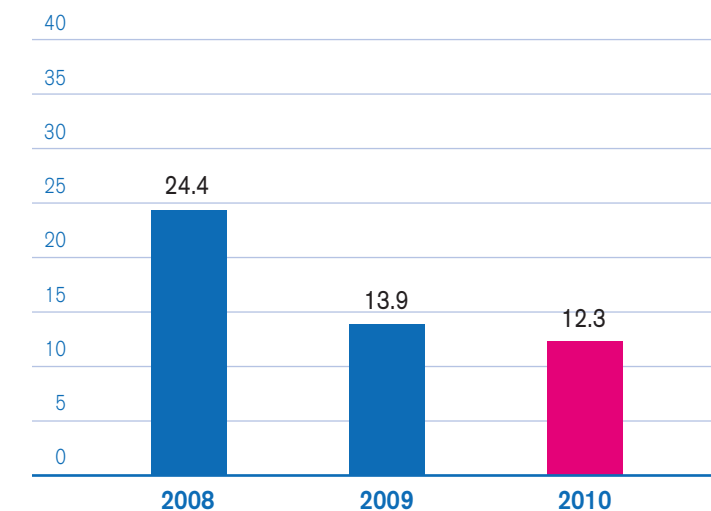
The efforts made during the last few years in the area of occupational prevention have made it possible for a progressive reduction to be achieved in the Total Accident Frequency Rate (TFR) in the CLH Group compared with other years.

The aim of the CLH Group's Occupational Hazard Prevention Plan is to guarantee the health and safety of the people who play a part in the company's activities, and everyone who forms part of the Group is under the obligation to know its contents and apply them.

The CLH Group considers that maintaining the maximum level of safety in its facilities is a priority matter, both for its own staff, the staff employed by contractors, and also for the environment in which the CLH Group carries out its activities.

To achieve this aim, all the company's infrastructures are designed and operate with strict respect for the regulations in force and comply with the most demanding of national and international parameters.

CLH Group TFR Evolution (Total Frequency Rate)







The CLH Group's Occupational Health and Safety Policy is documented in the company regulations that are published on the corporate intranet. The company also has a Prevention Plan that is one of the tools for managing and integrating safety into all the CLH Group activities.

### 5.9.1. Safety management system

The CLH Group has a Safety Management System that encompasses all aspects of the organization that have repercussions on people, assets and the environment as regards the risks involved in the company's own activities or any that are directly related to it.

In November 2010, phase I was carried out in Compañía Logística de Hidrocarburos, S.A. and CLH Aviación, S.A., with AENOR, S.A., for certification of the health and safety system in accordance with the OHSAS 18001:2007 standard.

### Accident frequency rate

	2008		2009		2010	
	CLH	CLH Aviación	CLH	CLH Aviación	CLH	CLH Aviación
Accident frequency rate with sick leave	6.94	35.25	4.79	17.35	5.15	22.38
Accident severity rate	0.24	1.1	0.14	0.41	0.19	0.75

### Absenteeism rates. Percentage

	2008	2009	2010
<b>CLH</b>			
Total Common Contingencies	4.4	3.3	3.5
Total Work Accidents	0.2	0.2	0.2
<b>Total Absenteeism</b>	<b>4.6</b>	<b>3.5</b>	<b>3.7</b>
<b>CLH Aviación</b>			
Total Common Contingencies	7	7.1	6.1
Total Work Accidents	0.9	0.5	0.6
<b>Total Absenteeism</b>	<b>7.9</b>	<b>7.5</b>	<b>6.6</b>
<b>CLH Group</b>			
Total Common Contingencies	5.2	4.3	4.1
Total Work Accidents	0.4	0.2	0.5
<b>Total Absenteeism</b>	<b>5.5</b>	<b>4.5</b>	<b>4.5</b>

### 5.9.2. Prevention activities

The CLH Group has carried out various initiatives in the area of occupational hazard prevention with the aim of minimizing the number of accidents. The following actions are noteworthy in this regard as they help towards creating in the company a preventive, proactive culture that is always one step ahead in order to eliminate or reduce the risks that can give rise to accidents:

- Effort made for communication and circulation through periodic publications on the corporate portal:
- “Acerca”, the CLH internal magazine, is consolidated as an information vehicle for circulating news about actions carried out, the corporate intranet and the training department, and the creation of the suggestions system through “Aporta” (Make your contribution), the corporate portal.
- At the “Internal communication meetings” held with company management, talks followed by debates were organized under the heading of “Towards a new safety culture” and “Guide to visible commitment by the safety leader in the CLH Group”.
- Work continued on the monitoring of accidents at the facilities, with a letter of congratulation being sent to all facilities that have been accident-free.
- During 2010, the CLH Group continued developing its “Zero is Possible” project. This project is based on organizing courses, both in the facilities and at head office, for training in occupational risk prevention through “behavioural workshops”. Members of the chains of command (such as facility managers), staff from the Prevention, Environment and Industrial Safety Sub-Department, including technical staff from the Prevention Service, took part in this initiative.

20-Jan-2010	Poster about equipment lock-out
01-Feb-2010	Risk of falling from a height
10-Feb-2010	Safety contact: Manual staircases and risk of falling from a height
15-Apr-2010	Safety Guide no. 2 - Circular cutting and grinding tools
11-May-2010	Safety Guide no. 3 - Lifting platform operator
09-Jun-2010	Excess weight and obesity prevention campaign
18-Jun-2010	Safety contact: “Protection against mechanical risks”
02-Jul-2010	Safety contact: Occupational road safety
21-Oct-2010	“Vertical ladders” poster
03-Dec-2010	Safety contact: Protection against inhaling and contact with harmful substances
29-Nov-2010	Health and Safety in the Workplace Manual, 2010 Edition
15-Dec-2010	Keep in touch: The walkie-talkie
20-Dec-2010	Safety contact: “Use your helmet”



The CLH Group also has emergency plans whose purpose is to safeguard the health and safety of people and identify situations with potential risk that can occur at the facilities. If any incident should occur, the emergency plans make it possible to organize the courses of action to be taken by the human and material resources available for dealing with it. They also establish the internal and external communication channels for reporting the incident and, if necessary, requesting help.

The company has different kinds of emergency plans depending on the type of facility they have been designed for. There are plans for storage facilities, airport facilities, the pipeline network and, of course, the plan for evacuating its head office. A marine contingency plan has also been developed for action to be taken at seaport terminals if the case arises.

Employee representation in the risk prevention systems is organized through the prevention delegates who are present at all work centres where there are more than 6 employees. In addition, there is a Local Health and Safety Committee at all centres where there are more than 50 workers, with equal representation. The Joint Committee for Health and Safety is the equal representation body, at company level, for CLH and CLH Aviación.

### 5.9.3. Training in occupational health and safety

The CLH Medical Service plays an active role in occupational health and safety and, among other activities, has carried out two occupational health campaigns that were published on the corporate portal:

- “Excess weight and obesity prevention” campaign with the aim of reducing the prevalence of body weight changes among the company’s employees, demonstrating an important positive effect that is not limited solely to the work environment but is good for the general health of the population.

- “Stratification of cardiovascular risk” campaign with the aim of reducing the prevalence of cardiovascular risk among CLH workers, since it is the primary cause of death in Spain.

There are also various programmes for helping its employees and their families in the prevention of illness, among which the most important are:

- Educating for health: in the “Acerca” internal magazine, which is sent to the home of all employees to be shared with their families. All issues include an article on habits for a healthy lifestyle and prevention of serious illnesses (“Take note” section) and another on risk prevention in “It’s worth your while”.
- Annual medical check-up for employees. During this annual check-up, the Occupational Medical Service, which is part of the Prevention Service, detects any ailments the employee may be suffering from and gives the necessary advice, according to the pathology and whatever its origin.

In addition, work has been going on for a whole year to prepare a new Health and Safety in the Workplace Manual that is much more didactic, applicable and graphic.

## 6. Commitment to society

### Challenges for 2010

To continue developing the plan for relations with local communities.

“Together, we move our most valued energy” project.

### Degree of compliance

High

High

### 2010 milestones

- “We Move Energy” exhibition.
- Collaboration with 8 associations through the “Together, we move our most valued energy” project.

### Challenges 2011

- To continue with “Together, we move our most valued energy” project.
- Second edition of the “We Move Energy” exhibition.
- To continue developing the plan for relations with local communities.

### Our approach

The CLH Group’s commitment to society becomes a reality through solidarity initiatives in which the company’s employees participate, and various projects for collaborating in the sphere of society and the environment in areas where it has a presence.





## 6.1. The contribution made by our company

### 6.1.1. Our relationship with the community

The CLH Group honours its commitment to promote relations with the communities where the company carries out its activities, with a view to learning about the concerns of its interest groups and offering them a service that is both excellent and sustainable. Therefore, when any building works are planned the company holds fluid dialogue with the local communities that are directly involved, and is receptive to their suggestions while these works are being carried out.

CLH has also assumed the commitment to make a continuous effort to carry out its activities with the least possible impact. So when the time comes for executing a project, all layouts are considered in order to select the one that is most environmentally friendly.

The company has this concern for the environment at the forefront in all building works undertaken for improving its infrastructures, and also when new storage facilities, such as the ones in Burgos or Salamanca, are built. The construction work for these projects is under way and, when completed, it will be possible to recover the land currently being occupied in order to devote it to other urban uses.

### 6.1.2. Minimizing the impact of pipelines

The CLH Group monitors all its pipelines continuously in order to guarantee their safety.

The company has a Pipeline Safety Plan that carries out regular, thorough vigilance over them. A sophisticated satellite-connected system is used for this, thereby ensuring management that is safe and efficient. CLH also keeps a regular close watch over all its infrastructures with the use of aircraft, foot patrols and vehicles.

The company also keeps up a flexible relationship with the local authorities and the owners of the land through which the pipelines run, in order to explain the characteristics of these infrastructures to them and be able to count on their cooperation in case of necessity.

To make this work easier, the company has published explanatory leaflets that include the precautions to be taken in the vicinity of the pipelines, particularly when external activities or work must be carried out in the adjacent area, providing a CLH Group contact telephone number in case it should be necessary for the company to intervene.

### 6.1.3. Guaranteeing a safe supply to society

The CLH Group is nearing the end of its 2007-2011 Strategic Plan, whose aim has been to improve its infrastructure network. With one year left to go before its completion, the company has invested over 560 million euros in the last four years for expanding its storage plants, erecting new ones and building more kilometres of pipeline.

In this connection, in 2010 the CLH Group opened a new storage facility in Arahal (Seville province) with a capacity of 184,000 cubic metres that are mainly intended for the storage of part of Spain's strategic fuel reserves.

In 2010 the CLH Group placed nearly 337,000 m<sup>3</sup> of new storage capacity in service at various facilities in its logistics network, the most important of them being Loeches, Cartagena, Alcázar de San Juan, Barcelona and Gijón. Besides this, CLH Aviación carried out expansion and remodelling work at the airport facilities in La Rioja, Murcia, Ibiza and Santiago de Compostela.

These projects join those carried out by CLH Aviación, which opened the newly remodelled airport facility in La Rioja, completed the adaptation and transfer of the plant at San Javier airport in Murcia, besides completing the work for remodelling the airport facilities in Ibiza and Santiago de Compostela.

The company has also extended its transport network by bringing into service the new 150-kilometre long pipeline between the towns of Arahál and Adamuz (Córdoba), which forms part of the project for duplicating the southern section of the Rota - Zaragoza pipeline.

#### 6.1.4. Contribution to the Spanish Government's Renewable Energies Plan

The CLH Group continues working on the adaptation of its logistics system to the transportation and storage of biofuels, and has invested over 25 million euros in order to manage them in a similar way to traditional fuels. The company currently has 13 facilities adapted for storing and distributing biodiesel, and also a further 9 plants where gasolines with bioethanol can be stored and distributed.

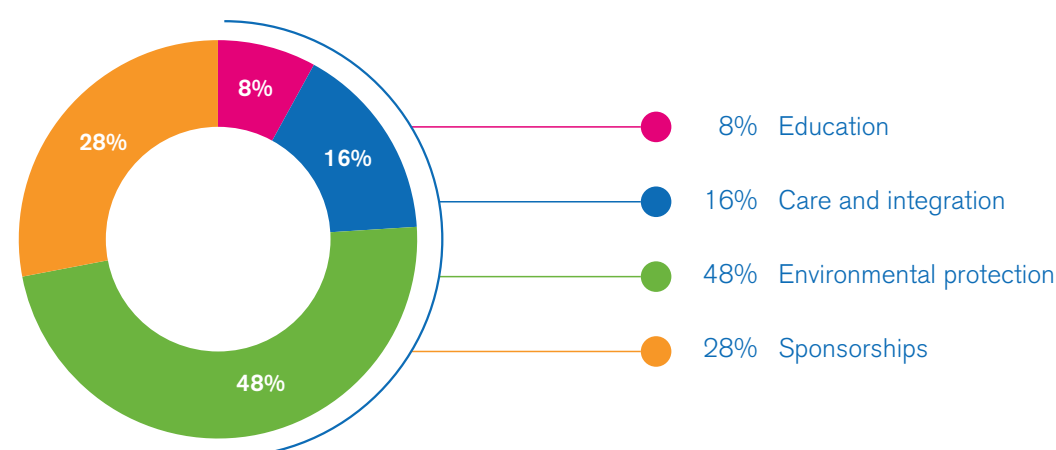
CLH promotes the implementation of a more sustainable energy model through these initiatives and continues collaborating in the development of renewable energies.

#### 6.1.5. Social action in the CLH Group

As part of its Corporate Social Responsibility policy, in 2010 the CLH Group participated in a group of projects related to the environment, culture, education and care initiatives that are in harmony with its Mission, Vision and Values, and with the ten principles of the United Nations World Compact.

In 2010, 48% of the company's social action budget was devoted to activities for circulating information about the importance of protecting the environment, 28% went to cultural sponsorships, 16% to pro-integration work and 8% to education.

CLH Group Distribution of Social Action expenditure in 2010





### 6.1.6. Commitment to education and culture

The CLH Group also carries out activities in the sphere of education and culture, which is another of the pillars that support its Corporate Social Responsibility policy.

CLH also holds agreements with the Autonomous Regional Government of La Rioja's Ministry of Education, Culture and Sport and with various vocational training centres to enable their students to carry out practical training at the Group's facilities.

In association with the National Energy Commission, the company has continued working on recovery of the Historical Archive of Hydrocarbons which aims at bringing the history and evolution of the Spanish oil sector closer to the public at large. The part played by CLH in this project is to compile and put in order all the documentation it has kept over the last 80 years, as a continuation of the activity started by CAMPSA in 1927.

On the other hand, and with a view to disseminating Spain's environmental wealth, the company has published "La España rural", a new book in the series dedicated to the protection of the environment.

In the area of culture, for some years now the CLH Group has worked in association with various cultural institutions, such as the Teatro

Real Foundation, the Friends of the Prado Museum Foundation, the Royal Association of Friends of the Reina Sofía National Museum and Art Centre and the "Pro Rebus Academiae" Foundation, which is attached to the Spanish Royal Academy of Engineering.

Besides this, in 2010 the company signed collaboration agreements with prestigious cultural organizations, such as the San Millán de la Cogolla Foundation and the Albéniz Foundation, which it supports for promoting the training of young musicians, and joined the board of trustees of the Catalonia Institute for Energy Research (IREC).

### 6.1.7. Together, we move our most valued energy

Four years ago, the CLH Group developed the sponsorship and social action plan known as "Together, we move our most valued energy", through which it collaborates in solidarity projects run by associations and non-government organizations in which its employees take part.

Among the initiatives carried out in 2010, the aid given to Haiti after the earthquake that devastated the country early in the year was the most important.

The CLH Group collaborated with "Solidaridad Internacional" ([www.solidaridad.org](http://www.solidaridad.org)) in the emergency work undertaken by this association that enables basic goods to be sent to area. It also gave assistance to "Aldeas infantiles SOS" ([www.aldeasinfantiles.es](http://www.aldeasinfantiles.es)) in rebuilding the village this NGO has in Haiti, so that the 400+ refugee children there could have the necessary resources to be given schooling and the opportunity to develop.

CLH was also one of the companies to take part in the football tournament organized for charity by the NGO "Acción contra el hambre" ([www.accioncontraelhambre.org](http://www.accioncontraelhambre.org)). As a result of the money raised through registration fees, it was possible for child nutrition projects to be carried out in the 40+ countries where this organization works.

The solidarity projects undertaken this year include other initiatives, such as the work done in association with the Caico Foundation ([www.fundacioncaico.org](http://www.fundacioncaico.org)) in organizing music therapy sessions for sick children; the help given to Cáritas Santa Teresa ([www.caritas.es](http://www.caritas.es)) in organizing a summer camp for young people with no resources; or the assistance offered to the Torrejón de Ardoz Fibromyalgia Association ([www.fibromialgiatorrejon.org](http://www.fibromialgiatorrejon.org)) in organizing a few days in which people suffering from this pathology could get together and learn relaxation techniques.



## Practical case

### We move energy

In its Plan for Relations with Local Communities, one of the company's most important projects in 2010 was the "CLH, We Move Energy" travelling exhibition.

The CLH Group put this exhibition on the road at the end of the year with the aim of bringing the company's image closer to the public at large and promoting fluid dialogue with its main interest groups.

Lasting for around two and a half months, the exhibition visited 27 towns where the company has some kind of infrastructure, in the autonomous regions of Castile and León, Extremadura, Andalusia, Castile-La Mancha, Madrid, Murcia and Aragón.

The exhibition was installed in a specially adapted bus that had been fitted out with information panels, four touch screens and a lecture room where a teacher gave an enjoyable, didactic explanation of the company's activity.

The exhibition was parked in key, central locations in each of the towns that had been selected, staying for an average of one to three days in each place depending on the number of inhabitants.

At each stopping place it was open to anyone interested in learning more about the logistics service that CLH engages in and special attention was paid to teachers and students from nearby schools, for whom visits were arranged, and also other groups related to the Group's activity.

An opening ceremony was organized in each of the towns and was attended by mayors and municipal councillors, as well as by other

members of local and autonomous regional institutions, such as Civil Protection, the police force or the fire brigade, who were received by one or more CLH representatives, usually facility managers and area managers. The local and autonomous regional media were also invited to be there.

The "CLH, We Move Energy" exhibition proved very popular and received more than of 9,000 visits. Among those who came along to see the exhibition there were 3,300 primary school pupils and over 1,000 secondary school students, all accompanied by their teachers. A large number of local dignitaries, such as mayors, town councillors and representatives of other autonomous regional and state bodies also attended, besides members of neighbourhood associations, representatives of the local and autonomous administrations and members of law enforcement bodies.





#### 6.1.8. Higher education: a valuable asset for the future

CLH is one of the companies to participate in the “Erasmus Recruiting” programme which enables young university students to use a scholarship to train in the company in order to develop their academic knowledge.

In order to further students' knowledge about oil product logistics, the Group organizes periodic visits by students from different schools of engineering and other education centres, using them to explain how the infrastructures of the Group operate.

Also, with the aim of supporting technological research in the micro-robotics sector, CLH finances final year projects on this subject that are carried out by students undergoing vocational training.

Besides this, CLH, in conjunction with the Polytechnic University of Madrid, is the creator of the CLH Chair in Hydrocarbon Metrology, and in 2010 it sponsored the Master's Degree in Pipe Engineering offered by the University of Zaragoza.



## 7. Commitment to the Environment

### Challenges for 2010

Presentation of the EMAS-III declaration for four storage facilities and two airports, to the administrations.

Application and extension of the 1,000 trees for 2009 campaign, with 1000 more trees for 2010 as an element for reducing the CO<sub>2</sub> emissions of the group.

Improvement of storage facility lighting efficiency.

Reduction of electricity consumption in pumping equipment.

Use of paper from sustainably managed forests.

### Degree of compliance

High

High

High

High

High

### 2010 milestones

- The second follow-up audit for ISO 14001 certification was successfully passed.
- Drafts audit EMAS.
- Work has started on R&D&i projects: New techniques for environmental recovery of soils and valuation and utilization of tank bottom residues for energy purposes.
- Monitoring of the CLH recycles and 1,000 trees for the CLH Group programmes.

### Challenges 2011

- To successfully pass the audit for renewal of the Environmental management system in accordance with the ISO 14001 standard.
- Completion of landscape restoration on the land formerly occupied by the Somorrostro storage facility.
- Completion of soil remediation work on the land formerly occupied by the Santurce storage facility.

### Our approach

The CLH Group assumes commitments for being recognized as a company that is committed to the environment, thereby aligning itself with the concerns of society and other interest groups. To achieve this, the company encourages solutions for reducing the use of resources, technologies and processes in a way that is respectful and responsible towards the natural and social environment, all of which serves to guarantee the sustainability of its activity.



## 7.1. Respect for the environment and its resources

The activities of the CLH Group have little environmental impact, as the transportation of oil products is largely carried out using its extensive pipeline network.

The company also has an environmental policy that is part of its sustainable development strategy. Manuals and procedures are therefore used in order to control all aspects of its industrial activity and contribute towards achieving a top level proactive culture for protection of the environment.

The CLH Group environmental policy has a broad field of application: it is used from the outset of any project, through environmental impact studies (which influence the entire development and decision-making process) with the aim of correcting or reducing possible future environmental impacts. In this respect, the CLH Group studies different routes, locations and possible alternatives before starting a new project and selects the one with the least impact.

In addition to the preliminary study carried out before starting any building work, full monitoring during execution is also provided for, applying internal procedures for control of contractors. This allows the use of corrective measures for making it possible to minimize their impact. More specifically, when pipeline construction work is completed, the land is suitably restored to its original state, replanting the affected area with vegetable cover. What is more, subsequent controls are carried out in order to check on and guarantee that the measures adopted are working properly.

## 7.2. CLH Group environmental management policy

As part of its sustainable development strategy, the CLH Group includes criteria related to the environment in all its activities with the aim of preventing damage to people and property, and minimizing environmental impact and effects on climate change, by respecting biodiversity and the social environment. These activities include:

- supplies
- transportation (basically through the pipeline network; other methods also),
- receipt, storage and dispatch of fuels,
- fuel supply to shipping vessels,
- storage, transportation and supply of fuels and packaged lubricants to aircraft.



This commitment is reflected in the 11 principles that form its environmental management policy. These principles have been included in the CLH Group Environmental Management System since 2006.

The Environmental Management System establishes the CLH Group Environmental Management Policy and the rules and procedures that implement it and guarantee its fulfilment, all of which is in accordance with current legislation, the company's corporate aims and its environmental commitment.

In July 2008, the CLH Group obtained certification in the ISO 14001 standard for its Environmental Management System as a guarantee for the effective application of the principles included in its policy. The aim of this system is to manage the company's activities in the most efficient and environmentally friendly way. Reaffirming continuity in environmental management, a second follow-up audit was carried out during 2010 and the certificate was renewed.

Also in 2010, the CLH Group carried out environmental controls for "monitoring" the environmental authorizations and permits at its facilities in the Autonomous Region of Catalonia in accordance with autonomous regional environmental legislation (for the facilities in Lleida, Girona, Barcelona and Tarragona and the El Prat and Gerona airport facilities).

On the other hand, the company has carried out different projects of environmental interest, one of the most important being the adaptation of several storage facilities for introducing the blending of gasoline with bioethanol into the national logistics system.

The CLH Group received the following accreditations in 2010 in recognition of the environmental management it had carried out:

- Gold Seal for Excellence in EFQM management, in which CLH Group environmental management formed an important part of the report.
- Second prize in the Autonomous Region of Madrid's Environment 2010 awards, given by the Madrid Chamber of Commerce for the environmental management carried out by the company in the Autonomous Region of Madrid.
- 'Madrid Excelente' quality certification in which the environmental management of the Group at the facilities in Madrid is also highlighted.

### 7.2.1. Innovation projects

An aspect that stands out in the Innovation and sustainable development policy of the Group is the continuous search for the best available environmental techniques applicable to the company's activities. For this reason, a series of R&D&i activities and projects have started, among which the following can be highlighted:

- Research and development of microbiological procedures for soil decontamination, with a view to equipping CLH with guidelines, microbiological tools and biotechnological products that have been tested and can be used in its forthcoming land clean-up works and make it possible for the recovery of its hydrocarbon-polluted sites to be done more economically.
- Study for the valuation and utilization for energy purposes of residues from tank bottom cleaning, with the aim of minimizing managed waste and using it as additional fuel.

## 7.3. Environmental costs and investments

During 2010, the CLH Group invested 13,857 million euros in various environmental projects, which represents an increase of 75% compared with 2009. Investments regarding environmental items were mainly spent on: installation of motorized valves and leak detectors in the pipeline, as well as pipe section replacements and, in general, improvements for guaranteeing its integrity; adaptation of the water networks and systems for effluent treatment and control and temporary storage of waste, prevention of soil contamination at the storage facilities and the introduction of

bioethanol for blending with gasolines at several facilities.

On the other hand, the current costs borne in 2010 by the CLH Group in underground water and soil remediation activities amounted to 1.9 million euros due to the project from previous years that ended in March.

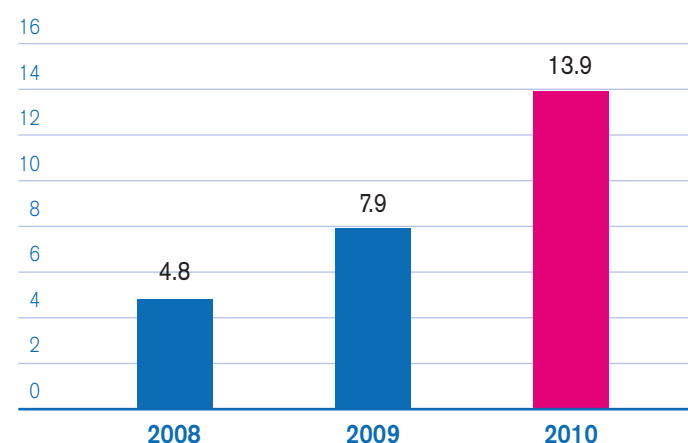
## 7.4. Environmental indicators

### 7.4.1. Direct energy consumption

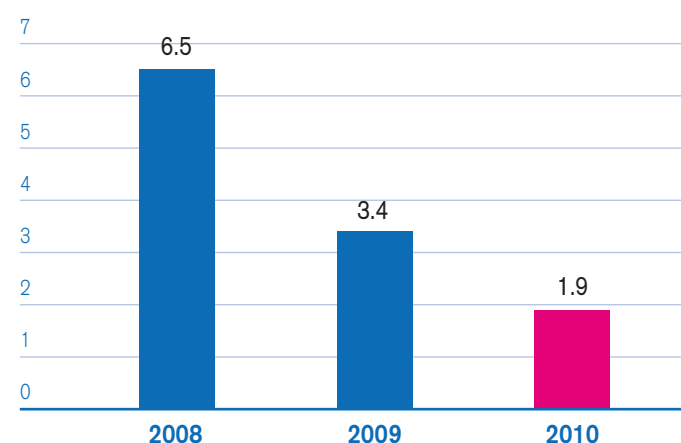
The company's direct consumption of energy during 2010, resulting from transportation activities and heating steam boilers, amounted to 484,079 gigajoules, which represents an increase of 10.35% compared with 2009.

This increase is due to the fact that a new tanker with larger capacity has been brought into service for transporting fuel.

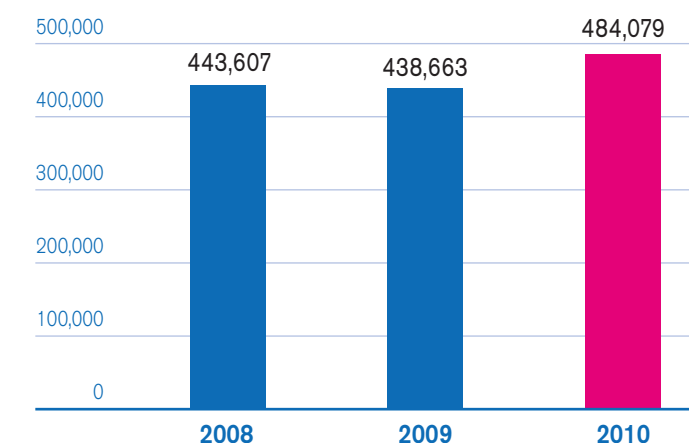
**CLH Group Evolution of environmental investments**  
(Millions of euros)



**CLH Group Expenditure on remediation of underground water and soils** (Millions of euros)



**CLH Group Direct Energy Consumption**  
(Gigajoules/year)





### 7.4.2. Indirect energy consumption

Indirect consumption of energy during 2010 represents a reduction of 1.4% compared with 2009.

Savings in indirect energy consumption were achieved thanks to the following initiatives:

- Different types of operation depending on refinery and import delivery plans.
- Improvement in the metering of pump consumption in the pipeline: completion of

the installation of private electricity meters in each of the pipeline pumps and integration of the information into the PLC and Scada. In this way, the dispatching operator knows what the energy consumption of the operations he carries out is, besides which a subsequent analysis of the pumping modes can be made using real data.

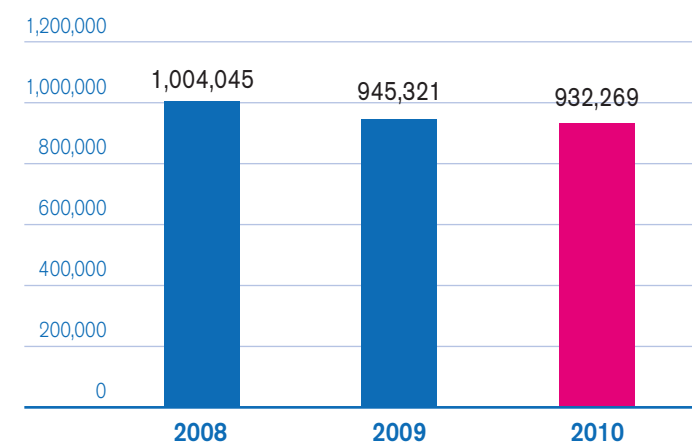
- Improved pipeline pumping planning: energy efficiency criteria are followed in all pipeline pumping schedules in order to minimize energy consumption. Endeavours are made to keep consumption stable (the most efficient option from the energy point of view) and additive (flow enhancer, that reduces friction of the product as it travels through the pipe) is injected at the most appropriate points along the pipeline route.
- Use of frequency changers in the pipeline pumping sets which optimize electricity consumption both in terms of operation in continuous cycles and in start-up operations.
- Solar energy is used for supplying line valves in the pipeline. This has been done by introducing the necessary equipment for supplying six line valves with solar energy in the pipeline layout route. This is the first step for studying the feasibility of supplying power to the Group's facilities by means of renewable energies.

### 7.4.3. Water consumption

The company only uses water in its operations for sanitary purposes, for generating steam and in testing fire-fighting systems. Water consumption in 2010 amounted to 165,590 m<sup>3</sup>, representing a decrease of 13% compared with 2009<sup>(1)</sup>.

On the other hand, the CLH Group only carries out underground water harnessing at facilities that fall outside the area covered by municipal water supply networks. The use of water collection is limited to sanitary purposes, and is equivalent to a very small collection of water that does not affect the local hydrodynamics.

● **CLH Group indirect energy consumption**  
(Gigajoules/year)



<sup>(1)</sup> This information doesn't include the consumptions of S.F. Albuixech; S.F. La Coruña; S.F. San Roque; A.F. Badajoz; A.F. Córdoba; A.F. La Rioja; A.F. Mahón; A.F. Son Bonet; A.F. Torrejón; A.F. Vigo; P.F. Adamuz; P.F. Almodóvar; P.F. Ariza; P.F. Ballobar; P.F. Coria; P.F. Mora de Toledo; P.F. Muskiz; P.F. Palencia; P.F. Poblete; P.F. Palleja; P.F. San Adrián; P.F. Sta Perpetua.

#### 7.4.4. Emissions released into the atmosphere

The emissions into the atmosphere that are generated by the CLH Group are extremely limited, as it does not carry out any manufacturing or energy generation processes.

Besides this, the CLH Group is carrying out a number of activities aimed at minimizing and controlling emissions of volatile organic compounds (VOCs) due to the storage and loading of gasolines.

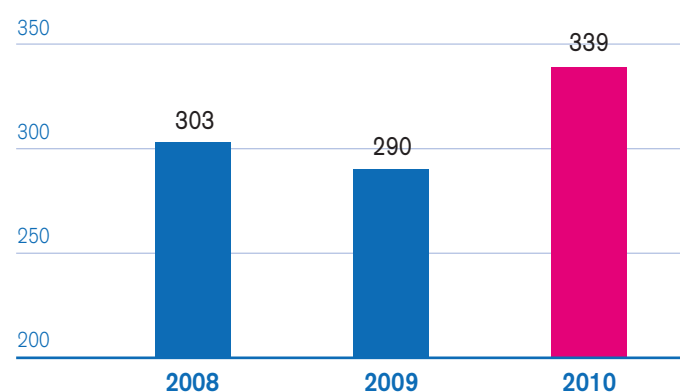
The main cause of emissions of SO<sub>x</sub>, NO<sub>x</sub>, CO<sub>2</sub>, CH<sub>4</sub> and particles in suspension is internal combustion engines, both stationary and in the vehicle fleet. The emissions arising from fuel consumption in the tankers that are chartered by the company, and the steam boilers used for heating the heavy fuel oil stored at the Barcelona, Cartagena, Huelva, Algeciras and Gijón facilities, are also considered.

The main data referring to 2010 were the following:

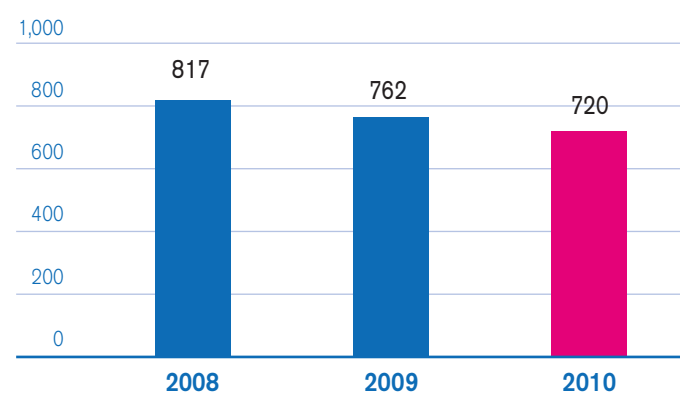
- The emission of SO<sub>x</sub> was 351 tons, which is an increase of 28% compared with 2009.
- The emission of VOCs amounted to 720 tons, which shows a reduction of 5% compared with 2009.

- The emission of particles in suspension amounted to 21.9 tons, which represents an increase of 15% compared with 2009.
- The emission of NO<sub>x</sub> amounted to 339 tons, which shows an increase of 16% compared with 2009.

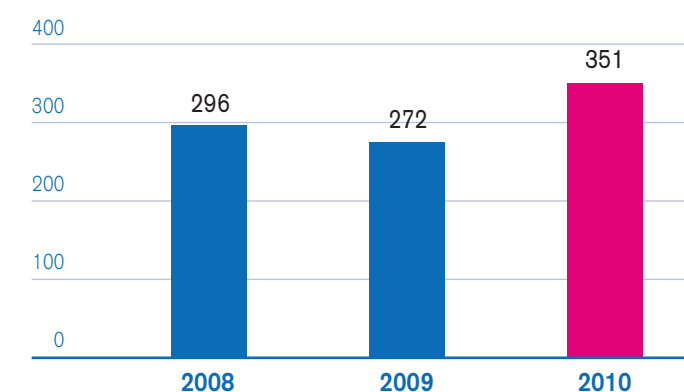
**NO<sub>x</sub> emission**  
(tons)



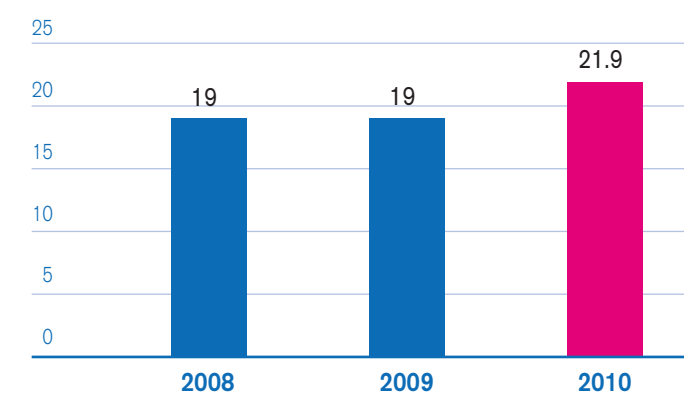
**Volatile Organic Compound emission**  
(tons)



**SO<sub>x</sub> emission**  
(tons)



**Particle emission**  
(tons)





This increase is due to the fact that a new tanker with larger capacity has been brought into service for transporting fuel.

## 7.5. Waste management

The CLH Group produces very limited quantities of hazardous waste because it does not carry out any manufacturing or materials transformation processes. The waste that is produced is basically the result of periodic cleaning of the storage tanks and the hydrocarbon-polluted water treatment systems.

Each facility and work centre segregates all the waste generated according to its nature, and it is stored in areas specially prepared for the purpose until it can be delivered to an authorized manager.

Besides documenting each type of waste that is delivered to an authorized manager, the facilities submit an Annual Hazardous Waste Producer Statement to the Environment Board of the appropriate autonomous region. This statement specifies the amount of hazardous waste produced, its nature, the final destination and the name of the authorized manager.

In 2010, the CLH Group managed 3,454 tons of hazardous waste and 97 tons of non-hazardous waste, making a total of 3,551 tons of waste.

## 7.6. Climate change

The CLH Group assumes responsibility for and a commitment to making a continuous effort to reduce greenhouse gas emissions. The company's main greenhouse gas emissions refer to CO<sub>2</sub>, NO<sub>x</sub> and CH<sub>4</sub>, which are caused by the use of fossil fuels in the different internal combustion engines.

Each year, the use of the company's pipeline network for transporting fuel avoids 400,000 tons of CO<sub>2</sub> being released into the atmosphere, these emissions being the equivalent of such transport being carried out with the use of tank trucks.

A clear aim in the CLH Group's environmental management is to improve energy efficiency in the transportation activities it carries out using pipelines. The CLH Group adds the latest additives for product transportation via pipeline, thereby reducing friction as far as possible. The effect of this is to increase the pipeline's transportation capacity, reduce the energy consumed in pumping the products, and as a result, the aim of reducing greenhouse gas emissions is tackled.



The CLH Group CO<sub>2</sub> emissions during 2010 totalled 34,443 tons, which is 11% more than in 2009. Fluctuations in CO<sub>2</sub> emissions are essentially due to variations in annual product deliveries and the different types of operation according to refinery and import delivery plans.

On the other hand, 2010 saw a continuation of the investment process for adapting the logistics and operational network of the company for the storage and distribution of biofuels (bioethanol) in accordance with the aims provided for Renewable Energies.

The CLH Group has started up an Energy Savings and Efficiency Plan to reduce the use of natural resources and to continue developing the use of more environmentally friendly technologies and processes.

This plan, which started being applied in 2009 and is expected to continue in force until 2013, aims to bring down the company's electricity consumption by 13% and avoid 21,700 tons of CO<sub>2</sub> emissions being released into the atmosphere.

One of the most important projects planned is the construction of a new supply system to meet the needs of Madrid-Barajas airport from the storage facility in Torrejón de Ardoz (Madrid). This building work will make it possible to eliminate the storage tanks at the airport and shorten the route currently taken by the fuel until it reaches Barajas.

Similarly, work has started on putting new higher performance motors and pumps into the pipeline pumping stations and in the loading area pumping systems. The company is also installing frequency changers in the tank truck loading area supply systems. These devices make it possible to adjust the power of the pumps to product flow requirements, instead of pumping at a fixed rate, which will mean a saving in the energy consumption of these pieces of equipment.

Besides this, the automatic operations control system (remotely controlled pipeline valve actuators) has been optimized by installing a more efficient version, thereby achieving greater reliability in fuel reception operations by pipeline in addition to energy savings.

Other measures provided for in the Energy Savings and Efficiency Plan refer to the improvement of lighting efficiency in the storage plants. Here, the luminaires currently in use will be replaced with low-consumption elements.

Work has also started on installing new systems for regulating voltage in the exterior lighting systems of the company's facilities, this being expected to bring savings in the electricity consumed by those lighting systems and an improvement in any possible light pollution caused by the present systems.



The CLH Group has carried out an analysis for identifying the risks and opportunities arising out of climate change, and has drawn the following conclusions:

### 7.6.1. Risks

- Restrictions on the use of petroleum-based fuels are likely to bring with them an increase in the use of biofuels, and so the CLH Group must invest heavily in adapting its facilities to these new products.

- The significant increase in temperature could give rise to a decrease in the consumption of heating oil with the resulting reduction in activity.
- The gradual inclusion of other energies for transport, such as hydrogen, natural gas, batteries and solar energy may give rise to reduced consumption of oil products.

### 7.6.2. Opportunities

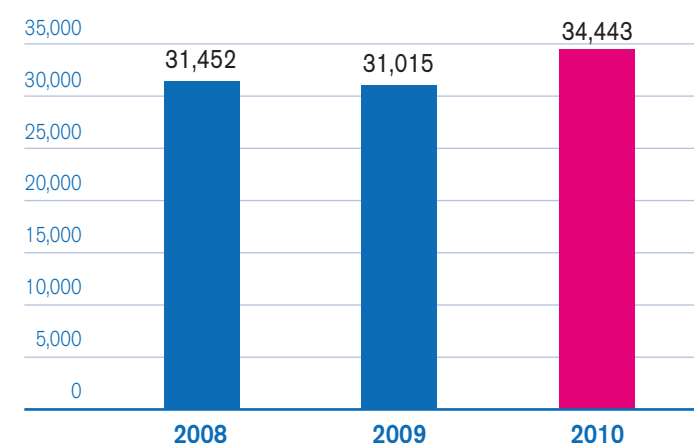
- The use of biofuels is generating a demand for facilities in which to store them. This may mean a business opportunity for CLH.
- The creation of new biofuel blending services makes the offer of services provided by CLH an attractive one, thereby encouraging agreement between biodiesel producers and oil operators.

## 7.7. Dumping management

Any dumping generated by the CLH Group is very limited, since no production process generating this is carried out. The main cause of dumping is the rainwater that collects in the different drainage systems in the facilities depending on zonal sensitivity.

The water networks in the facilities are suitably segregated (sewage water, rainwater and water that is likely to contain traces of hydrocarbons). The facilities have a dissolved hydrocarbons continuous measurement control system that redirects the analysed water back again to the treatment system if it fails to comply with the specified criteria. Besides this, the closed circuit purge systems that have been installed considerably minimize the pollutant load that is sent to the treatment systems.

CLH Group CO<sub>2</sub> emissions  
(Tons)







This means that the CLH Group is able to ensure that waste water is suitably treated so as to comply at all times with the parameters stated in each facility's dumping permit.

Most of the waste water that comes from the CLH Group facilities goes to the sewers in municipal drainage networks. The administration in question carries out joint studies with CLH on feasibility and the consequences that dumping from such facilities might have. When these studies reveal that there are no risks or that the water is acceptable for the ecosystems in the area, the administration grants CLH the appropriate dumping permits, specifying a series of conditions and analyses to be performed. CLH takes samples and carries out the corresponding analyses in accordance with the dumping permit that has been obtained.

## 7.8. Protection of soils and underground water

The protection of soils and underground water at the CLH Group facilities is one of the top corporate priorities.

The CLH Group also carries out an exhaustive control of any product spill and is ready for taking immediate clean-up action if there has been any infiltration of the subsoil.

On the other hand, since 2003 the company has been developing a research plan designed to provide detailed information about the environmental situation of the land occupied by each of its facilities

Besides this, the plan has resulted in the CLH Group carrying out environmental recovery projects, whenever necessary, on land where it has carried out activities or that may have been affected by spills:

- Somorrostro: Currently in the process of landscape recovery of the land according to the project approved by the Coasts Department.
- Santurce: Currently under way, under the supervision of the Basque Country's Environmental Authority.
- Mahón. Work is expected to start during 2011.
- Burgos. Work is expected to start during 2011.



## Soil contamination prevention systems

1. Tank-filling control systems to prevent accidental overfill.
2. Regular checks on the tightness of underground tanks and ground-level tank bottoms in order to guard against and detect possible leaks in plenty of time.
3. Waterproofing of areas where accidental spills are likely to occur (inside spill walls and pump rooms).
4. Computer system for control of pipeline leaks.
5. High density polythene sheeting is installed on the base and beneath the bottom of all newly built ground-level tanks. In that way, the soil is made impervious to possible breakages and possible leaks can be detected immediately, this forming a modern, efficient system for detecting leaks in tank bottoms.
6. All underground tanks that are installed have double walls.
7. There is a network of piezometers for controlling and monitoring underground water at all storage facilities.



## 7.9. Management of biodiversity

The CLH Group carries out environmental impact studies in all its projects and construction work, assessing various layout routes and alternatives so that all building work has the least possible environmental repercussions.

During 2010, the Statements of Environmental Impact for the following projects were published:

- Expansion of capacity in the Almódovar storage facility and the Torrejón de Ardoz-Barajas Airport pipeline.
- Besides this, the following Environmental Impact Studies are being processed:  
Expansion of the Rivabellosa storage facility.
- New facility at the port of Bilbao.

During 2010, the CLH Group continued with implementation of the “1,000 Trees Campaign” project, which has been carried out at the company’s facilities. The project provides for the planting of native trees according to the location of each facility.

Each species was selected according to scientific criteria, taking into consideration the weather conditions in the surrounding area. Besides this, the project has included the creation of green ‘screens’ in Motril, León and

Ibiza in order to temper the visual impact of the facilities located there

The CLH Group commitment to the protection of biodiversity also makes itself evident through the dissemination of Spain’s biological wealth. For several years now it has been publishing a series of books that make it possible for the reader to get to know some of the special features of Spain’s landscapes.

Environmentally sensitive areas are defined in the chapter entitled “Plan for Identifying High Consequence Areas (HCA)” of the Pipeline Integrity Plan. The CLH Group uses specific risk analysis software for this in order to determine the affected area that is associated with possible spills. The types of HCA impact and the assessments to be performed are as follows:

- **Identification of direct impact areas:** segments of the pipeline that are physically located inside an HCA.
- **Identification of indirect impact areas:** a boundary analysis is carried out using information about the pipeline flow, valve closing times, spacing between valves and elevation profiles, in order to calculate the maximum spill volume that could be generated.

The variable volume (dispersion distance) is used to identify the proximity of an HCA along the length of the pipeline. Proximity is based on the maximum volume that can potentially be spilled at a given point as a result of an accident. All pipeline segments that are included in an HCA have an area of direct impact and another of indirect impact according to the stipulations of the boundary analysis, and the coordinates of these indirect impact points must therefore be taken into account and included in the databases.

- **Analysis of transport:** the pipeline segments are assessed in order to determine whether the contents of a breakage might possibly migrate towards an HCA. Specific considerations are made for the two existing transport mechanisms, by land or water. The three specific analyses of transport include: analysis of the terrain, direct hydrographic basin analysis and indirect hydrographical basin analysis.

### 7.10. Impacts deriving from product transportation

At the present time, the CLH facilities are mainly supplied through the oil pipeline network, which is the safest and most environmentally-friendly means of transport, which has made it possible for CO<sub>2</sub> emissions to be reduced considerably since the use of other alternative means of transport is minimized.

The CLH Group adheres to the policy of reporting all spills. When an accidental spill occurs, the company immediately activates the measures necessary for reducing the effects it might have on the environment, studying the type of terrain and its characteristics and establishing the most suitable system for clean-up and recovery, so that it can be returned to its original state in the shortest possible time.

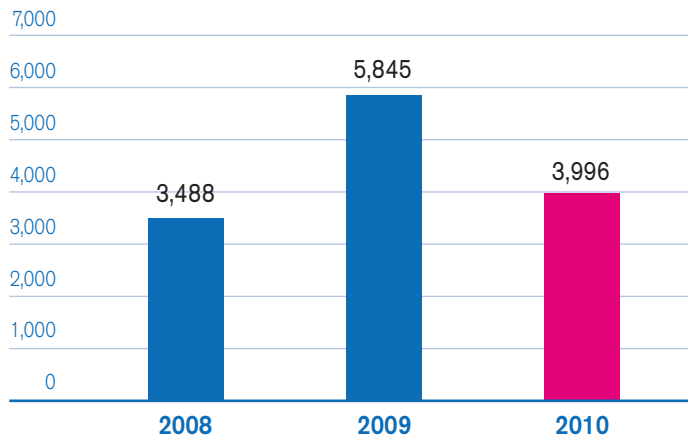
CO<sub>2</sub> emissions caused by CLH Group road transport operations in 2010 amounted to 3,996 tons, representing a reduction of 32% compared with 2009.

This decrease is due to the decline in activity (refuelling units, movement of light equipment and movement of tank trucks).

	2008	2009	2010
Spills with environmental affection*	8	3	1

\*In 2010, the CLH Group modified the criteria for recording spills in accordance with practices in the sector, these being spills that affect the environment and involve over 0.2 tons of oil. Therefore, and to make comparability between the last three years possible, the data for spills that occurred in 2008 and 2009 have been recalculated according to these new criteria.

CLH Group CO<sub>2</sub> emissions in road transport (tons)





## Practical case

### Research and development of microbiological procedures for soil decontamination

*CLH is developing guidelines, microbiological tools and biotechnological products that have been tested and can be used in its forthcoming clean-up works, allowing the recovery of its sites that have affected by hydrocarbon pollution.*

This project will last over a period of two years in order to develop bioremediation and bioaugmentation processes for soil decontamination on a larger scale than in a laboratory.

An experimental plant is being built at the Tarragona Storage Facility for this purpose, and different types of soils and contaminants will be treated there using different methodologies.

The results obtained will provide the Company with a new, more environmentally friendly clean-up methodology for assessing and reusing the treated materials, that is in line with European Waste Management Directives.



# External verification report



KPMG Asesores S.L.  
Edificio Torre Europa  
Paseo de la Castellana, 95  
28046 Madrid

**Independent Assurance Report to the Management of  
Compañía Logística de Hidrocarburos CLH, S.A.**

(Free translation from the original in Spanish.  
In case of discrepancy, the Spanish language version prevails.)

We performed a limited assurance review on the non-financial information contained in Compañía Logística de Hidrocarburos CLH, S.A. (hereinafter CLH) Corporate Social Responsibility Report 2010 for the year ended 31 December 2010 (hereinafter “the Report”).

CLH management is responsible for the preparation and presentation of the Report in accordance with the Sustainability Reporting Guidelines version 3.0 (G3) of the Global Reporting Initiative as described in the section entitled How the report was prepared. This section details the self-declared application level, which has been confirmed by Global Reporting Initiative. Management is also responsible for the information and assertions contained within the Report; for determining its objectives in respect of the selection and presentation of sustainable development performance; and for establishing and maintaining appropriate performance management and internal control systems from which the reported performance information is derived.

Our responsibility is to carry out a limited assurance engagement and to issue an independent report based on the work performed, which refers exclusively to the information corresponding to the year 2010. We conducted our engagement in accordance with International Standard on Assurance Engagements (ISAE) 3000, “Assurance Engagements other than Audits or Reviews of Historical Financial Information”, issued by the International Auditing and Assurance Standards Board and also in accordance with the guidance set out by the Accountants Institute of Spain (Instituto de Censores Jurados de Cuentas de España). These standards require that we plan and perform the engagement to obtain limited assurance about whether the Report is free from material misstatement and that we comply with the independence requirements included in the International Federation of Accountants Code of Ethics which outlines detailed requirements regarding integrity, objectivity, confidentiality and professional qualifications and conduct.

A limited assurance engagement on a sustainability report consists of making inquiries to Management, primarily to the persons responsible for the preparation of information presented in the Report, and applying analytical and other evidence gathering procedures, as appropriate through the following procedures:

- Interviews with relevant CLH staff concerning the application of sustainability strategy and policies.
- Interviews with relevant CLH staff responsible for providing the information contained in the Report.
- Visit to Málaga Storage Facility, Málaga Airport Facility and Gijón Storage Facility selected based on a risk analysis considering quantitative and qualitative criteria.
- Analysing the processes of compiling and internal control over quantitative data reflected in the Report, regarding the reliability of the information, by using analytical procedures and review testing based on sampling.
- Reading the information presented in the Report to determine whether it is in line with our overall knowledge of, and experience with, the sustainability performance of CLH.

KPMG Asesores S.L., a limited liability Spanish company,  
is a subsidiary of KPMG Europe LLP and a member firm of  
the KPMG network of independent member firms affiliated  
with KPMG International Cooperative (“KPMG International”),  
a Swiss entity.

Reg. Mer Madrid, T. 14.972, F. 53,  
Sec. 8. H. M. 249.480, Inscrp. 1.<sup>a</sup>  
N.I.F. B-82498650

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- Verifying that the financial information reflected in the Report was taken from the annual accounts of CLH, which were audited by independent third parties.

The extent of evidence gathering procedures performed in a limited assurance engagement is less than that for a reasonable assurance engagement, and therefore also the level of assurance provided. Also, this report should not be considered an audit report.

Our multidisciplinary team included specialists in social, environmental and economic business performance.

Based on the procedures performed, as described above, nothing has come to our attention that causes us to believe that the data included in the Corporate Social Responsibility Report 2010 of Compañía Logística de Hidrocarburos CLH, S.A. for the year ended 31 December 2010 have not been reliably obtained, that the information has not been fairly presented, or that significant discrepancies or omissions exist, nor that the Report is not prepared, in all material respects, in accordance with the Sustainability Reporting Guidelines (G3) of the Global Reporting Initiative as described in the How the report was prepared section of the Report.

Under separate cover, we will provide CLH management with an internal report outlining our complete findings and areas for improvement.

KPMG Asesores, S.L.

(Signed)

José Luis Blasco Vázquez

4 May 2011

# GRI contents index



# GRI contents index

## Standard disclosures Part I: Profile Disclosures

Profile disclosure	Description	Reported	Cross-reference/ Direct answer	If applicable, indicate the part not reported	Reason for omission	Explanation
<b>1. Strategy and Analysis</b>						
1,1	Statement from the most senior decision-maker of the organization.	Fully	5-6			
1,2	Description of key impacts, risks, and opportunities.	Fully	5-6, 22-23, 28-35, 37-38, 43-47, 70-72. Graphics on pages 18, 24, 36, 50, 64, 70			
<b>2. Organizational Profile</b>						
2,1	Name of the organization.	Fully	1			
2,2	Primary brands, products, and/or services.	Fully	16-17, 37-38			
2,3	Operational structure of the organization, including main divisions, operating companies, subsidiaries, and joint ventures.	Fully	15			
2,4	Location of organization's headquarters.	Fully	1			
2,5	Number of countries where the organization operates, and names of countries with either major operations or that are specifically relevant to the sustainability issues covered in the report.	Fully	The CLH Group carries out its activities exclusively in Spain.			
2,6	Nature of ownership and legal form.	Fully	15-17			
2,7	Markets served (including geographic breakdown, sectors served, and types of customers/beneficiaries).	Fully	15-17			
2,8	Scale of the reporting organization.	Fully	7			



Profile isclosure	Description	Reported	Cross-reference/ Direct answer	If applicable, indicate the part not reported	Reason for omission	Explanation
2,9	Significant changes during the reporting period regarding size, structure, or ownership.	Fully	8-12, 15			
2,10	Awards received in the reporting period.	Fully	8-12,15			
<b>3. Report Parameters</b>						
3,1	Reporting period (e.g., fiscal/calendar year) for information provided.	Fully	108-113			
3,2	Date of most recent previous report (if any).	Fully	5, 6, 108-113			
3,3	Reporting cycle (annual, biennial, etc.)	Fully	108-113			
3,4	Contact point for questions regarding the report or its contents.	Fully	1			
3,5	Process for defining report content.	Fully	108-113			
3,6	Boundary of the report (e.g., countries, divisions, subsidiaries, leased facilities, joint ventures, suppliers). See GRI Boundary Protocol for further guidance.	Fully	108-113			
3,7	State any specific limitations on the scope or boundary of the report (see completeness principle for explanation of scope).	Fully	108-113			
3,8	Basis for reporting on joint ventures, subsidiaries, leased facilities, outsourced operations, and other entities that can significantly affect comparability from period to period and/or between organizations.	Fully	108-113			
3,9	Data measurement techniques and the bases of calculations, including assumptions and techniques underlying estimations applied to the compilation of the Indicators and other information in the report. Explain any decisions not to apply, or to substantially diverge from, the GRI Indicator Protocols.	Fully	108-113			





Profile disclosure	Description	Reported	Cross-reference/ Direct answer	If applicable, indicate the part not reported	Reason for omission	Explanation
3,10	Explanation of the effect of any re-statements of information provided in earlier reports, and the reasons for such re-statement (e.g., mergers/ acquisitions, change of base years/periods, nature of business, measurement methods).	Fully	108-113			
3,11	Significant changes from previous reporting periods in the scope, boundary, or measurement methods applied in the report.	Fully	108-113			
3,12	Table identifying the location of the Standard Disclosures in the report.	Fully	86-107			
3,13	Policy and current practice with regard to seeking external assurance for the report.	Fully	84-85			
<b>4. Governance, Commitments, and Engagement</b>						
4,1	Governance structure of the organization, including committees under the highest governance body responsible for specific tasks, such as setting strategy or organizational oversight.	Fully	28-32			
4,2	Indicate whether the Chair of the highest governance body is also an executive officer.	Fully	93-95 Annual Corporate Governance Report CLH 2010			
4,3	For organizations that have a unitary board structure, state the number of members of the highest governance body that are independent and/or non-executive members.	Fully	80-82 Annual Corporate Governance Report CLH 2010			
4,4	Mechanisms for shareholders and employees to provide recommendations or direction to the highest governance body.	Fully	28-32, 59			
4,5	Linkage between compensation for members of the highest governance body, senior managers, and executives (including departure arrangements), and the organization's performance (including social and environmental performance).	Fully	119-123 Annual Corporate Governance Report CLH 2010			



Profile isclosure	Description	Reported	Cross-reference/ Direct answer	If applicable, indicate the part not reported	Reason for omission	Explanation
4,6	Processes in place for the highest governance body to ensure conflicts of interest are avoided.	Fully	Any conflicts of interest that may possibly arise in the highest governance body are regulated through the internal regulations for conduct on matters relating to the securities market and through the Board of Directors Regulations.			
4,7	Process for determining the qualifications and expertise of the members of the highest governance body for guiding the organization's strategy on economic, environmental, and social topics.	Fully	91-93, 105-106 Annual Corporate Governance Report CLH 2010			
4,8	Internally developed statements of mission or values, codes of conduct, and principles relevant to economic, environmental, and social performance and the status of their implementation.	Fully	13-14			
4,9	Procedures of the highest governance body for overseeing the organization's identification and management of economic, environmental, and social performance, including relevant risks and opportunities, and adherence or compliance with internationally agreed standards, codes of conduct, and principles.	Fully	24-26, 33-35, 70-72, 76-78			
4,10	Processes for evaluating the highest governance body's own performance, particularly with respect to economic, environmental, and social performance.	Fully	91-93 Annual Corporate Governance Report CLH 2010			
4,11	Explanation of whether and how the precautionary approach or principle is addressed by the organization.	Fully	108-113			
4,12	Externally developed economic, environmental, and social charters, principles, or other initiatives to which the organization subscribes or endorses.	Fully	25-26, 71-72			



Profile isclosure	Description	Reported	Cross-reference/ Direct answer	If applicable, indicate the part not reported	Reason for omission	Explanation
4,13	Memberships in associations (such as industry associations) and/or national/international advocacy organizations in which the organization: <ul style="list-style-type: none"> <li>• Has positions in governance bodies;</li> <li>• Participates in projects or committees;</li> <li>• Provides substantive funding beyond routine membership dues; or</li> <li>• Views membership as strategic.</li> </ul>	Fully	26-27			
4,14	List of stakeholder groups engaged by the organization.	Fully	25			
4,15	Basis for identification and selection of stakeholders with whom to engage.	Not			Does not exist	The CLH Group carried out a process of consultation with its stakeholders in the framework of the preparation of the report for the stated year. In 2011, the CLH Group is updating its CSR Outline Plan, and so it is hoped that an answer can be given to this indicator
4,16	Approaches to stakeholder engagement, including frequency of engagement by type and by stakeholder group.	Fully	25-27			
4,17	Key topics and concerns that have been raised through stakeholder engagement, and how the organization has responded to those key topics and concerns, including through its reporting.	Fully	26-27, 108-113			



## Standard Disclosures Part II: Disclosures on Management Approach (DMAs)

G3 DMA	Description	Reported	Cross-reference/ Direct answer	If applicable, indicate the part not reported	Reason for omission	Explanation	To be reported in
<b>DMA EC</b>	<b>Disclosure on Management Approach EC</b>	Fully	<b>19</b>				
Aspects	Economic performance	Fully	19-21				
	Market presence	Fully	16-17				
	Indirect economic impacts	Fully	21				
<b>DMA EN</b>	<b>Disclosure on Management Approach EN</b>	Fully	<b>71</b>				
Aspects	Materials	Not			Not material	CLH is a service company that engages in the storage, transportation and distribution of oil products. Its activity does not involve production processes and, as a result, does not involve raw materials or packaging.	
	Energy	Fully	73-73				
	Water	Fully	74				
	Biodiversity	Fully	81				
	Emissions, effluents and waste	Fully	75, 78-79, 82				
	Products and services	Fully	71-72				
	Compliance	Fully	71-72				
	Transport	Fully	82				
	Overall	Fully	71				



G3 DMA	Description	Reported	Cross-reference/ Direct answer	If applicable, indicate the part not reported	Reason for omission	Explanation	To be reported in
<b>DMA LA</b>	<b>Disclosure on Management Approach LA</b>	Fully	<b>50</b>				
Aspects	Employment	Fully	51-54				
	Labor/management relations	Fully	51-54				
	Occupational health and safety	Fully	60-63				
	Training and education	Fully	56-58				
	Diversity and equal opportunity	Fully	52, 54-55				
<b>DMA HR</b>	<b>Disclosure on Management Approach HR</b>	Fully	<b>23, 51</b>				
Aspects	Investment and procurement practices	Fully	22-23				
	Non-discrimination	Fully	51				
	Freedom of association and collective bargaining	Fully	59				
	Child labor	Fully	51				
	Forced and compulsory labor	Fully	51				
	Security practices	Fully	51				
	Indigenous rights	Fully	51				
<b>DMA SO</b>	<b>Disclosure on Management Approach SO</b>	Fully	<b>35, 65</b>				
Aspects	Community	Fully	65				
	Corruption	Fully	35				
	Public policy	Fully	32				
	Anti-competitive behavior	Fully	35				
	Compliance	Fully	35				
<b>DMA PR</b>	<b>Disclosure on Management Approach PR</b>	Fully	<b>49</b>				
Aspects	Customer health and safety	Fully	49				
	Product and service labelling	Fully	49				
	Marketing communications	Fully	49				
	Customer privacy	Fully	49				
	Compliance	Fully	49				



## Standard disclosures Part III: Performance Indicators

Performance Indicator	Description	Reported	Cross-reference/Direct answer	If applicable, indicate the part not reported	Reason for Omission	Explanation	To be reported in
Economic							
Economic performance							
EC1	Direct economic value generated and distributed, including revenues, operating costs, employee compensation, donations and other community investments, retained earnings, and payments to capital providers and governments.	Fully	19, 20				
EC2	Financial implications and other risks and opportunities for the organization's activities due to climate change.	Partially	76-78	Quantitative estimate of financial implications	Not available	This information was not available at the time of preparing the Report.	2013
EC3	Coverage of the organization's defined benefit plan obligations.	Partially	54	Estimated amount in pension payment obligations.	Not available	This information was not available at the time of preparing the Report.	2013
EC4	Significant financial assistance received from government.	Fully	The CLH Group did not receive any significant financial assistance from the Spanish government during 2010.				
Market presence							
EC5	Range of ratios of standard entry level wage compared to local minimum wage at significant locations of operation.	Fully	53				
EC6	Policy, practices, and proportion of spending on locally-based suppliers at significant locations of operation.	Fully	22-23				
EC7	Procedures for local hiring and proportion of senior management hired from the local community at significant locations of operation.	Fully	54				

Performance Indicator	Description	Reported	Cross-reference/Direct answer	If applicable, indicate the part not reported	Reason for Omission	Explanation	To be reported in
<b>Indirect economic impacts</b>							
EC8	Development and impact of infrastructure investments and services provided primarily for public benefit through commercial, in-kind, or pro bono engagement.	Fully	65-66				
EC9	Understanding and describing significant indirect economic impacts, including the extent of impacts.	Fully	21				
<b>Environmental</b>							
<b>Materials</b>							
EN1	Materials used by weight or volume.	Not			Not applicable	CLH is a service company that engages in the storage, transportation and distribution of oil products. Its activity does not involve production processes and, as a result, does not involve raw materials or packaging.	
EN2	Percentage of materials used that are recycled input materials.	Not			Not applicable	CLH is a service company that engages in the storage, transportation and distribution of oil products. Its activity does not involve production processes and, as a result, does not involve raw materials or packaging.	
<b>Energy</b>							
EN3	Direct energy consumption by primary energy source.	Fully	73 Direct energy consumption corresponds to consumption of fossil fuels in transportation and boiler heating activities.				



Performance Indicator	Description	Reported	Cross-reference/Direct answer	If applicable, indicate the part not reported	Reason for Omission	Explanation	To be reported in
EN4	Indirect energy consumption by primary source.	Fully	74 Electricity production sources correspond to the national energy mix.				
EN5	Energy saved due to conservation and efficiency improvements.	Not			Not available	CLH has developed initiatives for reducing energy consumption in its facilities but does not yet have a method that enables it to quantify the reductions achieved	2013
EN6	Initiatives to provide energy-efficient or renewable energy based products and services, and reductions in energy requirements as a result of these initiatives.	Partially	73-74	Reductions achieved.	Not available	CLH has developed initiatives for energy efficiency in its facilities but does not yet have a method that enables it to quantify the reductions achieved	2013
EN7	Initiatives to reduce indirect energy consumption and reductions achieved.	Partially	74	Reductions achieved.	Not available	CLH has developed initiatives for energy efficiency in its facilities but does not yet have a method that enables it to quantify the reductions achieved.	2013
<b>Water</b>							
EN8	Total water withdrawal by source.	Fully	74				
EN9	Water sources significantly affected by withdrawal of water.	Fully	74				
EN10	Percentage and total volume of water recycled and reused.	Fully	CLH does not use recycled water in its facilities				
<b>Biodiversity</b>							
EN11	Location and size of land owned, leased, managed in, or adjacent to, protected areas and areas of high biodiversity value outside protected areas.	Partially	79-81	Neither size nor location regarding protected areas nor characterization of the affected biodiversity.	Not available	This information is not available at the time of preparing the Report	2014



Performance Indicator	Description	Reported	Cross-reference/Direct answer	If applicable, indicate the part not reported	Reason for Omission	Explanation	To be reported in
EN12	Description of significant impacts of activities, products, and services on biodiversity in protected areas and areas of high biodiversity value outside protected areas.	Fully	79-81				
EN13	Habitats protected or restored.	Partially	80-81	Neither size of restored land nor collaborations with third parties	Not available		2012
EN14	Strategies, current actions, and future plans for managing impacts on biodiversity.	Fully	80-81				
EN15	Number of IUCN Red List species and national conservation list species with habitats in areas affected by operations, by level of extinction risk.	Not					
<b>Emissions, effluents and waste</b>							
EN16	Total direct and indirect greenhouse gas emissions by weight.	Fully	75				
EN17	Other relevant indirect greenhouse gas emissions by weight.	Not			Not available	This information is not available as at the date of preparing the Report.	2013
EN18	Initiatives to reduce greenhouse gas emissions and reductions achieved.	Partially	76-77	Reductions achieved.	Not available	CLH has developed initiatives for reducing greenhouse gas emissions but does not yet have a method that enables it to quantify the reductions achieved.	2014
EN19	Emissions of ozone-depleting substances by weight.	Not			Not available	This information is not available as at the date of preparing the Report.	2012
EN20	NOx, SOx, and other significant air emissions by type and weight.	Partially	75	COP, CAP	Not material	Significant emission parameters are reported given the activity of CLH.	
EN21	Total water discharge by quality and destination.	Fully	78-79				
EN22	Total weight of waste by type and disposal method.	Partially	76	Breakdown of the final destination of the waste generated.	Not applicable	The waste generated at CLH facilities is delivered to an authorized waste manager.	
EN23	Total number and volume of significant spills.	Fully	82				

Performance Indicator	Description	Reported	Cross-reference/Direct answer	If applicable, indicate the part not reported	Reason for Omission	Explanation	To be reported in
EN24	Weight of transported, imported, exported, or treated waste deemed hazardous under the terms of the Basel Convention Annex I, II, III, and VIII, and percentage of transported waste shipped internationally.	Fully	CLH does not transport hazardous waste, as all the waste generated at its facilities is delivered to an authorized waste manager.				
EN25	Identity, size, protected status, and biodiversity value of water bodies and related habitats significantly affected by the reporting organization's discharges of water and runoff.	Fully	CLH is a service company that engages in the storage, transportation and distribution of oil products. Its activity does not involve production processes and, as a result, it does not carry out significant discharges of water.				
<b>Products and services</b>							
EN26	Initiatives to mitigate environmental impacts of products and services, and extent of impact mitigation.	Partially	71, 75-76, 78-79	No impacts related to noise, use of materials, are reported.	Not material	Given the activity of CLH, the information not reported does not mean that it is not a significant impact	
EN27	Percentage of products sold and their packaging materials that are reclaimed by category.	Not			Not applicable	CLH is a service company that engages in the storage, transportation and distribution of oil products. Its activity does not involve production processes and, as a result, it does not use raw materials or packaging.	
<b>Compliance</b>							
EN28	Monetary value of significant fines and total number of non-monetary sanctions for non-compliance with environmental laws and regulations.	Fully	During 2010 neither fines nor significant sanctions have been produced.				





Performance Indicator	Description	Reported	Cross-reference/Direct answer	If applicable, indicate the part not reported	Reason for Omission	Explanation	To be reported in
<b>Transport</b>							
EN29	Significant environmental impacts of transporting products and other goods and materials used for the organization's operations, and transporting members of the workforce.	Partially	82	Information arising from transporting members of the workforce is not reported.	Not available	At the time of preparing the Report, no information was available on impacts arising from transporting members of the CLH workforce.	2013
<b>Overall</b>							
EN30	Total environmental protection expenditures and investments by type.	Fully	73				
<b>Social: Labor Practices and Decent Work</b>							
<b>Employment</b>							
LA1	Total workforce by employment type, employment contract, and region.	Fully	51, 53-54				
LA2	Total number and rate of employee turnover by age group, gender, and region.	Fully	51-53				
LA3	Benefits provided to full-time employees that are not provided to temporary or part-time employees, by major operations.	Fully	54				
<b>Labor/management relations</b>							
LA4	Percentage of employees covered by collective bargaining agreements.	Fully	59				



Performance Indicator	Description	Reported	Cross-reference/Direct answer	If applicable, indicate the part not reported	Reason for Omission	Explanation	To be reported in
LA5	Minimum notice period(s) regarding significant operational changes, including whether it is specified in collective agreements.	Fully	In accordance with articles 13, 16, 49, 50 and 74.4 of its collective bargaining agreement, CLH undertakes to inform the members of its workforce, or their representatives, of the implementation of any organizational changes that may affect them. The minimum notice periods vary according to the relevance of the measure adopted.				
<b>Occupational health and safety</b>							
LA6	Percentage of total workforce represented in formal joint management-worker health and safety committees that help monitor and advise on occupational health and safety programs.	Fully	63				
LA7	Rates of injury, occupational diseases, lost days, and absenteeism, and number of work-related fatalities by region.	Partially	61	Accident rates referring to contractors.	Not available	At the time of preparing the Report, insufficient information was available for answering this indicator for contractors.	2014
LA8	Education, training, counseling, prevention, and risk-control programs in place to assist workforce members, their families, or community members regarding serious diseases.	Fully	63				
LA9	Health and safety topics covered in formal agreements with trade unions.	Fully	63				
<b>Training and education</b>							
LA10	Average hours of training per year per employee by employee category.	Fully	56				



Performance Indicator	Description	Reported	Cross-reference/Direct answer	If applicable, indicate the part not reported	Reason for Omission	Explanation	To be reported in
LA11	Programs for skills management and lifelong learning that support the continued employability of employees and assist them in managing career endings.	Fully	56, 57				
LA12	Percentage of employees receiving regular performance and career development reviews.	Fully	57				
<b>Diversity and equal opportunity</b>							
LA13	Composition of governance bodies and breakdown of employees per category according to gender, age group, minority group membership, and other indicators of diversity.	Partially	52	Minorities and age group	Not available	This indicator is not available as at the date of preparing this Report as there are no formal procedures for obtaining this information	2014
LA14	Ratio of basic salary of men to women by employee category.	Not			Proprietary information		
<b>Social: Human Rights</b>							
<b>Diversity and equal opportunity</b>							
HR1	Percentage and total number of significant investment agreements that include human rights clauses or that have undergone human rights screening.	Not			Not available	The CLH Group has drawn up a Corporate Responsibility 2007-2011 Outline Plan that includes the courses of action designed to provide an answer to this indicator.	2012
HR2	Percentage of significant suppliers and contractors that have undergone screening on human rights and actions taken.	Fully	23				
HR3	Total hours of employee training on policies and procedures concerning aspects of human rights that are relevant to operations, including the percentage of employees trained.	Fully	There is no training module that takes these matters into consideration although their inclusion at a future date is not ruled out, since the CLH Group carries out its activities in Spain, a country where the risk of violation of human rights is not significant.				

Performance Indicator	Description	Reported	Cross-reference/Direct answer	If applicable, indicate the part not reported	Reason for Omission	Explanation	To be reported in
<b>Non-discrimination</b>							
HR4	Total number of incidents of discrimination and actions taken.	Fully	51				
<b>Freedom of association and collective bargaining</b>							
HR5	Operations identified in which the right to exercise freedom of association and collective bargaining may be at significant risk, and actions taken to support these rights.	Fully	59				
<b>Child labor</b>							
HR6	Operations identified as having significant risk for incidents of child labor, and measures taken to contribute to the elimination of child labor.	Not			Not applicable	The CLH Group carries out its activities in Spain, a country where the risk of child labor is not significant.	
<b>Forced and compulsory labor</b>							
HR7	Operations identified as having significant risk for incidents of forced or compulsory labor, and measures to contribute to the elimination of forced or compulsory labor.	Not			Not applicable	The CLH Group carries out its activities in Spain, a country where the risk of forced or compulsory labor is not significant.	
<b>Prácticas de seguridad</b>							
HR8	Percentage of security personnel trained in the organization's policies or procedures concerning aspects of human rights that are relevant to operations.	Not			Not applicable	CLH has no security personnel under contract in its workforce.	
<b>Derechos de los indígenas</b>							
HR9	Total number of incidents of violations involving rights of indigenous people and actions taken.	Not			Not applicable	The CLH Group carries out its activities in Spain, where properties owned by indigenous people do not exist.	



Performance Indicator	Description	Reported	Cross-reference/Direct answer	If applicable, indicate the part not reported	Reason for Omission	Explanation	To be reported in
<b>Social: Society</b>							
<b>Community</b>							
SO1	Nature, scope, and effectiveness of any programs and practices that assess and manage the impacts of operations on communities, including entering, operating, and exiting.	Fully	65-66, 69				
<b>Corruption</b>							
SO2	Percentage and total number of business units analyzed for risks related to corruption.	Fully	None. In 2010 CLH approved its Code of Conduct which is applicable to members of the company's administrative and management bodies, and to all employees in the companies that form the Group.				
SO3	Percentage of employees trained in organization's anti-corruption policies and procedures.	Fully	None. No training has been given regarding the CLH Code of Conduct, as it was only approved in 2010.				
SO4	Actions taken in response to incidents of corruption.	Fully	No incidents of corruption were recorded during 2010.				
<b>Public policy</b>							
SO5	Public policy positions and participation in public policy development and lobbying.	Fully	32				
SO6	Total value of financial and in-kind contributions to political parties, politicians, and related institutions by country.	Fully	The CLH Group has not made any financial or in-kind contributions to political parties or related institutions				





Performance Indicator	Description	Reported	Cross-reference/Direct answer	If applicable, indicate the part not reported	Reason for Omission	Explanation	To be reported in
<b>Anti-competitive behavior</b>							
SO7	Total number of legal actions for anti-competitive behavior, anti-trust, and monopoly practices and their outcomes.	Fully	In 2010, the CLH Group has not been involved in any lawsuit for causes related to monopoly practices and anti-competitive behavior.				
<b>Compliance</b>							
SO8	Monetary value of significant fines and total number of non-monetary sanctions for non-compliance with laws and regulations.	Fully	35				
<b>Social: Product Responsibility</b>							
<b>Customer health and safety</b>							
PR1	Life cycle stages in which health and safety impacts of products and services are assessed for improvement, and percentage of significant products and services categories subject to such procedures.	Fully	41-47				
PR2	Total number of incidents of non-compliance with regulations and voluntary codes concerning health and safety impacts of products and services during their life cycle, by type of outcomes.	Fully	48				
<b>Product and service labelling</b>							
PR3	Type of product and service information required by procedures, and percentage of significant products and services subject to such information requirements.	Fully	46				
PR4	Total number of incidents of non-compliance with regulations and voluntary codes concerning product and service information and labeling, by type of outcomes.	Fully	49				
PR5	Practices related to customer satisfaction, including results of surveys measuring customer satisfaction.	Fully	46-47				



Performance Indicator	Description	Reported	Cross-reference/Direct answer	If applicable, indicate the part not reported	Reason for Omission	Explanation	To be reported in
<b>Marketing communications</b>							
PR6	Programs for adherence to laws, standards, and voluntary codes related to marketing communications, including advertising, promotion, and sponsorship.	Fully	49				
PR7	Total number of incidents of non-compliance with regulations and voluntary codes concerning marketing communications, including advertising, promotion, and sponsorship by type of outcomes.	Fully	49				
<b>Customer privacy</b>							
PR8	Total number of substantiated complaints regarding breaches of customer privacy and losses of customer data.	Fully	49				
<b>Compliance</b>							
PR9	Monetary value of significant fines for non-compliance with laws and regulations concerning the provision and use of products and services.	Fully		During 2010 neither fines nor significant sanctions have been produced.			

How the report  
was prepared

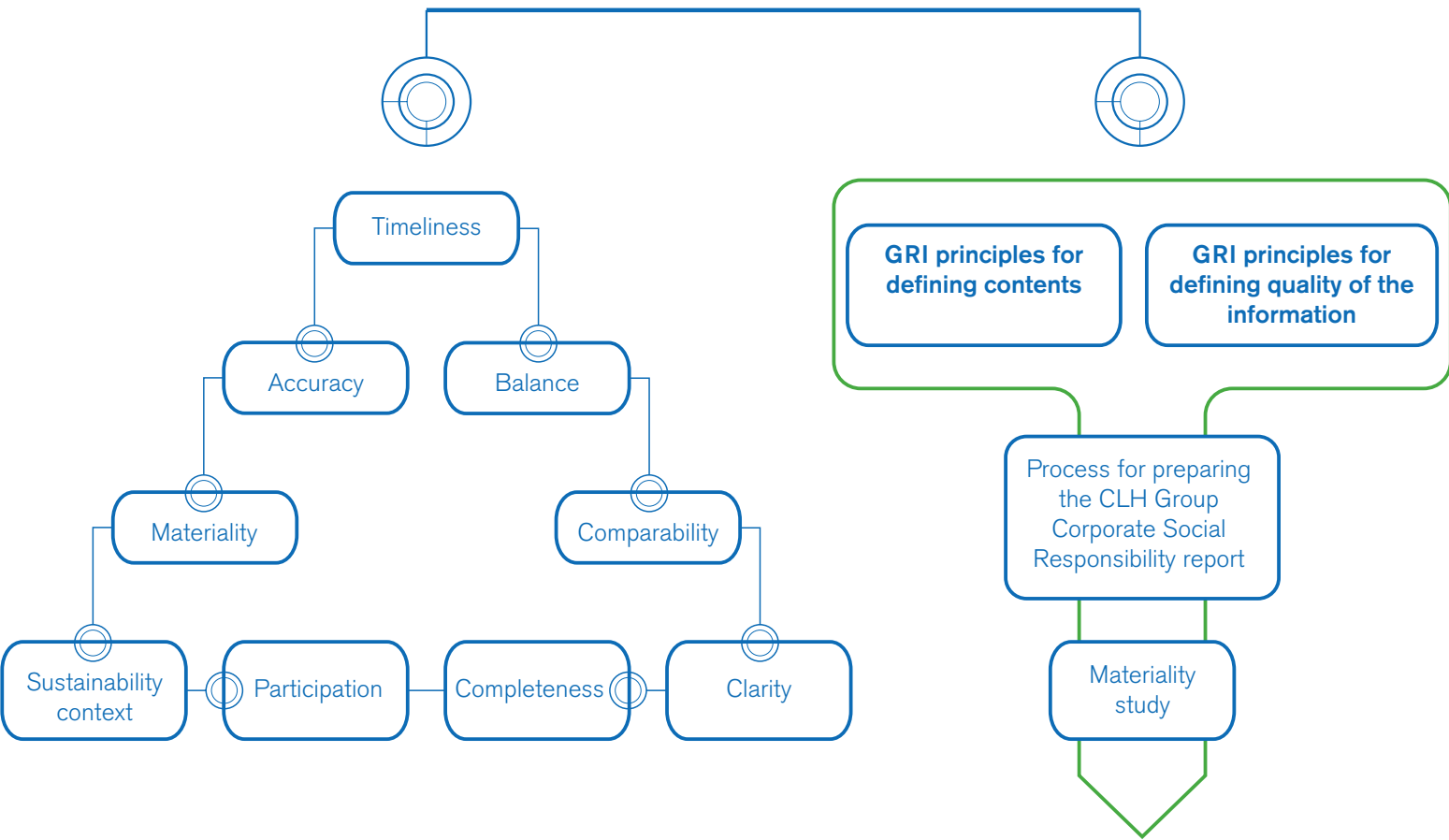
# How the report was prepared

The fourth CLH Group Corporate Responsibility Report was coordinated by the Communication and Institutional Relations Management, and the main areas of the company took part in its preparation.

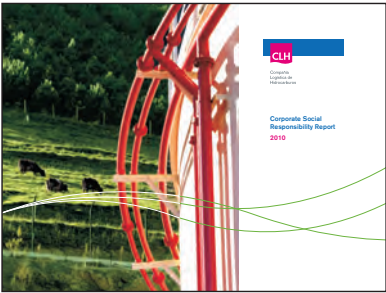
This report was prepared in accordance with the Global Reporting Initiative (GRI) G3 Guidelines, giving details of the profile of the organization, the management approach in each chapter and the performance indicators that are considered relevant, applying the criterion of materiality to the special features of the CLH Group.

The CLH Group and GRI have given this Corporate Responsibility Report an A+ rating. In addition, the company decided to obtain, through the consultancy firm KPMG, an external verification of this self declaration on the application of the standard and to submit it to review by the GRI.

The principles applicable to the preparation of this Report were:



	C	C+	B	B+	A	A+
Self declaration	●				→	✓
External verification	●				→	✓
GRI Review	●				→	✓





## Principle of materiality

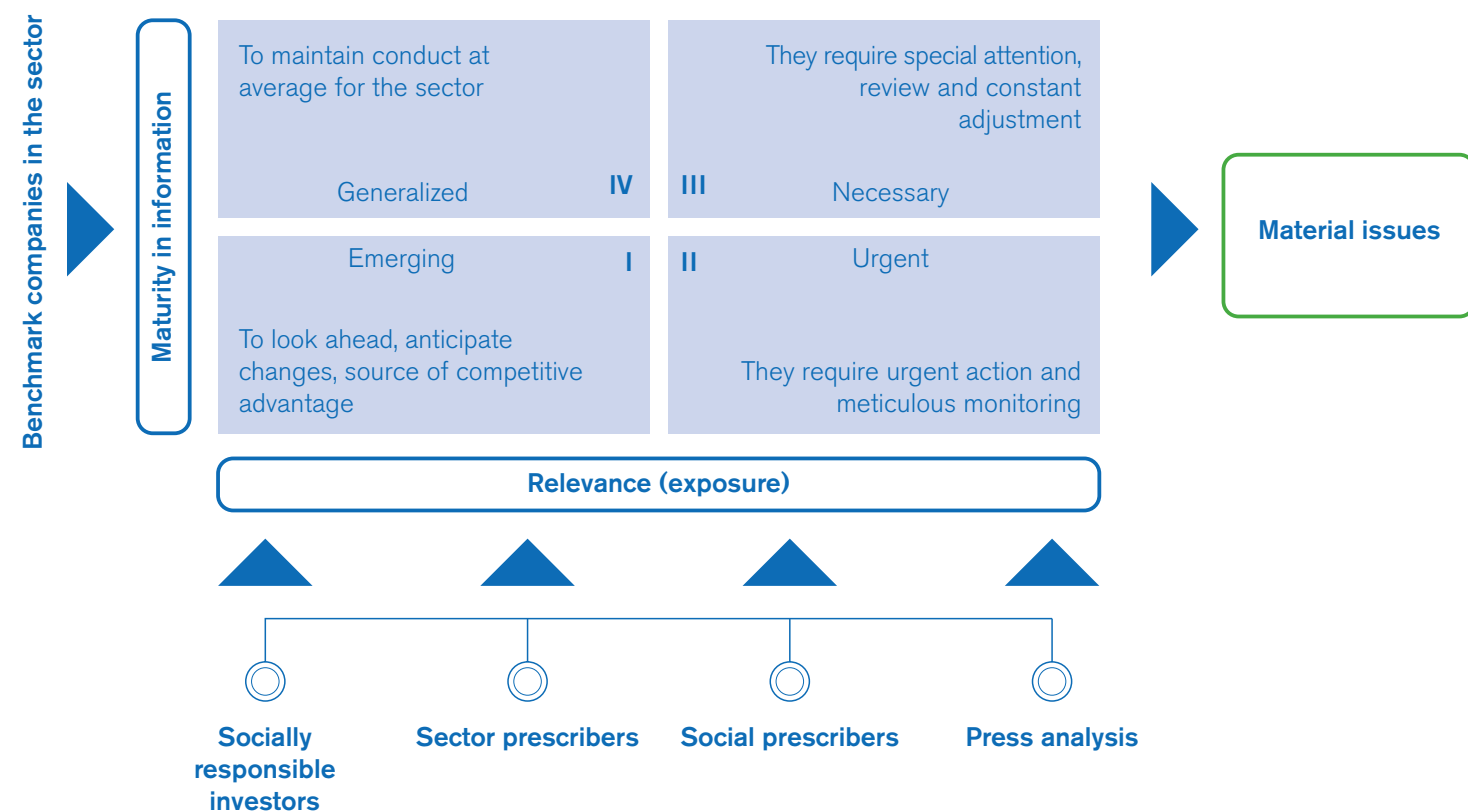
*“Information is considered material if its omission or distortion in a Report can influence the decisions or actions of the interest groups of the reporting organization. Materiality refers to the importance or relevance that the various aspects related to sustainability have for the business”*

In 2008 the CLH Group carried out a materiality study in order to identify relevant issues in the sphere of Corporate Responsibility. This was done by categorizing them according to their age and risk. The following aspects in particular were analysed:

- The importance that institutional investors attribute to aspects related to Corporate Responsibility.
- The age of the issues, determined by the attention paid by companies in the sector in which the CLH Group operates. This was done by comparing the Corporate Responsibility reports of several companies in the sector that were representative for reasons of their size and presence in sustainability indexes.

- The attention paid to the various aspects of Corporate Responsibility by sector associations that are considered significant.
- The Corporate Responsibility issues in the energy sector that are most valued by the media and social organizations.

### Analysis of materiality







The following relevant issues were identified as a result of this study:

### CLH Grouping of material issues

#### Management of intangibles

CSR management

Brand management

#### Corporate Governance, ethics and relations with governments

Relations with Governments/ Public policy/ Lobbying

Ethics and integrity

Corporate governance

Risk management

#### Value generation

Financial matters

Shareholders

Suppliers

#### Quality and service to customers

Innovation

Management of customer relations

Operations/ Transport and logistics

#### Management of our impact on the environment and our emissions

Environmental management system

Other emissions

Climate change

Use of resources / Efficiency

#### Safety and impact on biodiversity

Safety/ Transport and logistics

Waste/leaks/spills

Biodiversity/ Land occupation

#### Caring for people

Attracting and retaining talent

Developing Human Capital

Labour practices

Health and safety

#### Relations with the community

Impacts on communities

Relations with interest groups



## Sustainability context

*“The reporting organization should present its performance in the broadest context of sustainability.”*

This report includes the performance of the CLH Group in the economic, social and environmental spheres. Among its aims, the company has assumed the commitment to generate value responsibly with the environment and society, and therefore this document includes the main challenges that affect the company in relation to sustainable development.

## Principle of completeness

*“Coverage of material indicators and aspects and the definition of coverage of the report must be sufficient for reflecting significant social, economic and environmental impact and for enabling the interest groups to assess the performance of the reporting organization during the period covered by the report.”*

The coverage and scope of the information included in this report have been clearly defined, priority has been given to the facts that are considered relevant, and all significant events occurring during 2010 have been included, without omitting any information that

is useful for the company's interest groups. As for coverage, the relevant information regarding CLH and its subsidiary CLH Aviación is included.

## Principle of comparability

*“All aspects and information should be selected, compiled and disclosed in a consistent manner so that the interest groups are able to analyse the changes experienced by the organization over time and also with respect to other organizations.”*

The information has been included in a way that allows the interest groups to interpret the changes experienced by the organization over time. The evolution of data in respect of the previous year has been included for most of the indicators.



## Principle of balance

*“The report should reflect both positive and negative aspects of the organization’s performance in order to permit a reasonable assessment of its general performance.”*

In order to enable the interest groups to make a reasonable assessment, both positive and negative aspects are included, while at the same time presenting an unbiased picture of each of the issues included in the document.

## Principle of accuracy and clarity

*“The information contained in the report should be accurate and sufficiently detailed in order to enable the different interest groups to assess the performance of the reporting organization.”*

*“The information should be stated in a comprehensible and accessible way for the interest groups who are to use the report.”*

Tables, charts and diagrams that help to understand the information contained in the Report have been included. Similarly, an attempt has been made to refrain from using technical terms that may prove unfamiliar to its interest groups.

## Principle of timeliness

*“The information shall be presented on time and following a periodic calendar so that the interest groups may adopt decisions with the correct information.”*

The CLH Group adheres to a formal commitment to report annually to its interest groups on the company’s economic, social and environmental performance.

## Principle of reliability

*“The information and procedures followed in preparing the Report must be gathered, recorded, compiled, analysed and presented so they may be subjected to examination and the quality and materiality of the information established.”*

**The reliability of the data included in this Report has been reviewed by KPMG.**

# Glossary of terms



**AA1000:** International standard whose aim is to guarantee quality in the assessment and dissemination of social and ethical aspects of business management as well as accountability (<http://www.accountability21.net/>).

**Additive:** A substance that modifies the physical or chemical characteristics of the product to which it is added.

**ADR:** European Agreement concerning the International Carriage of Dangerous Goods by Road.

**Airport facility:** A plant where aviation fuel is stored and from which its distribution to the aircraft operating at that airport is carried out.

**Aquifer:** A geological formation in which underground water is stored and circulates by using the porosity and configuration of the rock containing it.

**BDO (Biological Demand for Oxygen):** Quantity of dissolved oxygen necessary for microbial oxidation of biodegradable matter in an aquatic atmosphere. It is used to measure the concentration of biodegradable organic matter present in a sample of water.

**Biodiesel:** Ester obtained through the reaction of an alcohol with the fatty acids resulting from the hydrolysis of triglycerides, vegetable oils or animal fats in the presence of a catalyst.

**Bioethanol:** Alcohol made by fermenting the sugar components of plant materials; it is made mostly from sugar and starch crops.

**Biofuel:** Fuel made from organic material or biomass. It includes primary energy sources such as wood, and also by-product fuels such as methanol, ethanol and biogas which come from primary elements after undergoing biological conversion processes, that is, anaerobic fermentation or digestion.

**Bunker:** A variable proportion blend of diesel and fuel oil used as fuel in marine diesel engines.

**CDO (Chemical Demand for Oxygen):** Quantity of oxygen equivalent to that of the potassium bichromate consumed in the oxidation of organic matter, either dissolved or in suspension, contained in a sample of water. It is used to measure the total concentration of organic matter present in a sample of water.

**Central Dispatching:** Centralized control post in CLH from which the company controls many of its product transport and storage operations.

**CO:** Carbon monoxide.

**CO<sub>2</sub>:** Carbon dioxide.

**Dispenser:** Mobile unit designed especially for supplying fuel to aircraft at the airports where there are hydrant networks.

**Double-hulled vessel:** A tanker in which the bottom and sides of the cargo tanks are separated from the bottom and sides of the hull by spaces varying between 1 and 3 metres wide or deep. These spaces remain empty when the tanker carries cargo, but fill up with sea water on ballast voyages.

### European Foundation for Quality

**Management (EFQM):** An international foundation based in Belgium that works towards increasing the efficiency and efficacy of European organizations through strengthening and improving quality. At the present time, its membership includes over 600 organizations, from multinationals and important national companies to universities and research institutions.





**Gigajoule:**  $10^9$  joules. The joule is a unit of energy in the International System of Units (IS). Its symbol is J and it is equivalent to the product of one newton per metre.

**Global Reporting Initiative (GRI):** An international initiative aiming to provide a standard methodology for drawing up sustainability reports (<http://www.globalreporting.org/Home>).

**Greenhouse gases:** These are mainly  $\text{CO}_2$ ,  $\text{N}_2\text{O}$  and methane. When present in the atmosphere in increased concentrations, this raises the temperature of the earth's surface because the escape of the infrared radiation emitted by this surface is hindered.

**Hydrant:** Fuel distribution network situated beneath the aircraft parking area at airports.

**Hydrocarbon:** Organic compound formed by carbon and hydrogen atoms that comprises the main component of petroleum.

**ISO:** International Organization for Standardization.

**ISO 9001:** Certification standard for quality management.

**ISO 14001:** Certification standard for environmental management.

**Leachate:** Liquid produced when water passes through (infiltrates) any permeable material. It may contain both suspended and dissolved material, generally both.

**MARPOL (Marine Pollution):** Name of the 1973 International Convention for the Prevention of Pollution from Ships, modified by the Protocol of 1978. It is an international treaty signed by most countries that are related to the sea, Spain among them, and its rules are applied to oil-carrying operations carried out at sea.

**NOx:** Nitrogen oxides.

**(Oil) pipeline:** A pipe for transporting oil or oil by-products.

**Refuelling Unit:** A tank truck designed especially for transporting and supplying fuel to aircraft at airports.

**SO<sub>2</sub>:** Sulphur dioxide.

**SOx:** Sulphur oxides.

**Storage facility:** A plant where oil products are stored in tanks designed for this purpose and where tank trucks collect oil products for distribution to end customers.

**Thermal desorption:** Process for treating waste products and soils that uses a heat process for reducing the presence of certain contaminants.

**Tracer:** A substance with some kind of special feature (colouring matter, for example) that makes it easy to detect and which, when added to another, allows the latter to be identified and monitored.

**United Nations World Compact:** An initiative that began in 1999 with the aim of making commitments of an environmental, labour and anti-corruption nature and the protection of human rights widespread in the private business field.

**Volatile Organic Compounds (VOCs):** Each of the chemical compounds (alcohols and light ethers, benzene) that are present in gasolines and which evaporate on coming into contact with the air.

CLH

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### Statement GRI Application Level Check

GRI hereby states that **Compañía Logística de Hidrocarburos CLH S.A.** has presented its report "Corporate Social Responsibility Report 2010" to GRI's Report Services which have concluded that the report fulfills the requirements of Application Level A+.

GRI Application Levels communicate the extent to which the content of the G3 Guidelines has been used in the submitted sustainability reporting. The Check confirms that the required set and number of disclosures for that Application Level have been addressed in the reporting and that the GRI Content Index demonstrates a valid representation of the required disclosures, as described in the GRI G3 Guidelines.

Application Levels do not provide an opinion on the sustainability performance of the reporter nor the quality of the information in the report.

18 April 2011, Amsterdam



Nelmar Arbex  
 Deputy Chief Executive  
 Global Reporting Initiative



The "+" has been added to this Application Level because **Compañía Logística de Hidrocarburos CLH S.A.** has submitted (part of) this report for external assurance. GRI accepts the reporter's own judgment for choosing its assuranceProvider and for deciding the scope of the assurance.

The Global Reporting Initiative (GRI) is a network-based organization that has pioneered the development of the world's most widely used sustainability reporting framework and is committed to its continuous improvement and application worldwide. The GRI Guidelines set out the principles and indicators that organizations can use to measure and report their economic, environmental, and social performance. www.globalreporting.org

Disclaimer: Where the relevant sustainability reporting includes external links, including to audio visual material, this statement only concerns material submitted to GRI at the time of the Check on 11 April 2011. GRI explicitly excludes the statement being applied to any later changes to such material.

