

ABENGOA



Corporate Social Responsibility Report 2006

Your Partner in Resources and Technical Solutions

ABENGOA

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For the third consecutive year, we present Abengoa's Corporate Social Responsibility Report in accordance with the criteria of the Global Reporting Initiative.

The rational use of natural resources and our concern for ensuring that future generations may be able to use them as we ourselves have done is Abengoa's roadmap for the future. Moreover, as far as Abengoa is concerned, what is known nowadays as sustainable development does not exclusively mean preservation of the environment. Abengoa goes beyond that vision and raises its commitment to the social and human side of things.

In Abengoa, we have come to understand that our traditional engineering activity is nothing more than a valuable tool by which we can build a more sustainable world. Utilizing solar energy, biomass, wastes, information technologies and engineering, Abengoa applies technological and innovative solutions for sustainable development and, in parallel, channels its most socially committed management through the Focus-Abengoa Foundation.

In Abengoa, we are convinced that the innovative company, within a context of change and global competition, is an efficient and essential instrument for enabling progress towards a sustainable development society. The constant generation of new development and innovative horizons is one of our main strategic pillars.

Abengoa's commitment to social and human progress while contributing to preservation of the environment is one of the essential pillars on which Corporate Social Responsibility is based. Through the Focus-Abengoa Foundation the company's social activity policies are brought into practice. This is done in a non-profit making manner with objectives being of general interest, focused on assistance, educational, cultural, scientific, research and technological development work.

This Report has been prepared in accordance with the 2002 GRI Guidelines. It represents a balanced and reasonable presentation of our organization's economic, environmental and social performance.

Through our web page (www.abengoa.com) we are open to any idea or opinion that might assist us in attaining these objectives.

Felipe and Javier Benjumea Llorente
Chairmen of Abengoa



With the sun... we produce
thermoelectric and photovoltaic
electric energy



With biomass... we produce ecologic
fuels and animal feed



With wastes... we produce new materials
by recycling, and we also treat and desalt
water to achieve a sustainable globe



With Information Technology... we
transform data into knowledge, providing
effective operational and business real-time
decision making for traffic, transport,
energy and environment



With engineering... we construct and
operate conventional and renewable
energy power plants, power transmission
systems and industrial infrastructures

Corporate Structure

Abengoa is a technological company that applies innovative solutions for sustainable development in the infrastructures, environment and energy sectors. It is present in more than 70 countries where it operates through its five Business Units: Solar, Bioenergy, Environmental Services, Information Technology, and Industrial Engineering and Construction.

Solar, whose holding company is Solucar Energía. Solucar's activity focuses on the design, promotion, closing of financing arrangements, construction and operation of electricity generating plants utilizing the sun as the primary energy source. In addition, the company conducts solar technology research and development activities to achieve constant reduction of costs for general enhancement of existing technologies. The company possesses the necessary know-how and technology for solar thermal power plants: central receiver, parabolic trough and parabolic dish collector systems, as well as for solar photovoltaic plants, with and without concentration.

Solucar is an international leader in solar energy-based electricity generating plants, with a construction and operation plan for more than 300 MW in Sanlúcar la Mayor (Seville, Spain) over the next few years.

Bioenergy, whose holding company is Abengoa Bioenergía, focuses on the production and development of biofuels for the transport sector, including bioethanol and biodiesel, utilizing biomass as the raw material (cereals, cellulosic biomass, oil-bearing seeds). The biofuels are utilized in ETBE production (gasoline additive), or are directly blended with gasoline and gas oil. Given that they are renewable energy sources, biofuels reduce CO₂ emissions, contributing to the security and diversification of energy supply, while reducing the dependency on fossil fuels used in the automotive sector and collaborating in the attainment of the Kyoto Protocol.

Environmental Services. Befesa Medio Ambiente focuses on providing environmental services for industry and the construction of environmental infrastructures. It develops aluminum waste recycling, zinc recycling, industrial waste management, and environmental engineering (desalination, water treatment and drives) activities.

Befesa, established in 1993, is listed on the Madrid, Bilbao Stock Exchanges, and closed 2006 with treasury stock in excess of 693 million euro.

Information Technology. Telvent is Abengoa's holding company in the Information Technology sector. It manages high value-add solutions in four industrial sectors (Energy, Traffic, Transport, and the Environment). Its technology enables companies to take real-time business decisions utilizing data control and acquisition systems, and leading-edge operational applications that provide the enterprise with secure and effective information.

Telvent is listed on the North America NASDAQ Stock Exchange since October 21, 2004. It closed 2006 with treasury stock of 397.4 million US dollars.

Industrial Engineering and Construction. Abeinsa is Abengoa's holding company in this field of activity: design engineering, construction and maintenance of electric, mechanical and instrumentation infrastructures for the energy, industry, transport and services sectors. Its activities also extend to the promotion, construction and operation of industrial plants and conventional (cogeneration and combined-cycle) and renewable energy (bioethanol, biomass, wind, solar and geothermal) power plants, and turnkey telecommunication networks and projects.

Main Activities of the Business Units

Solar

Abengoa is dedicated to the generation of electricity utilizing solar energy:

Solúcar is formed by the following companies:

- Solúcar Energía: in Spain, it promotes, constructs and operates electric energy production plants utilizing the sun as the primary energy source.
- Solúcar PV: its activity focuses on the promotion and construction of solar photovoltaic power plants, in Spain.
- Solúcar R&D: dedicated to the design, research and development of new technologies, both thermal and photovoltaic.
- Solúcar Inc: a recently established company, responsible for developing the solar business in the United States.
- Solúcar Solar: it concentrates the resources dedicated to the development of new businesses.

This recently created business unit is the result of more than 20 years of investing in solar energy research and development projects.

Abengoa currently occupies a privileged position in the solar energy exploitation sector as it has known how to compatibilize, during the course of its activity in this field, dedication to the two technologies that allow electricity generation utilizing solar energy: thermal and photovoltaic technologies. Therefore, it is vastly experienced in the different thermal exploitation techniques: central receiver, parabolic trough and parabolic dish collector systems. In all these technologies, thermal energy is transferred to a liquid by means of solar radiation optic concentration systems. It is also vastly experienced in the development of photovoltaic projects, with and without concentration, that directly convert solar radiation into electricity with the use of photovoltaic cells and modules.

It plans to construct, over the next eight years, a Solar Platform close to Sanlúcar la Mayor (Seville, Spain). The nominal rating of this complex of solar thermal and solar photovoltaic facilities will exceed 300 MW. Trust is thereby being put in the potential of solar energy for electricity production purposes, while also contributing to sustainable development and environmental protection and preservation of natural resources.

Bioenergy

Abengoa Bioenergy produces and markets bioethanol, a renewable substitute for gasoline, obtained from cereal, and used as biofuel. Its production reduces consumption of fossil fuels, and emissions of many tons of CO₂ to the atmosphere, because the CO₂ emitted by vehicles has been captured from the air by the cereal, through the process of photosynthesis and the plant's chlorophyll. Bioethanol production also allows manufacturing of other beneficial by-products, from an environmental point of view, such as distillery grain solubles, high-protein-content compounds used as animal feed. The use of bioethanol instead of gasoline offers the following advantages:

- Renewable fuel source of national origin.
- Reduced dependency on oil imports
- Cleaner fuel source.
- Low cost of fuel octane increment.
- Usable in almost all vehicles.
- Easy production and storage.
- Greenhouse gases emissions reduced by 40% to 80% in the use of biofuels instead of fossil fuels.
- Bioethanol is superior to all other types of fuel from an environmental point of view.

Other advantages include:

- Reduction of acid rain.
- Better quality of urban air.
- Less pollution of water.
- Less generation of waste.

On the other hand Abengoa Bioenergy has begun constructing a new biodiesel plant in Cádiz (Spain), that will use vegetable oils as raw material. Biodiesel is a renewable biofuel obtained from a chemical reaction of methanol (or bioethanol) and vegetable oils (rape, sunflower, soy, palm). It contains no sulfur, and compared to those of diesel derived from oil, it decreases the emissions of greenhouse effect gases (CO₂, among others), carbon dioxide (CO), PM particles, and other polluting substances.

Furthermore, biodiesel is suitable for use as fuel, totally or partially substituting gas oils, in diesel engines, without any conversions, adjustments or special regulations, in the vehicle's engine. It also increments the engine's lubricity and the point of ignition, reducing danger of explosions caused the gas' emissions.

Bioethanol and biodiesel are renewable and clean energy sources that contribute to reducing soil contamination due to their biodegradable and nontoxic nature. Their utilization reduces energy dependency on fossil fuels and contributes to the security of energy supply. Their production creates new opportunities of sustainable rural development within the framework of a more market-focused agricultural policy, given that it encourages the development of energy crops and the creation of agro-industries, which contribute to the maintaining of employment and income levels in the rural environment.

This Business Unit bases its growth on production increase through the construction of new facilities, its participation and presence in new projects and markets, and on continuous trust in technological innovation as a basis of its strategy, by making important financial and human resource investments in R&D&I projects, basically in areas related with the enhancement of process performances, bioethanol production from cellulosic biomass and biomass gasification, and the development of new bioethanol-based products (e-diesel, hydrogen).

Highlights Bioenergy	2004	2005	2006
Sales (M€)	335.2	392.7	476,2
Gross Cash Flow from Operating Activities. (M€)	39.3	43.8	49,9
Ethanol production (millions of liters)	618	689	785
Workforce	369	421	522

Abengoa currently operates 6 facilities that produce bioethanol from cereal grains in Europe and the United States, with an overall production capacity of 248 million gallons (944 million liters). In 2006, a new production facility became operational in Spain (50 Mgal.), that soon will include a production unit prototype based on cellulosic biomass (cereal straw). Abengoa's biofuels are currently marketed in Germany, Spain, France, Sweden and the US. The Business Unit's corporate headquarters is in Saint Louis, Missouri (USA). Abengoa is Europe's leading bioethanol producer and number five in the United States, and it is the only producer that operates in both markets.

The new biodiesel project allows Abengoa Bioenergy to get to be known in this biofuel market and, in addition, become a reference for the construction and operation of biodiesel facilities. This strengthens Abengoa's capacities in the bioethanol sector and consolidates its involvement in the development of a global transport biofuels market.

Environmental Services

Abengoa provides environmental services for industry and constructs environmental infrastructures throughout the following areas: Aluminum Waste Recycling, Zinc Waste Recycling, Industrial Waste Management, and Environmental Engineering.

- **Aluminum Waste Recycling.** Providing of diverse content aluminum waste collection and treatment services, manufacturing and marketing of aluminum alloys and design, manufacturing and installation of equipment related with the recycling of this metal. In addition, salt slags which are managed by this Business Unit are a hazardous toxic waste originating from the aluminum waste recycling process. The recovery of salt slags is the alternative to dumping and the objective is to separate the metallic aluminum, the salt and the aluminum oxide to enable reutilization of all the components. This activity enables complete closure of the recycling cycle and integral exploitation of wastes with aluminum content.
- **Zinc Recycling.** Recycling and recovery of residual powders (steel powders) originating in the electric arc kiln steel manufacturing and casting process. The services provided by Befesa's companies in the zinc sector are a fundamental link in the zinc recovery cycle. They prevent the useless loss of tons of this metal, reduce dumping and contribute to reducing extractions of zinc mineral from nature. It is the only company in Spain that offers the integral steel powders collection and treatment service for valorization purposes and the only alternative, offering the optimal environmental solution for treatment of steel powders.

Highlights Environmental Services	2004	2005	2006
Sales (M€)	357.8	402.4	555.3
Gross Cash Flow from Operating Activities (M€)	36.7	40.4	58
Treated production (millions of liters)	1,374	1,654	2,536
Workforce	1,249	1,348	1,533

In addition, this Business Unit conducts a Desulfurization activity that applies the cleanest and safest process for residual sulfur exploitation, and provides services for petrochemical facilities that resolve the desulfurization waste problems that arise from their production processes.

- **Industrial Waste Management** focuses, on the one hand, on providing an integral service for industrial waste producers following a treatment hierarchy, the priority of which is minimization, reutilization, recycling, valorization (energy or material exploitation of the wastes), and waste disposal in accordance with national and European environmental legislation and, on the other hand, it provides a wide range of industrial cleaning services that cover almost all industrial sectors.
- **Environmental Engineering.** Befesa's Environmental Engineering activities focus on the design, construction and operation of infrastructures for the integral water cycle and waste management. Of note is the desalination activity in which the company is one of the world's leaders with plants in operation and/or under construction with a global production capacity of more than 900,000 cubic meters of desalinated water per day.

Information Technology

Through Telvent, Abengoa manages real-time Information Technology solutions in the Energy, Traffic, Transport, and Environment sectors in Europe, North America, Latin America, the Asia-Pacific region, and the Middle East and Africa.

The solutions offered facilitate complete real-time integration of the information from the mission-critical applications, in the suite of corporate systems of the companies for which we work.

In the Energy Sector work is conducted in the Oil and Gas sectors, where a wide range of engineering software for oil, refined product and natural gas derived liquid pipeline systems are offered, as are leading-edge applications for operational, measurement and commercial process management. The technological applications developed by Telvent, utilized by more than 35 oil pipeline operators, enable functions as diverse as the control of hydrocarbon flow levels, leak detection or a wide range of measurement processes that facilitate the commercial operation of the pipelines. In the Electric Sector, real-time automation solutions are developed for the electric services sector. Telvent is the electric market leader in Spain and one of the most important providers of Control and Communications Solutions for the electric market in Latin and North America.

Telvent's activity in the Traffic Sector focuses on applications, products and services related with Intelligent Traffic Systems (ITS). Telvent provides global solutions for city traffic problems and motorway and highway control, monitoring and management to ensure safety and optimize flow conditions.

Highlights Information Technology	2004	2005	2006
Sales (M€)	281.1	362.6	476.3
Gross Cash Flow from Operating Activities. (M€)	27.1	33.3	42.3
Contracting Portfolio (M€)	285	389	451
Workforce	2,124	2,373	3,118

Telvent's objective is the promotion, execution and management of infrastructure installation projects for control and communications in the traffic sector. For this purpose, state-of-the-art technologies and real-time applications, that provide efficient solutions for the day-to-day needs that arise in cities and interurban areas, are utilized.

In the Transport Sector, Telvent offers solutions for rail traffic control, toll management, ticketing, automatic vehicle identification, video monitoring, navigation systems and simulators for maritime traffic training purposes. Telvent has developed, among others, leading-edge solutions for toll management and control for highway, tunnel and bridge concessionaires, ticket sale and cancellation management and control systems for passenger traffic in stations, and rail transport control systems.

Telvent's activities in the Environment are developed in the water and meteorology business areas. Telvent has developed systems that enable real-time and historic measurement of all the parameters that affect water management and which enable flood prediction and warning, remote control of irrigation systems or water management for the same. Telvent has been providing technological solutions in the weather observation sector for more than 20 years. Almost all of Spain's airports have been equipped or upgraded with Telvent-developed Automated Weather Observation Systems (AWOS).

The company also offers solutions for surface weather observation and provides tele-detection instruments for early detection and "nowcasting" of adverse weather phenomena.

In addition to the above consolidated activities, in which Telvent is a world leader, there are two new areas that are becoming ever more important for Telvent and are fruit of our continuous efforts in innovation. These are Health and Public Administrations.

Finally, Telvent offers a wide range of Information System outsourcing services. These services include the engineering, project management, installation, operation, systems technique, monitoring, administration, maintenance, security, technical assessment and 24x7 help desk back-up. Telvent's professional services also offer data centers for mission-critical information systems. Telvent has four strategic centers at which these services are provided in Madrid, Barcelona, Seville and Lisbon.

Industrial Engineering and Construction

Abengoa, through Abeinsa, the holding company of the Industrial Engineering and Construction Business Unit, develops this line of business in five activity areas: Energy, Installations, Telecommunications, Marketing and Industrial Manufacturing, and Latin America. There is a common objective, that of achieving customer satisfaction by offering integrated solutions in the Energy, Transport, Telecommunications, Industry, Services, and Environment sectors.

The experience accumulated over more than 60 years in the creation of infrastructures has put Abeinsa at the forefront in Spain and Latin America, with a large portfolio of both institutional and private customers.

Within the range of solutions provided by Abengoa for Sustainable Development, Abeinsa agglutinates the activities focused on the fight against Climate Change: R&D&I in emission reduction and elimination technologies (high-capacity greenhouse effect gases, CO₂ sequestration and capture), as well as the promotion of emission reduction projects, CO₂ trading and participation in carbon funds.

Highlights Industrial Engineering and Construction	2004	2005	2006
Sales (M€)	772	865.8	1,169.4
Gross Cash Flow from Operating Activities. (M€)	77	98.9	137.5
Contracting Portfolio (M€)	762	814.3	1,135
Workforce	5,576	6,921	8,304

Energy: Promotion, construction and operation of industrial plants and conventional (cogeneration and combined-cycle) and renewable energy (bioethanol and biomass) and geothermal power plants; exploitation of businesses and activities related with electricity production utilizing fuel cells.

Of note is the activity conducted in the promotion, design, engineering, construction, operation and maintenance of energy generating plants such as conventional plants, combined-cycle plants, cogeneration plants, biomass plants (forest, agriculture), waste incineration plants (urban, agricultural, livestock) and bioethanol plants.

Also of note in the solar energy sector, in pursuit of sustainable development, is the activity developed in the construction of solar power plants for energy production and sale purposes.

In addition, in this Division, another objective is the organization and development of activities and projects related with the production of electricity utilizing fuel cells based on different technologies, and the use of hydrogen.

Research, development and innovation work is conducted, especially, in four important lines of activity: the production of clean hydrogen from renewable energy sources; the pursuit of new applications for different technology fuel cells (installations for telecommunications, residential and transport applications); the development of new, reversible, compact and direct, fuel cells; and

renewable energy integration projects in which hydrogen is produced utilizing solar energy or wind power.

Installations: Design engineering, construction and maintenance of electric, mechanical and instrumentation infrastructures for the energy, industry, transport, and services sectors; installation of insulating and passive fire protection materials.

Of note in the Installations Division is the activity developed mainly in relation to the following sectors and products:

The services developed in the electric installations sector cover almost any activity associated with applied engineering, construction and fitting out for the creation of infrastructures, with the main fields of activity focusing on: hydroelectric, thermal and combined-cycle power plants; substations and transformation centers; airport infrastructures; industrial infrastructures; singular and public-use buildings; shopping and large surface area centers; maritime and rail transport; housing and industrial estates; and hospital, educational and high-technology buildings.

On the other hand, the mechanical activities cover the design, supply, manufacturing, assembly and testing of mechanical systems associated with hydroelectric power plants, thermal power plants, combined-cycle power plants, cogeneration plants, gas and chemical and petrochemical industry plants.

As regards insulating, refractory and passive fire protection materials, the following activities are conducted: thermal and acoustic insulation; supply and installation of refractory materials; fire protection systems; and smoke sectoring screens.

In addition, in relation to instrumentation and maintenance, the customer is provided with an integral installations and infrastructures service by the providing of specialized personnel and equipment. With more than 60 years' experience, the company

participates in line projects, executing medium, high and very high voltage projects, up to 800 kV, worldwide. In addition, in relation to railway installations, we have long-running experience that goes back to 1944, and have installed more than 4,000 km of catenary throughout Spain and, as of from 1998, abroad.

Telecommunications: Integration of turnkey telecommunication networks and projects.

Of note in this Division is the classic activity of external plant construction and maintenance; that of providing customer loop and equipment, as well as specialization in providing engineering and Telecommunication Networks integration services.

Likewise, the Division offers a full range of products and services for the deployment and operation of telecommunication networks: design and engineering, infrastructure construction, equipment supply, installation and testing, operation and maintenance. In short, it is fully capacitated to execute Turnkey Projects.

Marketing and Ancillary Manufacturing: Marketing of products related with the remaining Business Unit activities, such as the manufacturing of ancillary elements for the energy and telecommunication sectors.

In the Marketing area, the company maintains its leading position on the home market as a provider of electric, instrumentation and communications material in the chemical, energy, telecommunications, and industrial sectors.

Likewise, in the Ancillary Manufacturing area, complex materials and products are manufactured and sold to the energy, industrial, services and telecommunications sectors.

Low and high voltage cabinets and distribution boards, power electronics and control electronics for remote stations, control and protection panels and ancillary services electric panels for all types of industrial, energy and services installations are designed and manufactured; steel reticulated structures such as power line pylons, telecommunication towers, substations and wind machine towers are manufactured; fine plate-derived products, such as panels, signals and telephone booths are manufactured; and products applied in outdoor telephone networks are manufactured.

Latin America: A market where our presence has been stable for over 30 years now, through local companies that conduct all the Business Unit's activities related with Energy, Installations, Telecommunications, and Marketing and Ancillary Manufacturing, in an independent manner, while applying Abengoa's global management standards.



Strategy, Organization and Management Systems

- Action Principles and Values
- Organization
- Management Systems
 - Commitment to Quality
 - Commitment to Environment
 - Continuous Improvement
 - Commitment to the Future, R&D&I

Action Principles and Values

Mission

Abengoa is a technological company that applies innovative solutions for sustainable development in the infrastructures, environment and energy sectors. It is present in over 70 countries where it operates through its five Business Units: Solar, Bioenergy, Environmental Services, Information Technology, and Industrial Engineering and Construction.

The focal points of Abengoa activity are its customers, the professional development and welfare of its employees, and the creation of value for its shareholders.

Approach

Abengoa believes that a mandate for innovation in a market economy context is an efficient and necessary instrument for becoming a sustainable development company.

Values

Throughout its history, Abengoa has continued to develop on the basis of a series of shared values. These principles constitute the structure of our ethical code. Through all of its channels, Abengoa promotes its awareness and applications, as well as providing control and revision mechanisms to ensure adherence and updating. The most important points underlying this set of values are summarized below.

- **Integrity.** Pride in professional performance forms part of the very identity of Abengoa and is evident in all undertakings of our staff, both on and off site. Uncompromising integrity is seen as credibility by our customers, suppliers, shareholders and other third parties with whom we have dealings. Integrity also generates value both at the individual and company level.
- **Law Abiding.** Law abidance is not just an external requirement, it is also a personal and company obligation. The law provides a secure framework for company undertakings and also serves to reduce risks in business dealings.

- **Professional Rigour.** The concept of professionalism in Abengoa is closely linked to our service culture in activity development, performance and business project involvement. All undertakings in the performance of allocated functions must be guided by professional responsibility and governed by the principles provided for by common management systems.
- **Confidentiality.** Abengoa expects discretion and caution from the people attached to its organisation when communicating and dealing with third parties. Adequate steps shall also be taken to safeguard information in the company's possession.
- **Quality.** Abengoa is committed to quality in all aspects of its performance - internal and external alike. This task is assigned neither to a specific group of people nor to senior management as it concerns all members of the organisation in a day-to-day capacity. Abengoa has specific quality standards in place, which have developed from awareness, common sense, rigour, order and responsibility.

Strategy

In Abengoa, corporate social responsibility is regarded as a strategic factor. It is one of the essential pillars which upholds our current and future strategy. We have generally incorporated this factor into our strategy through our environment, quality and human resources policies, and have also integrated it into all company management systems. In support of this strategic factor, Abengoa maintains a presence in those forums which are involved in sustainable development. In addition, in 2002, Abengoa signed with the United Nations World Business Leadership Pact. The purpose of this agreement is to contribute to the adoption of shared values and principles which give the world market a more human face.

The World Pact involves the institution of its principles in the strategy and operation of the signatory company, through a process of dialogue, transparency in information and training. These principles consist of the following:

- In the sphere of human rights, adherence means to support and uphold the protection of internationally proclaimed human rights and avoid circumstances involving infringement.
- In the area of labour rights, adherence means to uphold freedom of association and effective recognition of the right to collective negotiation, to eradicate all forms of forced and obligatory labour, and to eliminate discrimination in employment and occupation practices.
- With regard to the environment, adherence means to support a cautious approach to environmental issues, to adopt initiatives to promote greater environmental responsibility and to encourage the development and diffusion of environmentally-friendly technologies.

Abengoa, together with the other signatory companies, actively participates in action to promote the World Pact in Spain. Abengoa recently its World Compact Progress Report 2006, and it has been published in the Spanish World Compact web. (www.pactomundial.org)

Human Resource Strategy

The Human Resource Strategy responds to Abengoa's mission, vision and values, and its operational strategy and, therefore, it has to be directed towards and aligned, at all times, with its strategic objectives and their attainment through the execution of the Strategic Plan.

In Abengoa, it is its human capital that makes the attainment of its objectives possible by providing the differential competitive values through talent, skill and work performance. Therefore, when speaking of the employee, the suitability concept becomes a key factor.

The pursuit of this suitability is, in effect, one of the fundamental objectives of the Human Resource Policy; suitability of the employee for the position, from a technical and generic point of view, and suitability of his/her working conditions, from a material and immaterial point of view.

Said pursuit of suitability inspires the policy as regards training and selection, and the work performance measurement policy inspires the segmentation by position and responsibilities, and the remuneration and conditions policy impregnates each of the sections as regards employee development.

In order to achieve this, Abengoa utilizes a human resource management model based on competencies that enable this sought-after alignment between strategic objective, position and person (suitability) and which allows it, at the same time, to identify and detect talent.

Abengoa is aware that in the current environment characterized by innovation and change, the performance of its professionals and its capacity for attracting, developing and retaining talent is the key to success for any company and, for this reason, it has firmly decided on a Human Resource Policy with a two-fold objective:

- To strengthen, exploit, transmit and manage the knowledge and experience of its highest level professionals and guide the development of competencies.

- To continuously provide the human resource organization with suitable means, in quantity and quality, for the development and implementation of Abengoa's strategy.

The need to create the required suitable conditions that enable the above must be integrated into the Human Resource Scheme and, to this end, the following is conducted:

- Career plan development
- Constant study of remuneration conditions and their adjustment to results and the market
- Periodic assessment of work performance
- Required constant training by profile and position
- And those related with Corporate Social Responsibility

to develop, strengthen and remunerate the human resources so that they may contribute their very best and so that this contribution may be in line with Abengoa's needs.

Abengoa considers employee commitment, initiative and proactivity to be fundamental. Therefore, Abengoa utilizes an Integral and Integrated Management System:

- Integral, as it covers the definition, description and classification of posts, recruitment and selection to attract the best professionals in the marketplace, training and development, with the consequent career plans, performance assessment and management and remuneration, as well as internal communication and social action.
- Integrated, as it contemplates interrelated processes. The synergies of the different processes must be exploited and continuity pursued, in spite of the autonomy of each one (Selection, Training, Assessment, etc.) They must all pursue a common goal which is none other than to enable Strategic Plan fulfillment.

This human resource management system is the means for Abengoa to overcome the challenges it has to face, through constant enhancement that enables it to maintain and develop a sustained competitive advantage, by aligning its human resources with its strategy and pursuing excellent work performance.

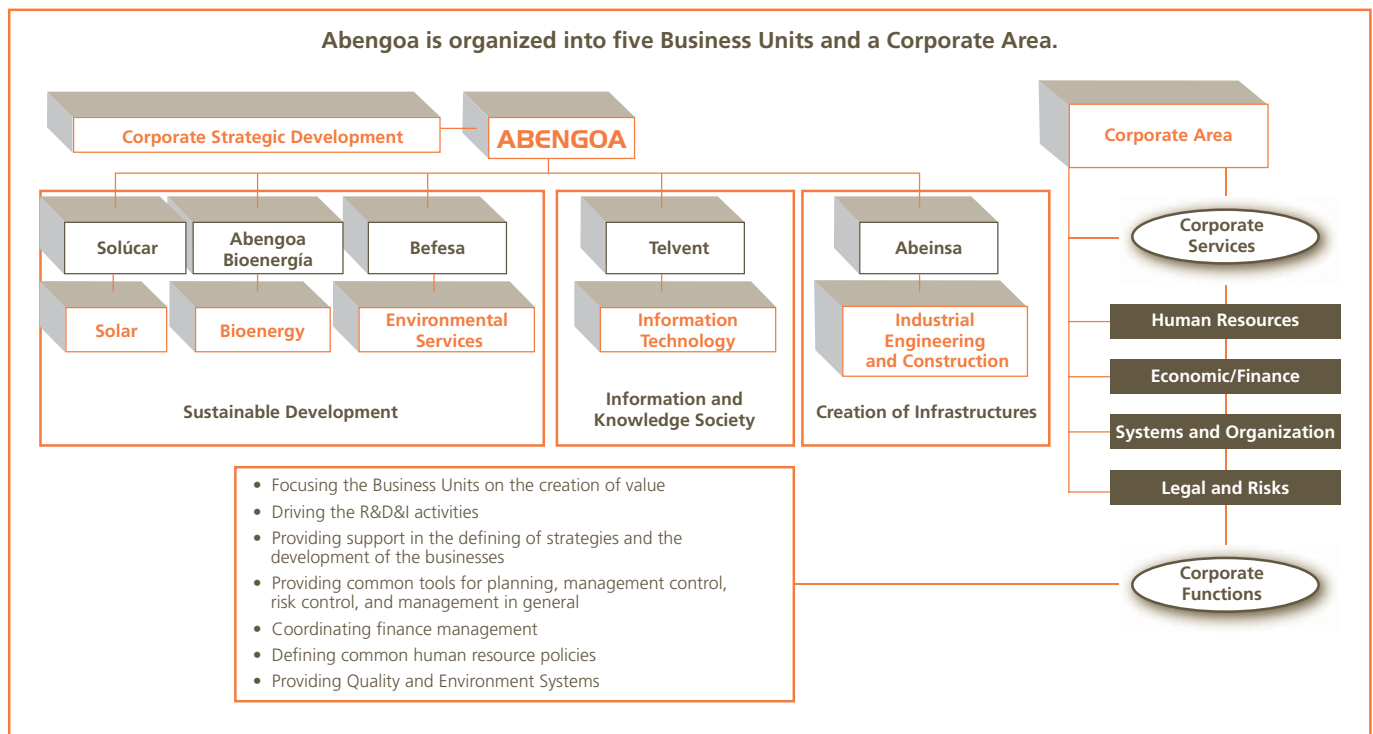
As regards the organization model, Abengoa opted to establish an in-house and specialized Services Company: Gestión Integral de Recursos Humanos (GIRH), with a much defined mission which is none other than to offer efficient and effective Human Resource management, utilizing quality and innovation processes to enable the enhancement of the operativity and competitiveness of the different Companies.

Organization

Abengoa is organized into five Business Units: Solar, Bioenergy, Environmental Services, Information Technology, and Industrial Engineering and Construction, and a corporate services area. All the company's social action is channeled through the Focus-Abengoa Foundation.

The corporate area provides Management Control, Financing, Risk Control, Strategy, Human Resource, Legal Counsel and Systems services with the aim of capturing management synergies and providing a common management philosophy by:

- Focusing the Business Units on the creation of value
- Providing back-up in the defining of strategies and business development
- Driving the R&D&I activities
- Providing common tools for planning, management control, risk control and management in general
- Coordinating finance management
- Defining common human resource policies
- Providing quality and environment systems



Management Systems

Commitment to Quality

Since its founding, Abengoa has been convinced of the need for its processes, products, services and systems to pursue full customer satisfaction.

The current common management system was introduced in 1997. It is structured around a set of compulsory internal rules designed to unify the managements of the companies making up Abengoa. Quality systems have also been put in place in all companies of the group as a strategic objective which goes beyond certification.

In accordance with standard ISO 9001:2000, there must be a mechanism in place that controls the mandatory design and implementation of quality management systems. Based on solid management leadership, these systems provide the training and resources necessary for employees to contribute to constant improvement in their day-to-day activities.

The principles that underpin this Quality policy are:

- Rational use of resources, error avoidance and minimization, through implementation of constant improvement programs and goal and objective setting.
- Promotion of active and responsible involvement of all members of the organization and provision of adequate ongoing training, allowing for participation in the constant improvement process of the system.
- Fostering of team work and sharing of necessary information, for raising the quality of our activities.
- Compliance with regulations currently in force and any other commitment subscribed to by the company.
- Reinforcement of innovation, new ideas, new methods and updating of resources, which are vital components of the constant improvement process, the results of which are threefold

- Customer satisfaction: identification of key attributes and minimization of failure rates; process control and improvement.
- Employee satisfaction: development and training programs; responsible participation; and achievement recognition.
- Improvement of economic results: increase in earnings via differentiation; reduction in the resulting cost of poor quality and an increase in competitiveness in the markets in which Abengoa operates.

Structure and Quality Organization

Each company under the Abengoa umbrella is capable of structuring and organizing itself according to its needs. The determination of resources necessary to implement the company's commitment to quality is the responsibility of the management teams.

As an instrument for developing this commitment, each company is specifically organized in view of its needs and dedicated to the development and maintenance of the Quality Management System. The reporting flow in each company is targeted directly at the applicable management team, on either a company or business group basis. In each case, the management team is comprised of fully qualified personnel with the appropriate academic and specific training in the relevant areas.

The companies devoted to engineering and industrial construction have a decentralized structure, with activities in specific works or projects, both on the permanent site (branch or regional management) and in the main office (which reports to general management).

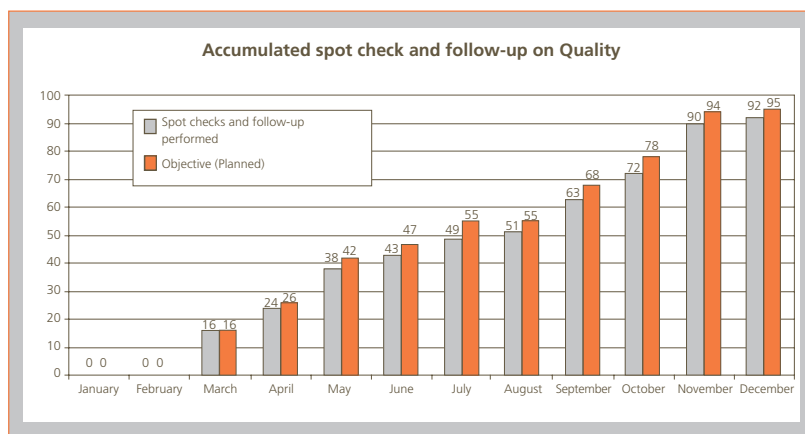
At the company level and reporting directly to the Abengoa Chair, there is a corporate management structure for organization, quality and environment, each with its own resources. In the sphere of quality, the purpose of this area of responsibility is to inform the Abengoa Chair as to the evolution and position

of the quality management systems in the different companies of the group. This supervision is led by the general coordinator for quality and environment and Occupational Risk Prevention, who verifies attainment of these objectives and capitalization on synergism through spot checks and follow-up.

The functions of the environment and quality organizations mainly consist of managing and developing the documentation of the systems; keeping it updated as required under applicable national and international standards; proposing and developing the annual plan for internal audits; assuming the role of secretary to the quality and environment committee, where the objectives, indicators and goals are proposed for the company, areas and departments; responding to consultations and requests for advice from the areas and departments; collaborating on training programs; evaluating suppliers; acting as supervisor in the application of problem solving (PSR) and improvement action (IA) initiative; and collaborating with general management on the annual revision of the systems, in order to determine proposals for improvement.

Quality Management Systems

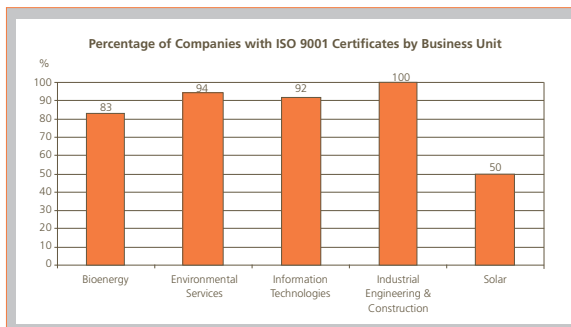
The progressive introduction of the quality management systems in the Abengoa group of companies is one of the strategic objectives of the group's commitment to quality. This objective revolves around the quality management model which conforms to ISO 9001 and ISO 9004 and the EFQM excellence model.



UNE-EN ISO 9001 and 9004

These international standards are used by Abengoa as a basic reference for the development and introduction of Quality Management Systems.

The percentage distribution of the companies bearing Quality certificates by Business Group is detailed in the attached graphics:



It is important to stress that the need to integrate the Quality, Environment and Occupational Risk Prevention Systems has been established as a medium term objective. Accordingly, seven companies have developed and implemented integrated Quality, Environment and Occupational Risk Prevention Systems to date, which have been certified by the international certifying entity and, a further three companies have integrated the Quality and Environment systems.

EFQM Model

The EFQM Excellence Model is a non-prescriptive work framework focused on achieving the sustained excellence of an organization, based on the following principles:

- Results orientation
- Customer focus
- Leadership and constancy of purpose
- Management by processes and facts
- People development and involvement
- Continuous learning, innovation and improvement
- Partnership development
- Corporate social responsibility

The EFQM Excellence Model includes a structure of criteria and sub-criteria that includes the best practices and the best organizations together with a powerful assessment, scoring, continuous improvement and recognition system.

In addition, the EFQM model is a complete model that considers all the management aspects of an organization and therefore allows the integration of other specific management systems focused on Quality, the Environment, Innovation, etc. This model has already been implemented in the Information Technologies Business Unit and its implementation in the other Business Units is nearing completion.

Throughout 2006, the Information Technologies Business Unit continued to conduct self-assessments, based on the EFQM model, in all its companies in Spain, Brazil, Mexico and North America, utilizing the simplified tool "Profile" under licenses from the Excellence in Management Club, and commenced

use of the advanced tool "REDER" in the Energy and Environment and the Traffic and Transport sectors.

As regards participation in competitions of renowned prestige, in 2006, Telvent presented candidatures for the "11th Prince Felipe Award for Industrial Quality", the "ALAS Award for International Implantation" (organized by the Regional Government of Andalusia), and the "First Edition of the Madrid Excellence for Customer Satisfaction Award" in the Energy and Environment sectors, the "7th Andalusia Excellence Award", the "2006 Prize for Encouraging Innovative Business Management, Quality management modality" (organized by the Institute for Economic Development of the Principality of Asturias), and the "2nd Castilla Leon Management Excellence Award" in the Traffic and Transport sector.

As a result of the introduction through the EFQM of the Excellence recognition levels associated with statutory external assessments, Telvent presented its candidature in the Energy and Environment sector and was awarded, in 2004, the European Excellence seal of recognition (Silver Seal), which was revalidated in 2006 with a notable increase in the ratings in almost all the sub-criteria.

Furthermore, the Industrial Engineering and Construction Business Unit, Instalaciones Inabensa, drew up an EFQM report that was presented for the "7th Edition of the Andalusia Business Excellence Awards" and received first finalist recognition in the Large Companies category.

Commitment to the Environment

Abengoa is fully conscious of the fact that its services, systems, processes and products must be environment-friendly in order to meet current-day needs, and that it must identify and control the associated activities and possible environmental impacts in order not to endanger the capacity for meeting future needs.

This commitment to the environment is reflected by the very structuring of the business. Two business groups, Environmental Services and Bioenergy actively work for the environment. Together with the environmental perspective of the remaining areas, the group has a clear environmental orientation

The Environmental Management Systems are supported by solid leadership from management, who provides training and necessary resources so that all Abengoa employees can help to improve the environment through their day-to-day activities.

The principles underpinning Abengoa environmental policy are:

- Compliance with legal standards in force from time to time, requirements occurring within the company, demands made by our customers or interested parties and goals and objectives set
- Prevention and/or minimization of harmful or negative repercussions on the environment
- Reduction in consumption of energy and natural resources by using, to the greatest extent possible, sources which can be renewed or regenerated
- And finally, constant improvement of environmental behavior

Structure and Environmental Organization

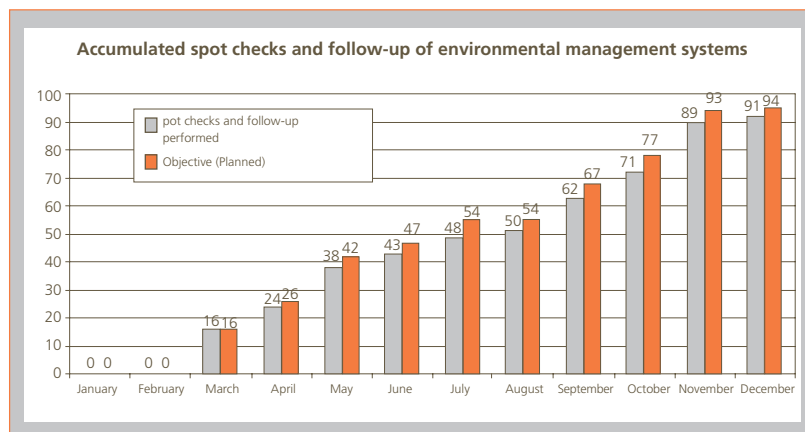
For the Abengoa group of companies the following obligations, pertinent to structure and environmental organization, flow from the development of internal management standards:

- Constitution of a quality and environment committee, representative of the whole organization and presided over by company management. Its function is to be the governing body of the environmental management system.
- Provision of structure and environmental organization necessary for fulfillment of the environmental commitment expressed in the standard. The application of this standard, which is the responsibility of management, must be in proportion to the needs of the company.

Each company is specifically organized to suit its needs and is dedicated to developing and upholding the environmental management system. As a general rule, these organizations report directly to the Managements of the companies, or in some areas to a specific management of the business group

for this area. In every case, fully qualified personnel with the necessary academic and environmental training make up the teams that are responsible for the environmental management system. Likewise, these teams are responsible for specific environmental management activities such as: identification of legal requirements; proposal and development of annual plans of internal auditing; assumption of the role of secretary to the quality and environment committee, where objectives, indicators and goals are proposed for the company, areas and departments; response to consultations and requests for advice from the areas and departments; collaboration on training programs; evaluation of suppliers; assumption of a supervisory role in the application of problem solving (PSR) and improvement actions (IA); and collaboration with general management on the annual revision of the systems in order to determine proposals for improvement.

The organization of the environmental management systems is basically the same as the quality management systems.



Environmental Management Systems

The progressive introduction of the Environmental Management Systems in the Abengoa group of companies is one of the strategic objectives included in the commitment to the environment of the group. The objective revolves around two environmental management models: the international standard ISO 14001 and the Eco-Management and Audit Scheme (EMAS).

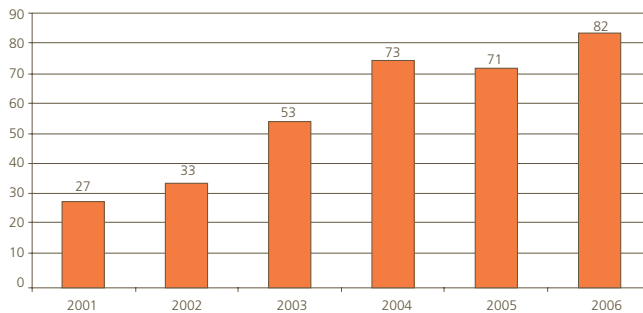
The former is the international standard that Abengoa has set as a reference for the development and introduction of environmental management systems. Below is a representation of the evolution of these systems, certified by certification bodies:

European Eco-Management and Audit Scheme (EMAS) Regulation

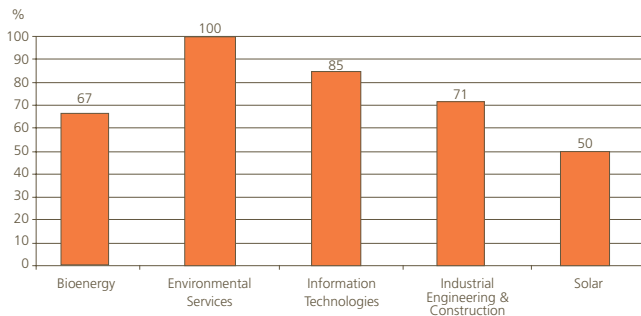
At present, three Environmental Services Business Unit companies, three Industrial Waste Management centers, and one Information Technologies Business Unit company have obtained the Verification Certificate for Environmental Management System conformity to the requirements of the European Eco-Management and Audit Scheme Regulation (EMAS).

Over forthcoming years, the objective of several of the companies from the abovementioned Business Units and from other Business Units will be to achieve listing in said register.

Percentage of Companies with ISO 14001 Certificate



Percentage of Companies with ISO 14001 Certificate by Business Unit



Continuous Improvement

Abengoa bases its evolution on continuous improvement in the development of its management systems and the following instruments, which it considers to be strategic: Six Sigma, Trouble-Shooting Reports (TSRs) and Improvement Actions.

Six Sigma

In 2003, Abengoa opted for Six Sigma as a tool for constant improvement in the important processes of the business with an irregular or unsatisfactory track performance. Six sigma is a methodology that applies statistical techniques from Project management to control and reduce variables affecting global performance; the results of which are threefold:

- Customer satisfaction: the identification of the key attributes of their demands, minimization of failure rates and better control of processes
- Employee satisfaction: through participation in development and training programs which allow individuals to participate responsibly and gain recognition for achievements
- Improvement of economic results: increase in earnings by differentiation and reduction of the costs associated with poor quality output.

Since 2004, as a consequence of the above, each Business Unit has commenced the preparation of human teams of "Black Belts" and "Green Belts", managers that act as Champions, and different projects that have now been completed were undertaken. During this trade year, work continued on the application of this improvement tool for and different projects including the following were undertaken:

- Optimization and reduction of traveling costs.
- Software Maintenance Optimization.
- Reduction in number of provider complaints.
- Reduction in fuel consumption.
- Reduction in telephone costs.
- Documental management improvement.
- Reduction of points pending in construction.
- Reduction of approval time for providers' invoices.

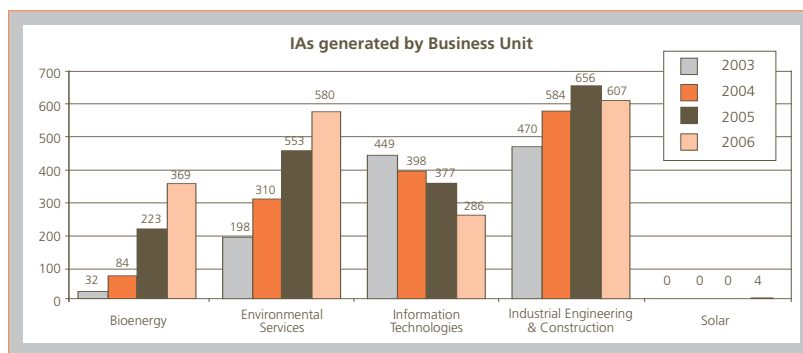
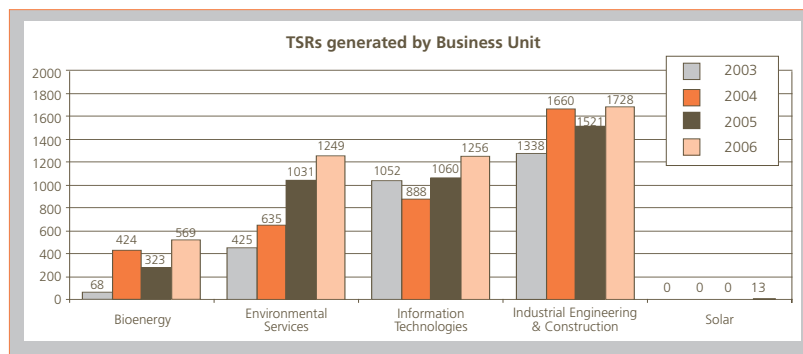
- Reduction in manufacturing time for motor control center containers for combined cycle power plants.
- Elimination of internal suck-ins in aluminum alloys.

Trouble-Shooting Reports and Improvement Actions

As strategic tools for improving Management of Quality and Environmental Management Systems, new versions of two computer applications have been installed in all Abengoa companies, one for management and Trouble-Shooting (TSR) and the other for processing Improvement Actions (IA).

The essential aspect of these applications is that problem management and solution and improvement actions alike can be proposed at the most relevant level to the problem, in such a way that problem detection (TSR) and solutions or improvement proposals (IA) go from "low to high". Full utilization of these tools can be enormously advantageous in the day-to-day handling of problems. This type of constant improvement is designed to be redundant in view of the efficiency of the system.

Below is the comparison, broken down by business group, of the results obtained in 2003, 2004, 2005 and 2006 relative to problem detection and proposals for improvement actions, as well as the distribution of the problems detected and proposed improvement actions.



Commitment to the future. R+D+I

In Abengoa, we believe that the innovative company within a context of global change and competitiveness is an efficient and necessary tool to enable advancement towards a sustainable development society. Innovation is not an end in itself, as Research can be in many cases. Innovation has an essential role to play and that is to lead society towards a better world. The objective is to make our socioeconomic system, which is not sustainable or for everyone, evolve into one that is sustainable and also for everyone. This is our commitment to the future.

2006 was a year of special importance for the push given to R&D&I at all levels.

Of note in the EU was the intention of doubling the R&D budget for the period 2007 to 2013. In particular, Spain has been allotted a 2,000 M€ Technological Fund for business R&D to be invested over this period.

In Spain, investment in R&D reached 1.13% of the GNP, a figure that, although still far off those of our European and American reference countries, represents an accumulative annual growth of more than 10% over the past ten years.

In September, the EU published the Scoreboard with a Ranking of the European companies that invested most in R&D&I in 2005. Abengoa is listed as fifth among the Spanish companies.

Innovation Strategy

Abengoa's policy focuses on the creation of value and its sustainment. Innovation is focused on results, in pursuit of three groups of tangible objectives: diversification, through the development of new products and services, differentiation, through improvement and adaptation of existing products, and services for the improvement of processes.

In addition, the intangible objective pursued in Abengoa is the acquisition of essential skills, and above all, the generation of future options. This last point is especially related to value through prospects of growth and development of new businesses.

Innovation is carried out in Abengoa in several forms. It is put into practise internally, and designed to provide specific customers with solutions or integrated into their own development efforts. It is also put into practise externally based on collaboration agreements with universities, research centres, and third parties, with the execution typically shared between the participants. On other occasions, technology is acquired, and additionally, as has taken place in the past strategic shareholdings have been acquired in technology firms.

With regard to financing, Abengoa also has external resources (taxation, grants, universities –research centres, shared or customer R&D) and well as its own internal resources.

During its innovative history, Abengoa has received recognition in multiple business and academic forums on account of its R&D&I activities. Some of the prizes it has received over the last ten years are listed below:

- Alas 2005 (5th edition) for International Implantation. **Abeinsa**. Regional Government of Andalusia. 2006.
- 11th Andalusia Environment Prize. Environmental Management Modality. **Befesa**. Regional Government of Andalusia. 2006.
- EOI. Business School and Public Foundation of the Ministry of Industry and other companies. **Abengoa**, for its efforts in the field of sustainable development. 2006.
- 4th City of Seville Awards. Energy Agency of Seville. Prize for the Best Business Initiative, to **Solucar**, for the Sanlucar la Mayor Solar Platform. 2006.
- 3rd Ricardo Carmona Awards. Chamber of Commerce and Industry of Almeria. To **Solucar** R&D, Prize for Technological Innovation for its works towards the development of solar thermal energy. 2006.
- 7th Andalusia Business Excellence Award. **Inabensa**. Regional Government of Andalusia. 2006.
- Best of European Business for Innovation. **Abengoa Bioenergy**. Roland Berger and the Financial Times. 2005.
- "City of Seville" Prize. Mention of Honor for Hynergreen. Seville City Council. 2005.
- National "Mare Nostrum" Computer Science Prize. Telvent. Ministry of Education and Science. 2005.
- Abengoa Bioenergy awarded the "Best Energy Website" Prize. The Web Marketing Association, USA. 2004.
- Andalusia Prize for Excellence 2004 awarded to Telvent. Regional Government of Andalusia.
- The State of Rio de Janeiro Best Company Award in the electric and electronic sector, to Bargoa. The Miguel Calmon Institute. 2003.

- Excellence and Best Practices Award for Technological Innovation, to Sainco **Telvent**. AENA. 2003.
- ComputerWorld Prize for Technological Innovation in Andalusia, to **Telvent** Outsourcing. 2003.
- Nebraska Business Innovation Award (USA), to **Abengoa Bioenergy** Corporation. 2003.
- Technological Innovation Prize in the Recovery Sector, to Deydesa 2000. Spanish Recovery Association. 2003.
- Best Project Prize for the year, to Hynergreen. Eighth Grove Fuel Cell Symposium. 2003.
- Dilectae Academy Prize (First Edition), in recognition of its innovative trajectory: **Abengoa**. Engineering Academy, December 2002.
- AEC Prize, for its work in R&D&I related to Environmental Protection: **Abengoa**. Asociación Española de Científicos AEC, Madrid, November 2001.
- Greatest Value Innovation Prize: Sainco's Velflex Product. European Wind Energy Conference, Copenhagen, June 2001.
- European Union Prize for the Best Industrial Initiative in the Use of Renewable Energies, for the use of bioethanol in the "Renewable Energy for Europe. Camping for Take-Off" project: **Abengoa**, Repsol-YPF and Cepsa. European Union, Toulouse, October 2000.

Innovative Tractor Projects

The Demonstration Project

Abengoa believes that the Demonstration Project is the key instrument that enables the execution of an innovation policy focused on developing new products for the market. The Demonstration Project achieves the operational validation of an innovative product, system or process and its market proving. It also facilitates knowledge of its cost in order to set a first true price which could be subsequently reduced by means of the experience curve. On the other hand, demonstration projects produce a real demand of the Public R&D Systems that enables Science to continue to serve the needs of society.

Therefore, Abengoa's companies always have multiple demonstration projects under way, which are market oriented and focused on the creation of value. These

are usually carried out in collaboration with multiple scientific institutions and different technological agents. Many of these projects incorporate public support.

We would especially mention, in the Bioenergy sector, the research being done on the production of bioethanol from lignocellulosic biomass (this is currently achieved from cereals). The objective of this project is to convert corn stover and the straw from other cereals (as well as other agricultural wastes) into bioethanol. This will result in new benefits for farmers, will lower the cost of production bringing it closer to that of petrol and reduce the greenhouse effect through the absorption of CO₂ by plants – raw material for bioethanol production – through the chlorophyll function. The project, with a foreseen investment of 35,478,775 US\$ over five years, has received significant financial backing from the Department of Energy of the Federal Government of the United States, the DOE, amounting to 17,739,380 US\$, 50% of the total investment.

We here-below offer a selection of other innovation projects our companies have been carrying out throughout 2006.

Solar Energy

- **Fresnel PV-5x**. Development of the Medium Photovoltaic Concentration Concept at Values between 5x and 10x. This project, developed by Solúcar, Gamesa Solar and the University of Lerida, has received funding from the Ministry of Industry, Tourism and Trade, the Andalusia Development Institute (now the IDEA Agency) and the R&D Programs of the Regional Government of Andalusia.
- **CAC-30x**. Development of a Controlled Atmosphere Photovoltaic Concentrator of around 30x. As part of the project, in which the Ciemat, Fachhochschule Gelsenkirchen and Solartec are participating, two prototypes have been manufactured; one is being tested in Gelsenkirchen (Germany) and the other in Seville. Funding is under the 5th Framework Program.
- **Hicon PV**. Development of a High Concentration Photovoltaic Concentrator (1,000x). A prestigious group of European companies and institutions are participating. They are coordinated and led by Solúcar. They include RWE Solar Space Power, EdF Electricité de France, the German aerospace institute DLR, the Fraunhofer Institute for Solar Energy Systems (ISE), the German center PSE GmbH-Forschung Entwicklung, the Spanish energy research center Ciemat, and the Universities of Ben-Gurion (Israel) and Malta. 5th Framework Program Funding.
- **Medcal**. Systems to Improve the Precision Sun Targeting and Increase Solar Power Plant Efficiency. Profit Program Funding.
- **Aznalcóllar TH**. 80 kW Solar Thermoelectric Plant with Parabolic Dish Reflectors and Stirling Motors. The Project is being supported by the Regional Government of Andalusia through its Renewable Energies Incentives Order.
- **Almería Solar GDV**. 5 MW Plant comprising Parabolic Cylinder Collectors and Direct Steam Generation, in Almería, with the collaboration of the Ciemat, Iberdrola, Sener, IDEA and the University of Almería.
- **CCP Loops**. Repower CCP loops for Solar Tower Power Plant with steam store

Bioenergía

- **Advanced** Biorefining of Distillers Grain and Corn Stover Blends. In 2003, the United States Department of Energy (DOE) and Abengoa Bioenergy R&D signed a 4-year contract to develop the biorefining technology for the project. Abengoa Bioenergy R&D heads the work group for the development of the novel biomass derivatives process technology, which utilizes the advanced biorefining of distillers' grain and corn stover blends to obtain a greater production of bioethanol while, at the same time, maintaining the protein nutritional value. This technology is going to enable a more sustainable and economic industry, will reduce the petrol consumed per liter of produced bioethanol, and augment the availability of bioethanol. DOE Financed.
 - **BCyL demonstration plant.** The world's first commercial-scale biomass plant built by Abengoa Bioenergy to demonstrate the biomass to ethanol conversion technology. It will process 70 tons per day of agricultural waste, such as wheat straw, to produce more than 5 million liters of fuel ethanol per year. The end objective is the development of production technologies that are gasoline competitive. Subsidy under the EU's 5th Framework Program.
 - **E-diesel.** Abengoa Bioenergy is researching the utilization of e-diesel. E-diesel is a carburant that is obtained by adding ethanol to conventional gas oil at a percentage that can vary between 5 and 15%, plus an additive that ensures the stability of the blend. It can be used in any diesel engine. Collaboration with the Cidaut and the United States e-diesel Consortium. Funding from the Ministry of Education and Science.
- Agrobihol.** Energy crops are fast growth crops that are utilized specifically to produce energy (electricity or liquid fuels) from all, or part, of the plant. The objective of Abengoa Bioenergy is to produce fuel ethanol from crops grown in Spain, be it from cereals with a high starch content, lignocellulosic matter such as cereal straw, or from other herbal or lignose crops. Under the Agrobihol project, Abengoa Bioenergy is researching the feasibility of producing bioethanol from sweet sorghum and Jerusalem artichoke. In addition, this project proves

the use of bioethanol as an alternative fuel, in ethanol-gasoline and ethanol-gas oil blends, in conventional vehicles, and also the production of hydrogen for fuel cells. Funding from the Ministry of Education and Science.

Ethanol reforming. Abengoa Bioenergy is making an important effort in development to bring hydrogen generating from bioethanol systems to perfection. For this purpose, it is working on ethanol reforming, a chemical process in which hydrogen is generated through a reaction with steam and in the presence of a catalyst. To this end, it is participating in research projects that have led to the obtaining of an ethanol reforming catalyst and the construction of two pilot plants that have already been in operation for thousands of hours. A demonstration facility has been completed for this technology. It has facilitated the gaining of in depth knowledge on the design, operation and costs associated with this technology and will determine the aspects that have to be dealt with for optimization purposes. The project has received funding through the Spanish Navy.

ACES. A research project that is being carried out in collaboration with the CSIC in the ICP's (Catalysis and Petrochemical Institute) facilities, in Madrid, where other ABRD projects are also being carried out. The main objective of the ACES project is to develop a catalyst capable of producing ethanol from syngas, consisting basically of hydrogen and carbon monoxide. This step is the key to the thermochemical conversion of biomass to ethanol. Fully financed by Abengoa Bioenergy.

DoE project to develop an ethanol catalyst. This year DoE/NETL chose the group integrated by ABRD for the development of an ethanol catalyst. This program consists of a joint effort by a group of participants: two participants from the industrial sector with ethanol production, catalyst development and ethanol reforming activities (Abengoa Bioenergy R&D leads the project), and the catalyst and engineering processes developer (UOP), two National Laboratories (Argonne National Laboratory and Pacific Northwest National Laboratory), two universities (Washington University and Lehigh University), as well as two research organizations (GTI and Avantium). The total budget will be \$ 3,570,000, with a 20% contribution from the partners (mainly Abengoa Bioenergy Research and Development) and the remaining 80% funded by the DoE. The program comprises laboratory research focused on an ethanol synthesis and characterization catalyst, rapid screenings and tests in the reaction systems, elucidation of reaction mechanisms and kinetics, durability tests, and simulation and development processes. The main objective is to develop a catalyst that can execute ethanol synthesis of singas in an economic manner. An addition objective is to demonstrate, to GTI in Chicago, ethanol reforming utilizing the catalyst developed beforehand by Abengoa.

RENEW. The objective of the RENEW project is to develop, compare, demonstrate (partially) and prove a range of automotive fuel production chains. This project is coordinated by Volkswagen AG (Germany), and Abengoa Bioenergy is one of the key partners. Its contribution is to optimize the production of bioethanol from biomass via two processes: 1) enzymatic

hydrolysis, and 2) gasification and thermochemical catalysis, and the production of coproducts. The Chemical Engineering Department of Aicia, University of Seville, is collaborating with Abengoa Bioenergy on these tasks. The project is financed by the European Commission's 6th Framework Program.

Environmental Services Befesa

- **Change of raw material treatment process.** Befesa Aluminio. Objective: To remove organics from profiles, trimmings, turnings and other complex raw materials that are difficult to recycle. In-house financing.
- **Enhancement of Paval by studying the reactivity of the slags.** The aim is the computerized prediction of the advance of the reaction of the salt slags. The theory phase was completed in March. This year, the previous works have been successfully confirmed upon the model having been applied to the reactors in Valladolid and Wales, for aluminum. Next year, the idea is to consider the composition of the gases, and their treatment in each case.
- **Treatment of SPL in collaboration with Alcoa.** Objective: The aim of the project is to find an application for the carbonous part of the spent electrolysis cells (SPL) in primary aluminum production. It is an environmental service for the facilities that require the recycling of this material.
- **Production of new materials and alternative fuels.** The project is aimed at validating valorization methods for inorganic industrial wastes as replacement materials for raw materials in industrial processes such as the manufacturing of cement and other construction materials. It also pursues the valorization of organic wastes as an alternative fuel to fossil fuels for industry.
- **Pretreatment of fuel for vitrification.** The project consists of the design of the waste pretreatment process at entry to the vitrification process to achieve a fuel to feed the process that ensures good functioning of the process and allows valorization of the synthesis gas obtained in the process.
- **Production of alternative fuels utilizing surplus energies from Sewage Treatment Work (STW) sludge.** The project consists of the valorization of STW sludge as alternative fuel by means of thermal drying thereof with the surplus energy from a cogeneration plant.
- **Pilot Plant for High Desalination Efficiency:** Objective: To reduce energy consumption in reverse osmosis desalination processes to less than 2.5 kwh/m³. In short, to obtain drinking water from seawater at reasonable cost, a fundamental factor for sustainable development. To this end, the high pressure pumping systems, reverse osmosis membranes and energy recovery systems are being analyzed. The project is subsidized by the Department of Innovation, Science and Enterprise of the Regional Government of Andalusia.
- **Development of advanced pretreatment systems for desalination.** Design of an optimal pretreatment system for desalination plants that enables minimization of the investment and operating costs while guaranteeing the quality of the product water as well as the dependability and availability of the facility. For this purpose, technologies for physical and chemical processes will be developed, as will the combination thereof for application to desalination. In short. The aim is to contribute to the reduction of the end cost of a cubic meter of desalinated water, thereby favoring access to this resource while also contributing to sustainable development. The project is subsidized by the Department of Innovation, Science and Enterprise of the Regional Government of Andalusia.
- **Study of the brine dilution phenomenon.** The aim of this project is to gain an in-depth understanding of the physics of the brine dilution phenomenon on a sea bed by developing simulation tools for said phenomenon validated with real results, to develop optimal diffusion systems and to develop an uninterrupted measurement system that enables monitoring of the dilution or rejection of brine in desalination plants.
- **DeReDes:** Development of Desalination with Renewable Energies. The general aim of the project is to encourage enterprise activity in the field of desalination by means of renewable energies at design, installation and systems maintenance level. To achieve this objective, a comparative technical-economic assessment of the different technologies is being conducted and three pre-commercial plants established as the most suitable for three scenarios with different characteristics will be designed. Both seawater and brine desalination are being considered, in both industrialized areas and areas that are isolated from the conventional electricity grid. The project is subsidized by the Ministry of Industry, Commerce and Tourism under the Technical Research Development Program (Profit).

Information Technologies. Telvent

- **ArcFM Solution.** ArcFM is a collection of GIS applications for utilities. In 2006, TM&M liberated versions 9.1.2 and 9.1.2 SP1. Among other improvements, these versions have developed the possibility of synchronizing a personal/local database with a centralized database, thereby enhancing solution mobility. The possibility also exists now of establishing routes to a destination or note-taking as you go utilizing a digital pencil.

- **Designer.** The Designer Workflow Manager is now capable of receiving and processing external CIM "Common Information Model" type messages.
- **Responder.** The "Archive Explorer" was introduced in 2006. It is an application for reports and historic treatment of incidents. It allows the user to create an archive of incidents, calls from customers, tags, work team activity and incident resolving.
- **Icaro.** Centralized urban traffic control system that combines artificial vision with calculation-specific algorithms, an expert system for traffic optimization and the implementation of a communications process between modules. Funding from the Ministry of Industry of the Regional Government of Catalonia.
- **SatTOLL.** Design and development of a new toll system based on positioning via satellite (GNSS) and cellular telephony (CN). Intek, Basque Government and Profit Program funding.
- **InTrasy.** Advanced modular structure urban traffic control and management system, capable of adapting to very different operational specifications. In-house and Regional Government of Catalonia Financing.
- **VisiTraf.** Image viewing and treatment system for traffic systems with the reading of license plates being the fundamental technology. Funding from the Madrid Regional Government.
- **SaReF.** Design and development of an integrated on-line railway traffic regulating system, employing in-house technology, for joint use with CTC systems that enable optimal global operation of the lines under criteria. Madrid Regional Government Funding.
- **Genio.** Development to provide transport ticket vending machines with an oral interface that enables the requesting of any product or service by means of a natural language dialogue. Financing from Fagor and Intek and the Basque Government.
- **WebPark.** Internet-based advanced parking lot management system.
- **SmartTouch.** Public transport access and payment system by mobile phone with NFC technology. European collaboration project within the framework of the Eureka-ITEA program, subsidized by the MIT&C and the Basque Government.
- **Avandis.** Project to develop Advanced DA/DSM Infrastructures for Efficient Electricity Distribution Network Management. It is a project aimed at exploring and demonstrating the benefits from using advanced DA/DSM (Distribution Automation/Demand Side Management) functions. Profit Program Funding.
- **Comed.** Modeling of control and metering devices for substation automation systems 61850). Project subsidized by the Dept. of Innovation, Science and Education of the Regional Government of Andalusia.
- **GasCAT.** Remote telecontrol station adapted to the needs of the Oil and Gas sector, including flow computer (with certified calculations for custody transference) and valve control functions.
- **Revolver.** Development of a Telvent brand transmissometer. This optical instrument that measure the transmissivity from which runway visibility is deduced is an essential element for measuring visibility conditions on airport runways. The developed transmissometer has already been installed at some airports.
- **Ceilometro.** Development of a Telvent brand cloud ceiling level sensor (or ceilometer). The ceilometer, also used for aeronautical purposes at airports, is an optical instrument that measures the height at which the lowest layers of clouds are by means of the reflection of an incident ray.
- **BefTel** (Optimized control system for desalination plants). Development of an advanced control system that enables optimization of the functioning of a desalination plant, from the point of view of energy efficiency and quality of the product water, by integrating for this purpose the latest control and simulation technologies into the most advanced desalination systems, new pretreatments and new energy recovery systems. It is being jointly developed with Befesa CTA with the support of the College of Engineers of Seville for the simulation tool. It is receiving public funding from the MIT&C, the Technological Corporation of Andalusia, and the Department of Innovation of the Regional Government of Andalusia.
- **Terwis.** Project to develop a global real-time information system that will predict the influence the weather will have on road transport. Profit Program Funded.
- **Health-Intercom.** The aim is to define, develop and implement a system for transferring a patient's relevant clinical information between the different health service providers, in an inter-autonomous region environment, the objective being to enhance the support for clinical decision taking, improve the quality of services provided and guarantee privacy and security of patient related sensitive health information. Subsidized by the MIT&C.
- **PMIAI** (Image Assisted Medical Processes). This project is being jointly developed with Telefónica R&D and the research teams from Juan Ramon Jimenez Hospital in Huelva and University Hospital San Cecilio in Granada. Its objectives focus on 3D medical image modeling and the provision of tools for manipulating the models, which are a valuable source of information that is utilized by medical personnel to back medical diagnosis decisions. The project is grant-aided by the Technological Corporation of Andalusia.
- **eQECM** (eQuirófano: Multimedia Collaboration Environment). The aim of the project is the development of a multimedia integrated virtual classroom for surgery and hospital practice services. Telvent is participating in this Telefónica

R&D led project together with the company ICR and the research teams from University Hospital Virgen de las Nieves of Granada, the IVANTE Foundation, and the University of Granada. Subsidized by the Technological Corporation of Andalusia.

- **EmCompAs.** Multiannual program in which fifteen companies and five countries are collaborating. It is an open initiative aimed at accelerating the deployment of broadband networks through the development of advanced products and applications for the residential environment, creating new multimedia services, home automation and remote control, security and monitoring, developing international standards and processes. Profit Funding. Eureka Program.
- **Families.** Consolidation of the CMMI (Capability Maturity Model Integration) standards, security in dynamically deployable distributed systems, quality variability techniques in the dynamic derivation of applications, case studies on the development of suites based on Model Driven Architecture (MDA), suite integration processes, recovery of third party assets based on open source. Profit Funding/Eureka Program.
- **Cosi.** Project aimed at specific architecture and software modules different to the commodity-type software based on open sources, and applying them to enhance organization and business processes. Eureka/Profit Program Funding.
- **Osiris.** Project executed in collaboration with European partners within the framework of the Eureka-ITEA program, led by Telvent, and focused on the development of free code service platforms for distributed environments. Osiris is being subsidized by the MIT&C.
- **Nuadu.** It is a European collaboration project within the framework of the Eureka-ITEA program. It deals with the technical risks of providing a residential environment intelligence system and in mobility for services in the health and welfare sector to improve the quality of life of the users with effective and efficient solutions from the service providers. Subsidized by the MIT&C.
- **Passepartout.** Project aimed at the convergence of systems and digital applications in the domestic environment. Eureka/Profit Program Funding.
- **Prometeo.** Telvent, together with the ESI (European Software Institute), is leading the embedded

systems technological platform, Prometeo (National Technological Platform for Embedded and Distributed Intelligence). This national initiative, subsidized by the Ministry of Industry, Tourism and Commerce, has a provisional 10-year horizon and includes all the important role-players in the sector.

- **Atenea.** The aim of the project, which is being developed along with 17 partners, is to develop a common vision of future challenges and base technologies by covering the three transversal domains identified in the Strategic Research Agenda of the Prometeo Platform; Architecture, Middleware and Methods/design tools. The project has received subsidized backing from the Ministry of Industry, Tourism and Commerce.

Abeinsa (Industrial Engineering and Construction)

- **Project Wi-Pac.** Developed in collaboration with APIF Moviquity, S.A., the University of Castilla-La Mancha, and Intercentros Ballesol, S.A. This innovative project will improve the quality of life for those suffering from Alzheimer's in hospitals, geriatric or similar centers, through the development of a wireless location and control management system. The project is being financed by the Ministry of Industry, Tourism and Trade.
- **Project EPICo.** Development, in Spain, of PEM type Fuel Cells. Financed as a Singular Project of a Strategic Nature by the Ministry of Education and Science's Profit Program. Other participants in this project are Cegasa, Ajusa, David Fuel Cell Components, the Cidetec Foundation, and the INTA.
- **Project PlasmaGen.** Development of a Clean Hydrogen Production Process with plasma reactors. The ICMSE-CSIC is participating and funding is by the Regional Government of Andalusia.
- **Project Aquila.** Development of Fuel Cell based Electric Energy Generators for the Aeronautical Sector. With a 1.4 million euro budget, and supported by the Technological Corporation of Andalusia, the CSIC and College of Engineers of the University of Seville are collaborating on the project.
- **Project PlasmaGen.** Development of a Clean Hydrogen Production Process by means of Plasma Reactors. The duration of the Project is 24 months, from February 2005 to January 2007. The overall budget is more than 300,000 euro, with financing from the Innovation and Development Agency of Andalusia (IDEA), within the framework of the Incentives Order dated May 24, 2005, for R&D projects, issued by the Department of Innovation, Science and Enterprise of the Regional Government of Andalusia. The ICMSE-CSIC is collaborating on the development of the Project.
- **Project Hercules.** The objective is to demonstrate the production of renewable hydrogen utilizing solar energy. On the one hand, the aim is to establish a prototype production plant in Sanlúcar la Mayor and a renewable hydrogen service station capable of supplying the gas to vehicles that use it as fuel; on the other, the design and construction of an electric vehicle that utilizes hydrogen as fuel, employing fuel cell technology for this purpose. Project Hercules is an Andalusia initiative globally coordinated by Hynergreen and promoted by a total of 8 partners. These collaborators are five companies, a public agency and two research centers: Solúcar R&D, Santana Motor,

Carburros Metálicos, GreenPower, Andalusia Energy Agency, INTA and AICIA. The duration of the project is 42 months, from January 2006 to June 2009 and the worksite is the Sanlúcar la Mayor Solar Platform. The overall budget is more than 9 million euro, with financing from the Innovation and Development Agency of Andalusia (IDEA), within the framework of the Incentives Order for R&D projects, issued by the Department of Innovation, Science and Enterprise of the Regional Government of Andalusia, and also from the Ministry of Education and Science, which has catalogued it as a Singular Project of a Strategic Nature.

- **Project Multionda PV:** design of a high performance 30 kVA rated photovoltaic inverter. Solúcar Energía, S.A. and Green Power Technologies, S.L. are collaborating on this project

which has received financing through the Profit Program (Technical Development Research Program) of the Ministry of Education and Science's National Scientific Research, Development and Innovation Plan, under file number FIT-120000-2005-80.

- **Project RES2H2:** The Cluster Pilot Project for the integration of Renewable Energy Sources into European Energy Sectors using Hydrogen aims at the integration of wind power with hydrogen storage, fuel cell and reverse osmosis technologies, within the European Union's 5th Framework Research Program. The budget for the RES2H2 project is 536,914.64 euro, with a subsidy of 268,458.32 euro (50%) under the European Union's 5th Framework Research Program, under file ENK5-CT-2001-00536.
- **Project Motronic:** new technology in Motor Control Centers. Project Motronic focuses on the "Development of software and the implementation of a remote microelectronic system for governing motor control centers (MCCs), under the Profit Program, with Inabensa as the leading company, and in collaboration with the Superior College of Engineers of Seville, through its Electronic Technology Work Group.

Abengoa's Investment in R&D&I

Main Projects	2005		2006		2007 (Est.)	
	M€	% / Sales	M€	% / Sales	M€	% / Sales
Solar Energy	31.7		17.4		15.7	
Biomass conversion to bioethanol	13.5		26.2		18.0	
Enhancement bioethanol efficiency (residual starch)	1.1		1.6		1.1	
Hydrogen Technology. Fuel Cells	2.7		2.1		6.6	
Electricity, environmental, oil and gas control centers	6.8		7.6		8.8	
Road and rail traffic, and ticketing systems	3.6		5.6		4.5	
Public Administration support systems	2.1		2.2		2.4	
Geographic Information Systems (GIS)	2.2		2.3		2.9	
Vitrification	0.0		0.4		0.1	
Environmental Technology Center	0.0		0.0		0.8	
Desalination	0.0		1.0		1.6	
Enhancement aluminum efficiency	0.2		0.1		0.1	
Other Projects	2.0		2.0		6.9	
Total Investment R&D&I	65.9	3.3%	68.5	2.6%	69.5	2.4%



Abengoa in 2006

- Social Action
 - Internal Social Action
 - External Social Action
- Economic Performance
- Environmental Performance
- Dialogue with Interested Parties

Social Action

In today's climate of constant change and global competition, Abengoa regards the innovative company as an efficient and necessary tool to achieve a sustainable development society. With this in mind, we have incorporated corporate social responsibility values in our everyday activity, naturally integrating them into our company strategy, its culture and its organisation. Not only do we actively work for economic progress, we also want to make a positive contribution to social and environmental improvements in the interests of humanity.

Using solar energy, biomass, residue, information technology and engineering, Abengoa applies innovative technological solutions to attain sustainable development. At the same time, the company uses the Focus-Abengoa Foundation as a channel to express its commitment to society.

Created in Abengoa in the year 1982, the foundation's mission is to put its social action policies into practice. It is a non-profit organisation with objectives of general interest that focuses its efforts on the areas of assistance, education, culture, science, research and technological development, with a particular emphasis on aiding disabled persons. The Focus-Abengoa Foundation has become a valuable instrument within the company, sending forth its initiatives with strength and impact from its headquarters in the Hospital de los Venerables of Seville, which has become a cultural symbol.

In this report on social initiatives, we wish to stress the attention we have given to our staff, their training and development, their quality of life, their social and professional welfare and family life. At the same time, these initiatives have also connected with the new sensitivities and concerns of society as a whole; the impact of effective management of intangible assets actually benefits and is propagated by company's values and objectives.

We have selected two focal points based on specific groups that aid us in structuring our efforts and channelling our concerns to be of greater assistance to them. The first is internal social action within the company itself, and the second is external social action in benefit of society.

Internal Social Action

During 2006, Abengoa's staff amounted to an average of 13,608 employees, which represents an increase of 23%.

By Business Groups, employees are distributed as follows

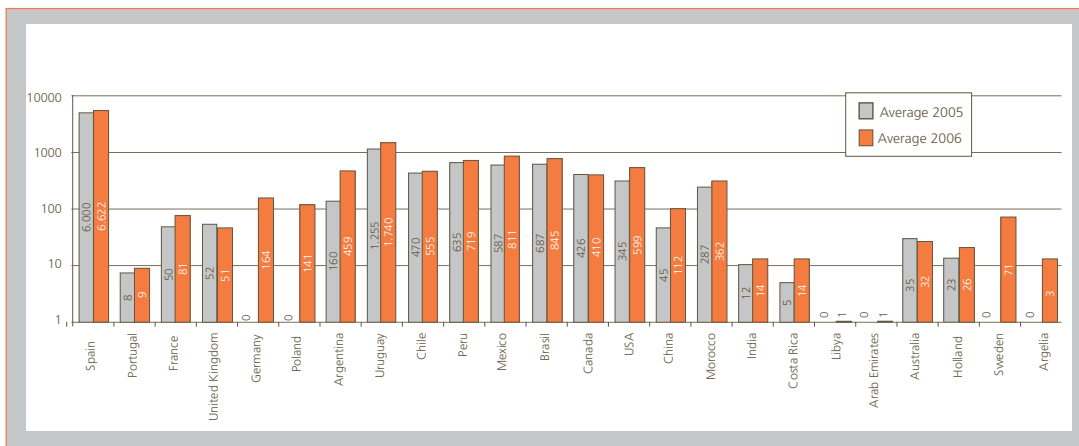
Business Groups	2005	2006	%
Solar	19	41	116
Bioenergy	421	527	25
Environmental Services	1,348	1,563	16
Information Technologies	2,373	3,155	33
Industrial Engineering and Construction	6,921	8,322	20
Total	11,082	13,608	23

By December 31, 2006 the number of employees increased in 14,605 people, which means a net increase of 2,359 employees regarding December 31, 2005 (an increase of 19.3% from December 31, 2005 to December 31, 2006).

By geographical location, and taking into account the criteria applied in Spain and abroad, the average staff in Spain increased to 6,631 employees, which means 49.1% regarding the average staff of 6,977 employees abroad (America, Asia, Africa, Oceania and rest of Europe).

	2005		2006	
	Employees	%	Employees	%
Spain	6,000	54.10	6,631	49.1
Abroad	5,082	45.90	6,977	51.6

Headcount broken down by countries

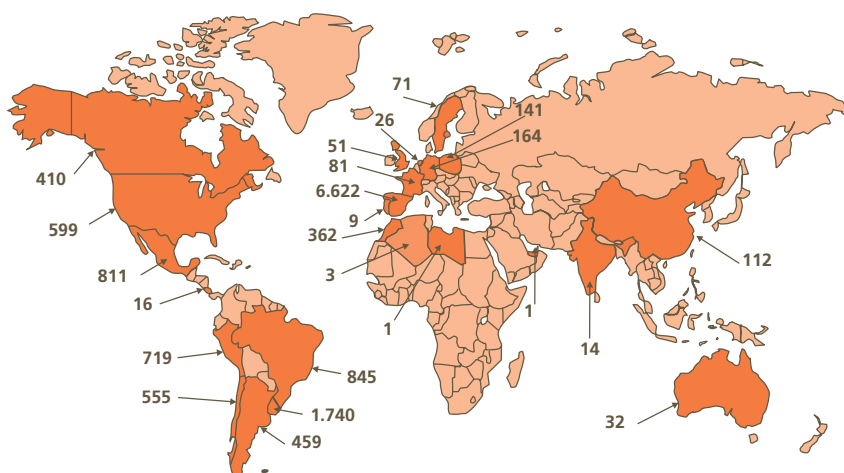


Continent	No. Employees	% /Total
Spain	6,622	47.8
Europe	543	3.9
North America	1,009	7.3
Latin America	5,145	37.2
Africa	366	2.6
Asia	127	0.9
Oceania	32	0.2

* Logarithmic Scale

** With regard to acquisitions in new Geographical Areas, the average calculation is based on the number of months the acquired company belongs to Abengoa.

Distribution by Countries

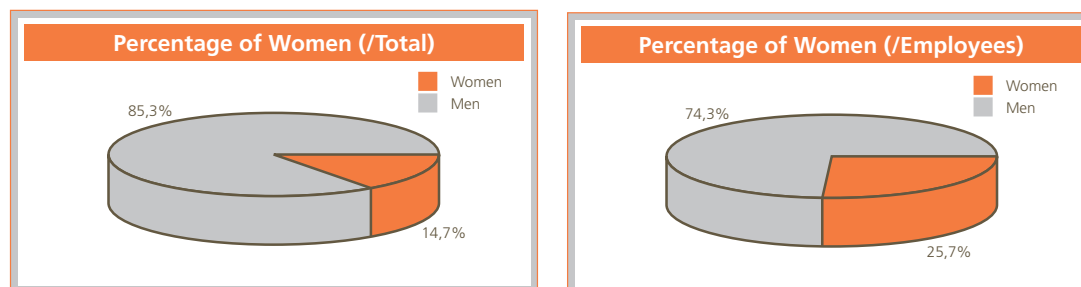


Por modalidad contractual

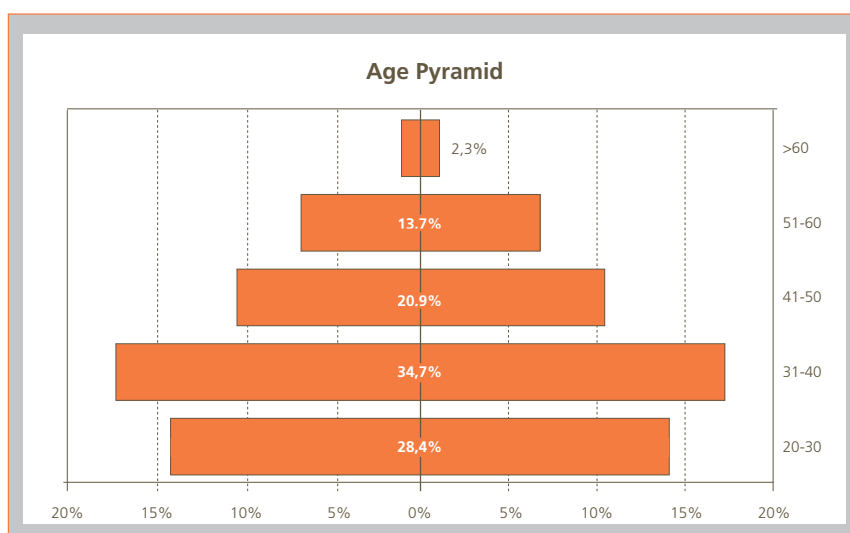
Abengoa	2005			2006		
	Undefined	Works	Temporary	Undefined	Works	Temporary
Nº of hired employees	4,433	3,827	2,822	9,055	3,651	1,899
Percentage	40	35	25	62	25	13

Data valid until December 31st. 2006

With regard to the distribution between Men and Women in Abengoa, the following is a detail of the percentage of employees and regarding the total.



Regarding the age, we must point out the balance between the distribution sections. This is an indication of a constant growth with a remarkable quantity of young professional workers hired. They are supported by the huge professional experience of the rest of the staff.



Human Resources Policy-

Human Resources policy is in line with the **Mission, Vision and Values of Abengoa** and its operational strategy, and therefore, it is oriented and continuously adjusted to its strategic goals.

The fulfillment of the strategic goals, by means of the execution of the Strategy Plan, is the *raison d'être* of the company's structure and its human team.

Required adjustment between Human Resources and the Strategic Goals

Active in more than 70 countries in the five continents, and with more than 14,000 employees, **Abengoa** is an international and multi-cultural company with a clear business focus on sustainability through innovation

Abengoa has started a successful model that positioned the company as the leader and a reference in the activity industries and markets where it operates.

This successful model is based on a clever strategy and appropriate management model, but above all, in having the right human team to achieve the defined strategic goals.

Abengoa believes that it stands out as a company thanks to its people. Its staff cannot be copied by the competitors, and its people, with their preparation and commitment, define the real difference in the results obtained by the company.

We think that people are the real investment, an asset that creates value and wealth, and therefore, the Human Resources Policies in **Abengoa** emphasize the creation of the right conditions for their development, for their talent to come up and achieve Excellence in performance.

Growth is the result of the excellent performance of people.

Human Capital makes it possible to achieve targets and adds distinguishing competitive values by the application of talent, skills and excellence in performance.

Therefore, the concept of suitability is key when talking about employees: Commitment, Motivation, Talent, Initiative, Skills, and the continuous search for performance excellence must be the grounds of professionals in **Abengoa**.

The search for suitability is therefore one of the fundamental goals of the Human Resources Policy; suitability to the position, suitability to the mission, technical and general suitability.

Not in vain that search for suitability and adequacy is the inspiration of training and selection policies, as well as the performance measurement policy, the segmentation by positions and responsibilities, the compensation packages, and it is present in everything related to the development of employees.

To achieve this goal, **Abengoa** bets on a Human Resources model based on skills. A model that enables the intended alignment between the strategic goal, the position and the person (suitability), and that makes it possible to identify and detect talent.

Abengoa is aware of the current environment, defined by innovation and change. The action of its professional employees and the capability to attract, develop and keep talent are key elements to success for any company, and therefore, we definitely bet on a Human Resources policy that involves a two-fold target:

- To strengthen, benefit, transmit and manage knowledge; the experience of its top-level professionals, and to guide the development of skills, trying to always provide Abengoa with the ideal professionals for each position, mission and responsibility.
- To turn Abengoa into a company with the required conditions for the development of talent, with interesting conditions and environment, as well as an interesting staff management model.

**To attract, develop and keep talent
are key elements to success**

To develop, strengthen, and compensate for human resources that can provide the most from themselves, with this contribution being in line with the requirements of **Abengoa**.

In **Abengoa** we are aware of the importance of motivation.

The sense of belonging to the Company, to feel part of the project, to participate, the capacity to affect events, provide solutions, to benefit from opportunities... these are clear professional motivation elements. With this, valuable staff needs no constant exogenous motivation, they become self-motivated, for it is part of the capacity to develop in the professional and personal fields.

Aware of this, part of Abengoa's culture is the participation of employees in continuous improvements; their participation at every level and improvement in all fields. The whole organization is to take the initiative to improve business processes, working conditions, environmental conditions, the solution of problems. For that purpose different programs and action groups for collective improvement divided by activities are encouraged (Six Sigma, Competitive). Tools for Problem Solution Report and Improvement Action (IRP/AM) are supplied. Permanent Suggestion places are provided through the Portal. Climate Surveys are performed to measure the degree of satisfaction and therefore, working issues are detected where correction is required.

Commitment

Employees' commitment is also a key element: initiative, pro-activity. The company must provide the required elements, but once the resources and conditions are provided, the employees must undertake their responsibility and commitment, and react not only with their participation, but with excellence in their performance.

Performance becomes the backbone of the system

Talent without appropriate performance is not profitable

Natural supporters of Performance Excellence are Commitment, Motivation, Perseverance and Tension in day to day operations.

Within all this culture, Abengoa must be –and is- committed with Information and Communication. This is another face of the polyhedron, a required one, for we cannot understand the aforementioned without sharing and informing. So, Abengoa is always doing its best to improve communication channels, being the flow of information key in our enterprise culture. Sharing information enriches, joins, and creates opportunities.

Sharing information creates opportunities

For this reason, Abengoa, bets on an Integrated Management System:

- This is an Integrating system, for it covers all the Human Resources issues: the definition, description, and classification of work positions, recruitment and selection to attract the best professionals in the market, training and development, with the corresponding career plans, assessment, performance management and payment schemes, as well as internal communication and social action.

- This is also an Integrated system, for it includes not only inter-related processes, but the whole world of Abengoa formed by the various Companies, regardless their industry, geographical area and the Business Group they belong to.

Gestión Integral de Recursos Humanos. GIRH

Gestión Integral de Recursos Humanos, S.A. (GIRH) is the company specialized in management and development of employees in Abengoa, serving its Companies in the area of Human Resources.

Its Mission is to guarantee the required policies, strategies and actions, in the area of Human Resources, to enable the fulfillment of the Abengoa's Strategy Plan, mainly by:

- Attracting, hiring and keeping the right professionals for each position, mission and responsibility.
- Strengthening, benefiting and transmitting knowledge.
- Developing talent and skills.
- Turning Abengoa into a Company with the required conditions for personal and professional development, with attractive working conditions, environment and an employee management model.

Its management model for each of the Companies is based on the outsourcing model premises, i.e., on service supply contracts and quality level agreements with customers, enabling a precise control by means of indicators designed for that purpose.

Their services are vertically structured:

- Selection
- Training
- Personnel Administration
- Labor Relations
- Quality, Environment, and Labor Risk Prevention
- Development
- Social Action

Currently, GIRH has established sites in Spain (mainly in Madrid and Seville), Central Europe (Rotterdam), North America (Saint Louis) and Mexico (D.F. and Querétaro) and globally coordinates -in its corporate and horizontal responsibilities- the Human Resources activity within the whole world of Abengoa.

Training

As previously indicated, we are aware of the fact that in the current environment, which is defined by innovation and change, the action and talent of our professionals are the key distinguishing competitive element. Therefore, attracting, developing and keeping talent are key elements to success. Training is therefore one of the main elements.

Training in Abengoa includes subjects identified as required to keep a team of highly-qualified professionals in line with the corporate culture and the best market practices that we indicate next:

- **Corporate Training**, understood as training that transmits the common culture, internal rules, strategy, financial models, corporate identity, and the values it represents.

- **General Training**, that is, training that looks for the professional improvement of employees, by teaching the new working tools, new techniques, updating professional contents, and management methods, among others.
- **Training in Prevention of Labor Risks**, that involves not only training about the health and safety levels required to work and the use of both individual and collective protection elements, but also to train Prevention Technicians at different levels (basic, medium and higher levels). This requires specific training regarding the in force legislation and its interpretation rules, as well as an official authorization to undertake certain responsibilities in this subject.
- **Languages**, a key element in an international growth model such as Abengoa's, that requires professional employees to be prepared to tackle and develop projects in any location worldwide.

In order to efficiently satisfy the new and growing needs in this field, in Abengoa we have bet on combining presence training with methods based on the new technologies: e-learning.

This bet is intended to standardize messages to the whole organization, to speed up knowledge transmission by allowing each employee to manage his/her own learning pace based on capacity and previous knowledge, and choosing the right time for training. It is also designed to optimize costs by cutting indirect dedication times (such as traveling), and avoiding incompatibilities with critical times in business. Such initiative is consolidated in Abengoa's C@mpus.

C@mpus is the virtual space, located in Abengoa's Employee Portal, where the different on-line training contents will be hosted: corporate and technical training, language training and labor risk prevention training, among others.

C@mpus will enable tutor guidance, virtual academic forums, learning assessment, training follow-up and register.

Abengoa, in its professional development model, has agreed a series of professional itineraries based on training itineraries that intend to form professionals highly qualified in key business disciplines, in line with the corporate culture and the best market practices. They are the so-called the Professional Programs of Abengoa:

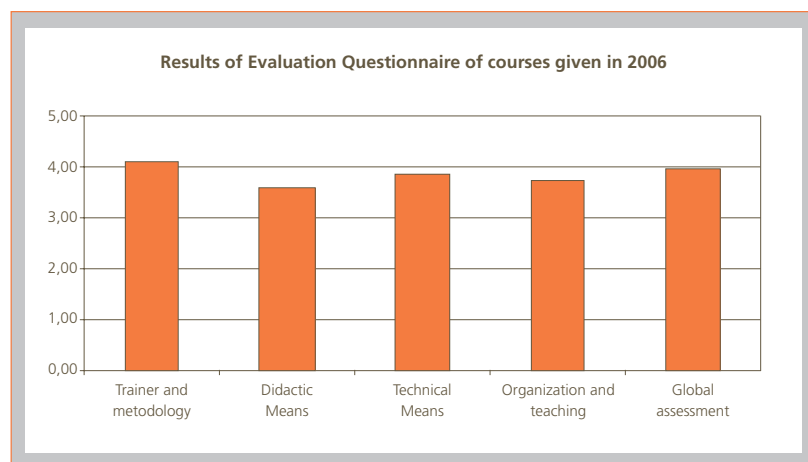
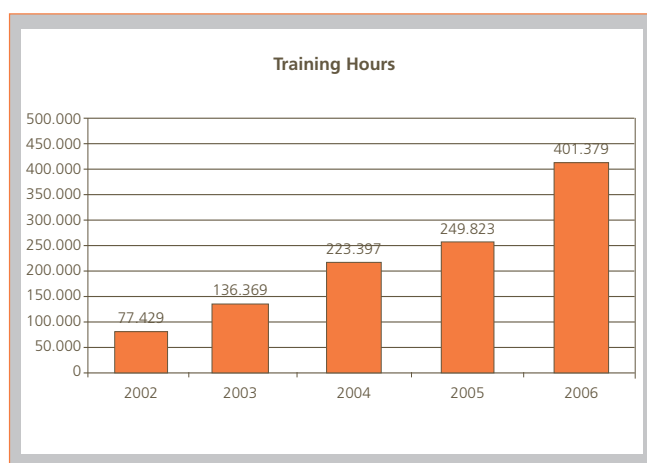
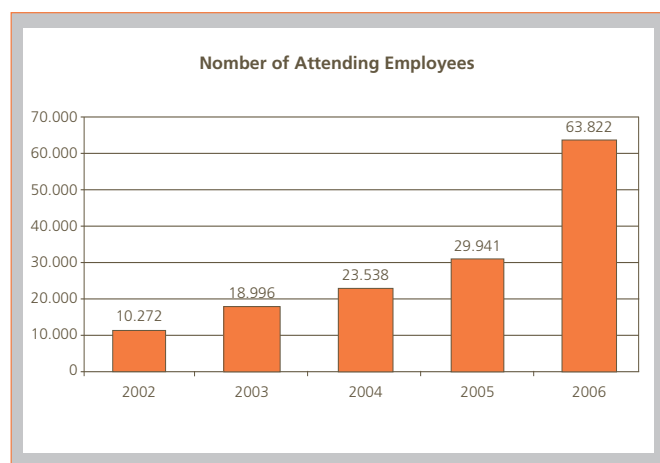
- Project Manager Program: now with Promotions in Spain (2), Central and South America, and China, with more than one hundred professionals following the program.
- Project Leader Program: started in October 2006, with the first Promotion (Spain, 22 students), and two new Promotions on their way with other 50 professionals by the beginning of 2007.
- Works Leader Program: next launch to happen at the beginning of 2007 with around fifty students).

Other Professional Programs are in the design phase, such as those of Proposals and Marketing, Quality, Environment, and Prevention, among others.

Regarding Abengoa's Training Plan for 2006, we confirm that it was successfully executed, achieving the proposed goals in each of the subjects, both regarding the number of participants and the hours.

Summary	Participants	Training Hours
Corporate Training	7,868	52,866
General Training	24,899	167,928
Languages training	1,202	74,850
Worforce training	29,853	105,735
Totales	63,822	401,379

Next we show the evolution of both parameters regarding previous years:

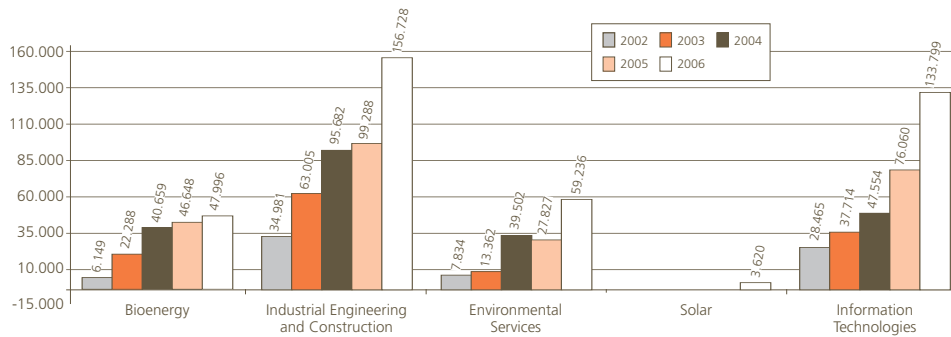


The following chart represents, by Business Groups, the average training hours per employee and per Business Group in the last five years:

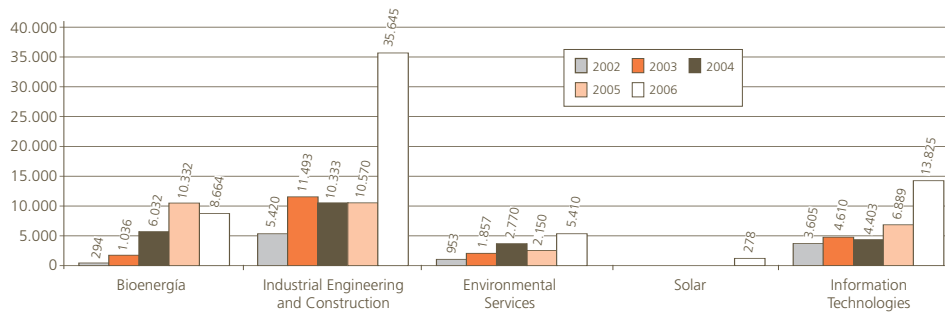
Training hours per employee	2002	2003	2004	2005	2006
Bioenergy	20.3	73.5	24	113.09	102
Industrial Engineering and Construction	29.6	30	43	54.47	45
Environmental Services	6.62	11	28	22	39
Solar	0	0	0	0	88
Information Technologies	17.71	22.4	24	46	44
Media	9	19	16	31	47

In the various graphs, a comparison of the evolution of training hours and the number of attending people in the last five years, per Business Group, is presented.

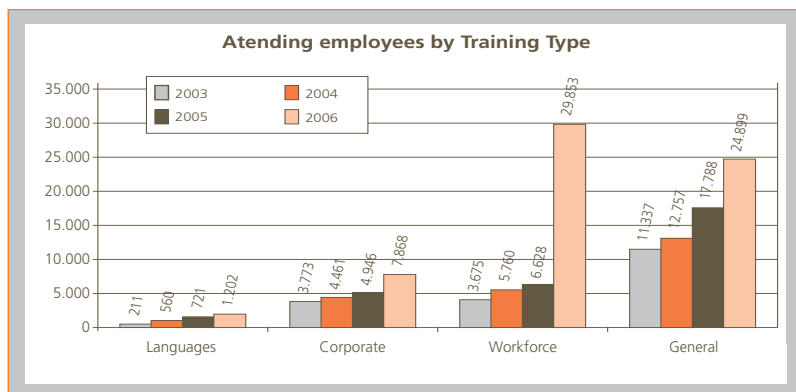
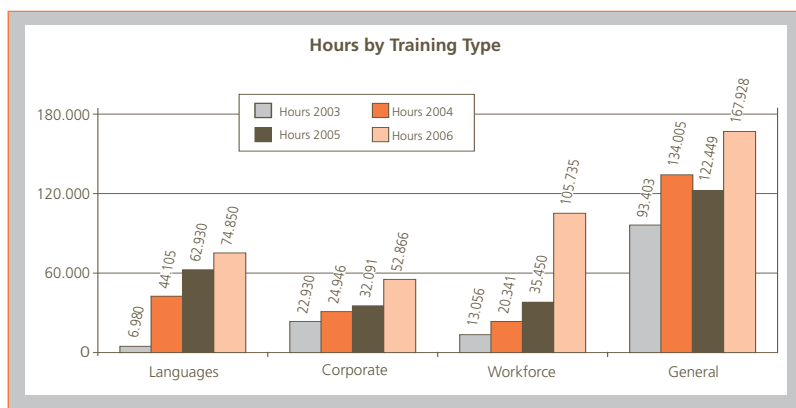
Training Hours by Business Group



Number of attending employees by Business Group



The following graphs present a comparison -during the last four years- of hours and attending employees by type of executed Training.



Labor Legislation

All Abengoa's employees are now under the scope of application of a labor legislation that goes beyond the company, according to the nature of activities and the countries where they are performed. Furthermore, under the legal protection of each country, the legal coverage is especially relevant through the Collective Labor Agreements of the industry, territory, or the own agreements of the company, signed by workers or their Union representatives, as it corresponds.

We must point out the Behavior Code of Abengoa, that is applied to everybody and that is based on the idea that it is fundamental for the reputation and success of the Company the honesty, integrity and the right judgment of employees, managers and directors in their relations with customers and prospects, colleagues, competitors and the Administration entities, with the media, and with all the other parties or institutions with which the Company has contact.

Abengoa respects and supports the free association of its employees, and does not consider it necessary to establish a specific policy, for it is deemed an inalienable right. Furthermore, the dialog with workers' representatives is permanent, keeping them informed about all the areas of interest.

Compulsory work and children exploitation are rejected by Abengoa. We support all the initiatives that lead to the eradication of children work. In this respect, Abengoa is signatory of the United Nations Agreement that considers this issue as one of its nine principles.

Safety and Health

According to the obligations established by the Labor Risk Prevention Legislation of application to various countries, and the Labor Risk Prevention Policy of Abengoa during 2006, relevant steps have been taken for the Continuous Improvement of the implemented Risk Prevention System.

The development of the goals planned along the year in the companies, the integration and participation of workers in the development of prevention activities, the follow-up and control of the system made by the Top Management, and the advising made by the preventive organizations created in the companies, enable the development of a Labor Risk Prevention culture in Abengoa that has a significant influence on the reduction of work accidents and professional illness, and on the continuous improvement of safety conditions at work sites.

All the Abengoa companies have designated specific persons, with partial or total dedication to the development, management and control of the prevention system. The organization models implemented in Risk Prevention are adjusted to the legal requirements of each country where Abengoa operates and the solution chosen by Abengoa is to have its Own Prevention Services, which means to hire technicians specialized on this matter.

In all the Companies, following Abengoa's Risk Prevention Policy and the Common Management Rules, Prevention Committees have been created as the entities in charge of the follow-up and control of the Risk Prevention System. The Risk Prevention Committee is made up by the Top Management of

the Company, the people in charge of each Area, and the Prevention Service Technicians. The Committee has periodic meetings to approve goals and follow-up actions are performed; the evolution of the labor accident rate is analyzed and statistical indicators are created, the annual planning of preventive activities (PAP) in accordance with the results of risk evaluation, the IRP and AM, the reports of internal audits, the published legislation, etc. In the end, an analysis of the results is made through the Revision by the Top Management, to start again the continuous improvement cycle.

As established by the Risk Prevention Policy Statement, prevention training is a fundamental issue of the Risk Prevention Management System. Contents of training actions are intended to ensure that employees are qualified to identify labor risks at their work position, so they know the prevention, protection and emergency measures implemented for their elimination or control. There is a special focus on workers subjected to serious risks and the newcomers.

Labor accident rates in Abengoa are quite low: an Incidence rate of 44.54 and a Seriousness rate of 0.43, taking into account the characteristics of risk and danger of a great deal of companies and comparing with data from similar industries published by the Ministry of Work and Social Affairs of Spain: Construction: Incidence rate of 153 (2005) and Seriousness rate of 2.01 (2004) and Industry: Incidence rate of 102 (2005) and Seriousness rate of 1.27 (2004).

Each company is in control of the work accidents and professional sickness that occur at their work centers (official report, sick leave certificates, etc.), as well as the research reports made by technicians of Risk Prevention Services, or other elements of the preventive organization, according to an internal management regulation and the general procedure of the Risk Prevention System, PGP-000/08. This information is monthly communicated to GIRH in order to prepare the corresponding indicators by company, and the consolidated reports, so that an efficient follow-up and control can be made for the Improvement Action proposal, if this is the case.

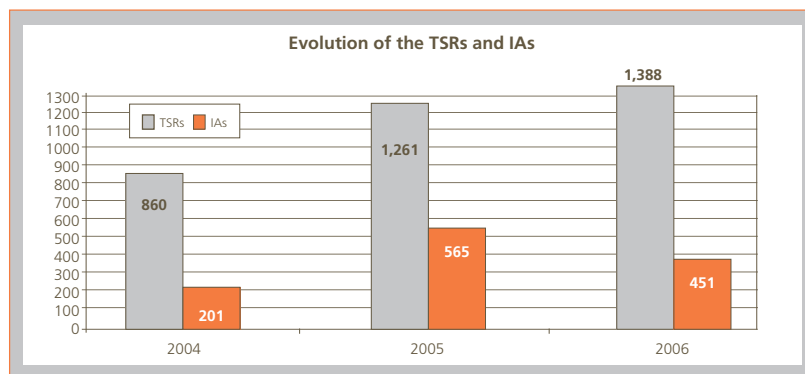
According to the aforementioned management rule, serious accidents are immediately communicated to the Presidency, the Director of the Business Group, the Human Resources Director and the person in charge of Risk Prevention. An analysis and research of the particular circumstances are performed right away, by means of the two already indicated paths: the Event and/or Accident Investigation Report, and the corresponding Problem Solution Report.

Some data from 2006:

- The total percentage of absenteeism in Abengoa (sanction, sickness, accident, justified and unjustified absence) is 2.66%. Absenteeism due to sickness and labor accidents is 2.0%.
- The number of labor accidents with medical leave of more than one day is 514, out of which 27 had occurred going to or coming from work. These accidents have resulted in 8,956 labor days lost, out of which 444 correspond to commuting accidents.
- In 2006 a casualty occurred. The victim was a worker from Inabensa.

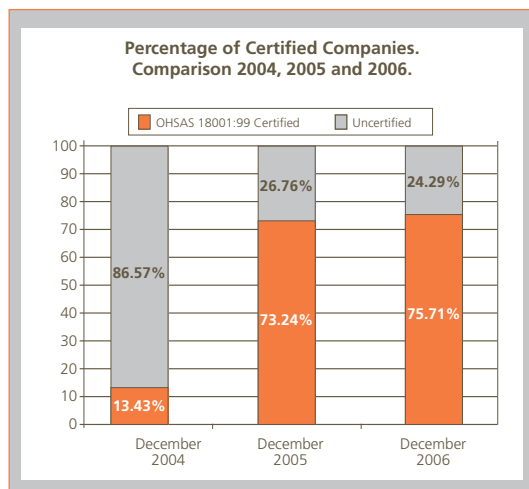
The promotion of participation, personal or group initiative, pro-activity, in summary the implication and commitment of everybody with the continuous improvement of the Risk Prevention System at each of the Abengoa companies is still one of the biggest goals and something to change regarding the traditional system of formal character and vertical operation.

Computer applications for Trouble-Shooting Reports (TSRs) and those designed to process Improvement Actions (IAs) are strategic tools that facilitate this goal. Everybody at the Companies has access to these tools, and it is the responsibility of the Management to strengthen their use in all the Organization.



As a support to the documentation of the PRL Management System, there is a very useful computer application for companies and the various Risk Prevention Services of the Group. It is managed by the Associated Prevention Service in its company scope.

Common Management Rules in Abengoa establish as a strategic goal for all the Companies, the implementation and certification of Prevention Management models according to the OHSAS 18001:1999. The next graph displays –until December 2006– the evolution of the percentage of certified Companies.



To verify the safety conditions under which the activities of the work centers and work sites are developed, 690 visits were made to work sites and 230 hygienic measurements. From detected defects and anomalies, the corresponding Trouble-Shooting Reports (TSRs) and Improvement Actions (IAs) were created.

The implemented Check List self-assessment system is being promoted; it allows the people in charge of work centers and work sites to know the missing things in the application of the Risk Prevention System.

According to the goals and programs, 223 internal audits were made in companies and organization units. Regarding the non-conformities and recommendations made, the corresponding IRPs and AMs have been created at the companies.

Training in Health and Safety is detailed in the previous Training section, but we must stress the 385 Basic Technical courses. These courses amounted to 52,600 hours. execution of 67 High Level Technical courses, 21 courses on Ergonomics, Safety and Health, and 385 Basic Technical courses. These courses amounted to 52.600 hours

Quality of Life

A series of actions have begun in Abengoa with the aim of making the environment more human and pleasant by increasing life quality at work and enabling the conciliation of family and professional life.

Among the implemented initiatives, we highlight the following:

Promotion of physical activity and sports. To contribute to the quality of life of their employees, Abengoa has created gymnasia in its work centers; they are equipped with all the necessary for physical fitness, as well as the required space for the various activities (dance, step, aerobic, etc.) These installations are operating continuously at the centers in Seville (Buhaira and Tamarguillo), and Madrid (Valgrande), as well as in Calgary (Canada).

Nursery. Another project that is part of the Quality of Life Policy in Abengoa and also another action for the conciliation of professional and personal life is the financed Nursery Service for kids of up to three years, of the workers of the Valgrande building in Madrid. This is also included in the project for the new site in Seville (Palmas Altas).

Accumulation of leaves for breast-feeding. In accordance with the Spanish labor legislation, fathers or mothers of children less than nine months have the right to one-hour paid leaves for breast-feeding. However, in Abengoa we go beyond the legal legislation with the purpose of improving the conciliation of professional and personal life for everybody by offering fathers or mothers the possibility to accumulate those leaves totally or partially; in practice this is the equivalent, for example, to extend the maternity leave approximately one month.

Work schedule flexibility. Abengoa has established in its work timetables different alternatives for the entry time in the morning, the lunch time, and entries and exits in the evening, so that the employees can adapt to the timetable that best suits their personal and family life.

Social Assistance to Employees. This is a project to build human nature relations, where the employee can pose specific and very diverse situations, such as the need to be heard, to receive support and orientation, to get information, or to control specific family, medical, social or economic problems. The Focus-Abengoa Foundation, through GIRH, has Social Funds to provide economic aids in necessity situations.

Medical Services. In the field of strengthening coverage to employees, we have a policy to provide a Medical Service to our work centers with more than 300 people. Currently the work centers in Buhaira, Tamarguillo, Valgrande, Velasco Pando, Mexico D.F. among others) have their own Medical Service, attended by specialized personnel equipped with the required health-care material.

25th Anniversary Recognition of employees who celebrate 25 years of continuous employment in the company is given during the celebration of an inspirational ceremony held at corporate headquarters in Seville, Brazil, Chile, Mexico and Uruguay. This year, the ceremony in Seville was held at the Church of Los Venerables, headquarters of the Focus-Abengoa Foundation, which served as the backdrop to a commemoration that attempts to recognise the efforts of persons who collaborate with and participate in the company's developmental and growth processes.

Palmas Altas Technology Centre Abengoa's future Technology Centre, located in the area of Seville known as Palmas Altas, will be the future headquarters for businesses belonging to the group that are located in the Andalusian capital. To this end, Abengoa organised an International Contest of Architectural Ideas for the centre; the project was awarded to a team led by Richard Rogers, a global leader in sustainability, energy efficiency, business parks and institutional headquarters. The design for the project, which will be up and running by 2008, is similar to a university campus in its layout and includes various buildings placed around a central plaza, which will be the centre of a service area (restaurants, nursery, health care services, etc.). These various elements will combine to present an innovative and avant-garde space that will breathe new life into the southern sector of Seville.

Social Welfare

La Antilla Residence The acquisition in 1972 of an appealing architectural complex on the beach of La Antilla, in Lepe (Huelva) consolidated what has come to be known as Operation Summer Holiday. This programme began in the sixties and its objective continues to be the use and enjoyment of these installations as a place of relaxation and friendly

co-habitation for Abengoa personnel. This year saw the finalisation of the plan for the remodelling of the complex, in compliance with current fire safety standards, as well as the completion of other installations such as lifts, kitchen, bathrooms and entrances. These measures will offer users a greater degree of comfort in the various apartments, enhancing the well-being of the many families who enjoy them and increasing the number of employees who put in requests to use them. In 2006, 3,000 people vacationed at the complex, of which 338 were retired employees invited by Abengoa.

The aforementioned objectives also motivated Abengoa to make a significant investment in 2006 to acquire a new 1,100 m² plot adjoining the existing complex. This additional land will make it possible to build more residences and common areas, thus increasing the housing capacity of this facility that Abengoa puts at the disposal of its employees, retirees and their families for the purposes of relaxation, coexistence and leisure.

Activities in the Hospital de los Venerables Concern for the human development of the employees, retirees and pensioners of Abengoa's various companies has motivated the design of a cultural programme exclusively for their benefit, through which they can participate in and benefit from the diverse cultural activities organised at the Foundation's headquarters. Said programme includes free visits to the historic monument and temporary exhibitions, and special prices and discounts on admission to the concerts and organ recitals held at the Foundation as well as on the purchase of publications produced by the Foundation.

Social External Action

the company's commitment to society is also evidenced in other activities and is carried out in different ways via the Focus-Abengoa Foundation. Since its creation in 1982 by Abengoa, the Foundation has remained an integral part of the company's essence as its active instrument for the implementation of Abengoa's social initiatives.

The Foundation's primary objective is the promotion of culture in its diverse artistic and scientific manifestations, focusing mainly on the conservation, dissemination and development of Seville's historic and cultural heritage and of its Latin American implications. In addition, it organises activities that encompass social acceptance and reintegration projects, cooperation with the defence of environmental heritage, and other projects that support technological and social progress, with a particular emphasis on disabled individuals.

Since 1991, the Foundation's headquarters have been located in the Hospital de Los Venerables Sacerdotes (the Venerable Priests) of Seville, a historic and artistic monument dating from the 17th century and temporarily loaned to Abengoa by the Brotherhood of Los Venerables and the Archbishopric of Seville. After a long and expensive restoration process, which included not only the architectural elements but also the paintings, sculptures, gold and silver articles,

and woodcarvings housed in the interior, the Focus-Abengoa Foundation was able to return this unique building to the city and to future generations. Since that time, the hospital has become one of the best-preserved examples of Spanish Baroque heritage, and has once again come alive as a centre of active learning by means of multiple activities that are intertwined with the Foundation's objectives and goals.

Preservation and Maintenance of the Hospital de los Venerables

The most solid asset under the guardianship of the Foundation is the Hospital de Los Venerables building, which directly implies the need to safeguard its intangible worth and cultivate respect for its authenticity. For this reason, responsibility for its upkeep and reparation are an essential part of the process of preserving this palpable heritage. Each year, the major action plan consists, on one hand, of foreseeing and preventing any possible deterioration of the building's architectural composition and of its artistic elements; and, on the other hand, of improving or substituting the technical and museographic installations that allow visitors to access, use and enjoy this monument, thus consolidating the building's empathy with society.

Education and Training

Training Programme for the Disabled

Abengoa's history has been marked by a constant concern for school, special and physical education and the social reintegration of disabled individuals. Intense action is carried out in marginalised regions with high poverty levels in Argentina and Peru, which can now boast schools with running water, electrical power, kitchens, dining halls, gymnasiums, health care and nutrition, etc.

In 2006, the new and extended corporate purpose document of the Foundation was approved. Subsequently, and with the goals of providing professional training, opening up the job market and creating job opportunities for people with disabilities, a company belonging to the Abengoa family, namely Gestión Integral de Recursos Humanos (GIRH), organised a specific Training Programme for the disabled.

The objectives of said programme are:

- To train and prepare disabled individuals for jobs in the fields where Abengoa is currently active.
- To find jobs for the disabled in Abengoa companies or other organisations.
- Workplace reinsertion in areas suffering from extreme poverty and social marginalisation.
- To advance and develop Abengoa's strategy of corporate social responsibility.
- To comply with and go beyond the requirements stipulated in the Act on Social Integration of the Disabled

The following initiatives have been set in motion:

"Administrative Secretary Occupational Training Course for people with disabilities," organised in collaboration with the Safa Foundation, the Department of Employment of the Regional Government of Andalusia and the European Social Fund. The first course, which was widely publicised in the national media, was a success with regard to applicant response. Of those who applied, fifteen students were chosen and guaranteed a six-month employment contract at the end of the course.

Other courses currently being planned include a "Programming Course," a "Course on Designing Blueprints" and a "Course for ADSL Installers". Efforts are also being made to adapt some of the courses to cater to the special needs of autistic individuals.

In order to attain the proposed objectives, collaboration agreements have been signed with the most important organisations and public authorities related to people with disabilities. Some of these entities are: the Department of Employment of the Regional Government of Andalusia, the Safa Foundation, Sisters of the Cross, the Konecta Foundation, the National Autism Confederation and the Integra Foundation. To the same end, other agreements are currently being negotiated with the Department of Equality and Social Welfare of the Regional Government of Andalusia, the Adecco Foundation, the Andalusian Confederation of Businessmen and Women, the ONCE Foundation, the Association of Persons with Physical and Sensorial Disabilities of Sanlúcar la Mayor (Adefisal), the University of Seville and others.

Prizes, Grants and Aid

Individual training and education is perhaps the most interesting aspect of social responsibility, both for the company and for Abengoa's employees. Promoting learning, supporting research and granting recognition to activities related to these fields are priority objectives, which are actively supported by an ample School Funding Programme that attempts to lighten the economic burden of further education on the families of employees. This effort has led to the granting of 1,534 study scholarships for various educational levels during the 2005-2006 academic year, distributed among 1,196 Spanish and Latin American families, with an emphasis on special education programmes.

In order to motivate scholarship among young people, the company has created a series of awards including End of Studies Prizes, Grants and Financial Aid for study-abroad programmes, others for complementary studies completed by Vocational Training students, prizes for results obtained by participating in professional advancement courses, and a Research Grant.

The solemn prize-giving ceremony, held in the Hospital de Los Venerables, is a unique occasion of great significance to both Abengoa and its Foundation. Since 1982, this annual gathering has provided an opportunity to interact with the award winners, which inspires us to renew our commitment to promote this historic social initiative.

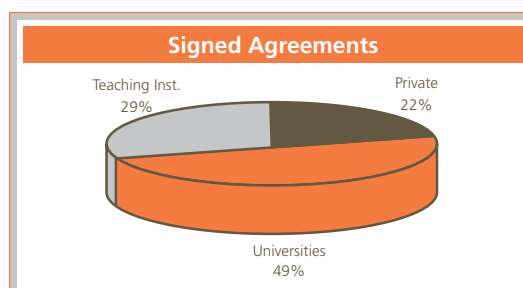
Focus-Abengoa Internship Programme

With the purpose of promoting and complementing training and integration of students in the labor world, Educational Cooperation Agreements have been signed with several national and international educational institutions that support the inclusion of students in Abengoa's Companies. The beneficiaries of these practical learning scholarships acquire their first professional experience, and the possibility to become future employees of Abengoa, and at the same time, they guarantee a very innovative and qualified staff for the development of activities.

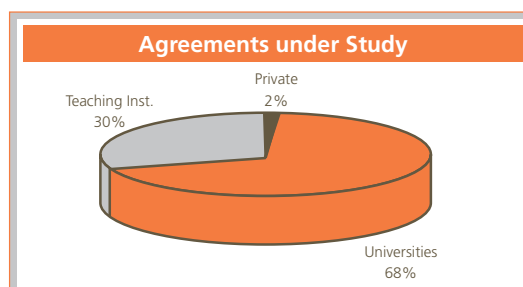
In 2006 a total of 337 scholarship holders have benefited from the Focus-Abengoa Program, which is supported by several Educational Cooperation Agreements that the Foundation undertakes with different national and international educational institutions. In 2006, 15 Institutions have been added to the 63 Institutions that were already included, thus making a total of 78 Agreements. Also, we have to point out that the Focus-Abengoa Foundation is currently involved in the process of formalization and negotiation with other 57 institutions.

The information is summarized in the following charts:

Signed Agreements



Agreements under Study



Main Collaboration Agreements signed between Focus-Abengoa and several educational institutions:

Universities

Alfonso X "El Sabio" (Madrid)
 Alcalá de Henares (Madrid)
 Autónoma (Madrid)
 Antonio de Nebrija (Madrid)
 Camilo José de Cela (Madrid)
 Carlos III (Madrid)
 Complutense (Madrid)
 Europea de Madrid (Madrid)
 Francisco de Vitoria (Madrid)
 Politécnica (Madrid)
 Pontificia Comillas (Madrid)
 Addendum Pontificia Comillas (Madrid)
 Rey Juan Carlos (Madrid)
 San Pablo-CEU (Madrid)
 UNED (Madrid)
 Facultad CC. Físicas (Univ. Seville) (Seville)
 Pablo de Olavide (Seville)
 Universidad de Seville (Seville)
 Politécnica (Barcelona)
 Universidad de Barcelona (Barcelona)
 Centro Universitario Jovellanos (Santander)
 Universidad del País Vasco (Seville)
 Universidad Politécnica de Cartagena (Murcia)
 Universidad de Huelva (Huelva)
 Universidad de Córdoba (Córdoba)
 Universidad Zaragoza (Zaragoza)
 Universidad de Castilla La-Mancha (Seville)
 Universidad Politécnica de Valencia (Valencia)
 Universidad Santiago de Compostela (La Coruña)
 Universidad de Oviedo (Asturias)
 Universidad de Salamanca (Salamanca)
 Instituto Tecnológico y de Estudios Superiores de Monterrey (Mexico)
 Universidad Tecnológica de Querétaro (Mexico)
 Saint Louis University (United States.)
 Universidad Católica de Peru (Peru)
 Universidad Piura (Peru)
 Universidad San Ignacio de Loyola (Peru)
 Universidad Nacional del Callao (Peru)

Secondary Schools

Santa María del Castillo (Madrid)
 Palomeras-Vallecas (Madrid)
 Ntra. Sra. del Pilar (Madrid)
 Heliópolis (Seville)
 Almudéyne (Seville)
 Velázquez (Seville)
 Politécnico (Seville)
 Altair (Seville)
 Nervion (Seville)
 Lucus-Solis (Seville)
 IES Jesuitas (Biscay)
 IES Barakaldo (Biscay)
 IES Salesianos (Biscay)
 San Juan Bosco (Murcia)
 El Bohío (Murcia)
 IES Carlos III (Murcia)
 IES Politécnico (Murcia)
 CEP-CEU (Seville)
 Sancti Petri (Cadiz)
 Vázquez Díaz (Huelva)
 Corona de Aragón (Zaragoza)
 Vicente Blasco Ibáñez (Valencia)
 Instituto Libertador O' Higgins (Chile)

Private Institutes

Escuela de Finanzas Aplicadas (Madrid)
 Fundación Carolina (Madrid)
 Centro de Estudios Financieros (Madrid)
 Centro de Formación Empresarial (Madrid)
 Cesma (Madrid)
 Colegio de Abogados de Madrid (Madrid)
 ESIC (Madrid)
 Centro de Estudios El Monte (Seville)
 CEA (Seville)
 SAFA (Seville)
 CEADE (Seville)
 Fundación Pablo de Olavide (Seville)
 EOI (Seville)
 ESEUNE (Vizcaya)
 San Pablo CEU (Seville)
 CES San Valero (Zaragoza)
 Fundación San Telmo (Seville)

Among the main Agreements being studied we highlight the following:

Universities

OTRI (Uned) (Madrid)
 Universidad Rovira i Virgili (Tarragona)
 Universidad Oberta de Cataluña (Severl)
 Universidad de Murcia (Murcia)
 Universidad de Cádiz (Cádiz)
 Universidad de Málaga (Málaga)
 Universidad A Coruña (La Coruña)
 Universidad Vigo (Pontevedra)
 Universidad de Valladolid (Valladolid)
 Universidad de Navarra (Navarra)
 Washington Univ. (United States)
 Universidad Cândido Mendes (Brazil)
 Universidad Estació de Sá (Brazil)
 Universidad Santa Úrsula (Brazil)
 Universidad Católica de Río de Janeiro (Brazil)
 Universidad Anáhuac (Mexico)
 Universidad Intercontinental (Mexico)
 Universidad Del Valle de Mexico (Mexico)
 Universidad La Salle (Mexico)
 Universidad Autónoma Metropolitana (Mexico)
 Instituto Politécnico Nacional (Mexico)
 Universidad Nacional Autónoma (Mexico)
 Universidad de Ciencias Aplicadas (Peru)
 Condefi (Chile)
 Universidad de los Andes (Chile)
 Universidad Católica Argentina (Argentina)
 Universidad Austral (Argentina)
 Universidad Tecnológica Nacional (Argentina)
 Universidad El Salvador (Argentina)
 Universidad Industrial de Beijing (China)
 University of Calgary (Canada)
 University of Alberta (Canada)
 University of British Columbia (Canada)
 University of Victoria (Canada)
 Thomsom River University (Canada)
 Universidad de Cantabria (Cantabria)
 Universidad Técnica de Praga (Czech Republic)
 Universidad Tecnológica de Cracovia (Poland)
 Universidad Tecnológica de Silesia (Gliwice) (Poland)

Secondary Schools

Virgen de la Paloma (Madrid)
 Los Viveros (Seville)
 Alixar (Seville)
 San José de la Rinconada (Seville)
 Albert Einstein (Seville)
 Albaidar (Seville)
 Santísima Trinidad (Seville)
 Fuentezuelas (Jaen)
 Salesianos (Cadiz)
 IES Mata-Jove (Asturias)
 Tartanca (Biscay)
 Talarrubias (Badajoz)
 Mislata (Valencia)
 La Misericordia (Valencia)
 La Candelaria (Tenerife)
 La Guancha (Tenerife)
 Cesar Manrique (Tenerife)

In 2006, training programs have been carried out at several Abengoa Companies through the current Scholarship Program. A total of 337 students were involved, out of which 164 continued the program by the end of 2005, and 172 finalized them along the year.

Abengoa's Scholarship program is made up around the concept of a tutor; a professional of the company in charge of the follow-up and guidance of the scholarship holder, so that his/her training period during the scholarship is the best possible, collaborating in the assigned tasks during that period, which are supervised by the tutor.

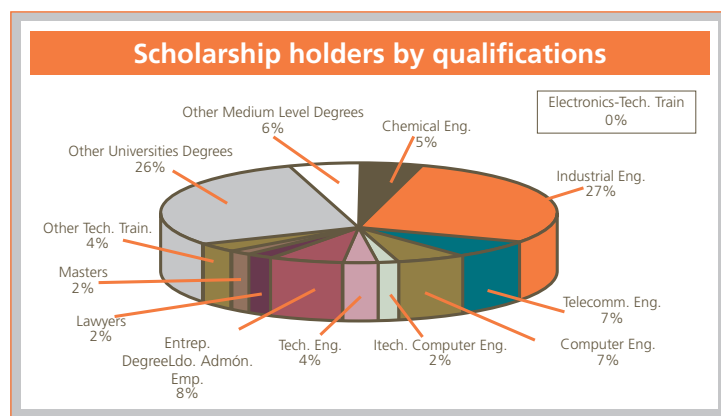
Private Institutes

Forja XXI (Seville)

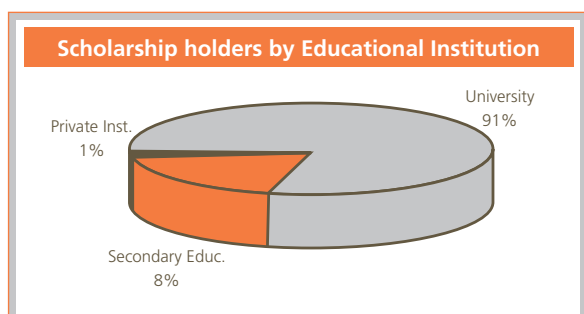
At the end of the process, the performance of the scholarship holder is evaluated, and this mark is key to recommend his/her inclusion as an employee of the company. 65% scholarship holders with a mark above 8 (a mark that implies a correct performance) are included as employees of Abengoa.

Abengoa's Scholarship Program in 2006 had a cost of 784 thousand Euros, which was financed by the companies and involved more than 10 countries and 40 different Abengoa companies.

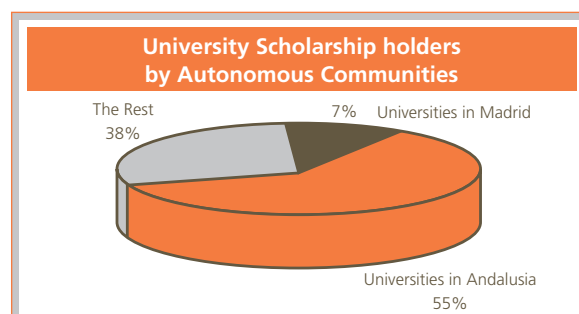
Scholarship holders by qualifications



Scholarship holders by Educational Institution



University Scholarship holders by Autonomous Communities



Focus-Abengoa Painting Prize

This international award of long-standing tradition and prestige allows us to renew our commitment to contemporary art, and to the preoccupations and aspirations of its creators, by contributing to the creation of an exchange of artistic experiences beyond our frontiers. This prize is also a means of acquiring public recognition for the artists and serves as an incentive to continue along their chosen professional path.

In its 24th edition, the Jury of specialists selected the winning works, with undeniable objectivity and rigour, from a total of nearly four hundred paintings received from both the European Union and the Americas. The selected paintings were later exhibited at the Hospital de Los Venerables. First Prize, with a cash endowment of 24,000 euros, was awarded to Garikoitz Cuevas Abeledo for his canvas entitled "Unintentional Apostles", and the two Runner-up Prizes, worth 6,000 euros each, went to Aurora Perea Macías for her painting "Private Secret" and to Kimberly Squaglia for her work "Scend". The three paintings have become part of Focus-Abengoa's permanent collection of painting and graphic works.

Prize for the Best Doctoral Thesis on a Sevillian Theme

Established in 1983, the notable prestige of this prize has grown and become consolidated over the years. In 1987, it was decided that in addition to the cash endowment of 3,000 euros, this prize would also include the publication of the chosen thesis, with a view to obtaining a greater degree of dissemination and recognition. This year's prize was awarded to Rocío Fernández Berrocal for her thesis on "Juan Ramón Jiménez and Seville."

Javier Benjumea Puigcerver Prize for Research

The Social Council of the University of Seville and the Focus-Abengoa Foundation established this prize in the year 2003, for the purpose of recognising the efforts of members of the university community and their willingness to participate in projects that might meet the needs of businesses and other organisations in the areas of research and development. The award, endowed with a cash prize of 18,000 euros, was born of a sincere desire to support scientific activities and, above all, of a desire to encourage researchers

who dedicate their lives to such activities. In this third edition, the prize was given to University of Seville tenured professor José López Barneo, for his work "Autologous transplant of carotid body cells in Parkinson's disease."

The Javier Benjumea Chair of Economic and Business Ethics

he Universidad Pontificia de Comillas and the Focus-Abengoa Foundation created the "Javier Benjumea Chair of Economic and Business Ethics" in 2002, with the goal of promoting a new educational venue capable of contributing, by means of coordinated and continuous actions, to unravel what is known as Corporate Social Responsibility. One of its objectives is the use of research and education to achieve the realisation and dissemination of responsible theoretical and practical knowledge in the field of business ethics, which can help institutionalise these applications in businesses and organisations. Throughout the 2005-2006 academic year, the Chair has carried out a wide variety of academic and research activities. There are two main pillars upon which the majority of the Chair's annual activities rest. The first and foremost of these is the "Standing Seminar," with scheduled sessions from October to May. The second institutionalised element is the course that the Chair organises and teaches as part of the "Complutense Communication Cycle." These sources are the basis for the educational and research projects that the Chair may carry out; an example of one such activity is the organisation of the "Business Conferences on Corporate Social Responsibility," which have been held at the ICADE headquarters since 2004.

Abengoa Master in International Finance and Corporate Finance Management

In this year 2005, the Carolina Foundation and Focus-Abengoa signed a collaboration agreement with the aim of providing specialised training and education for Latin American students, as well as funding any other academic or cultural activity that strengthens the ties between Spain and other countries of the Ibero-American Community of Nations. Financial aid is provided in the form of ten study grants that covered 100% of the costs of enrolment, travel expenses, medical insurance, etc. The technical aspects of this course are handled by the Spanish Institute of Financial Analysts through its Financial Studies Foundation.

Welfare Efforts

Educational Grants and Aid for the Integration of Disabled Persons in Latin America

A notable feature of the Latin American scope of Focus-Abengoa's social purpose is the intense efforts being made on behalf of disabled people in marginalised areas of Argentina and Peru, especially areas with high poverty rates. These initiatives focus on the construction and maintenance of school centres equipped with a steady supply of drinking water, electrical installations, and kitchens, dining halls and multi-functional meeting halls or gymnasiums. In addition, other efforts are concentrated on the areas of nutrition, health care and especially on special and physical education, seeking social reintegration for women and youth.

In Argentina, the Teyma-Abengoa company collaborates with the Congregation of the Sisters of the Cross in two activity centres located in the towns of Quimilí and Monte Quemado in the province of Santiago del Estero. An important part of this initiative is the implementation of the project “Bodily Practices: Every Person’s Right,” which is based on the importance of physical education for disabled people.

In this regard, we would like to highlight that a book by the author and journalist José María Javierre entitled “A Girl from the Salamanca District: Holy Mother of the Cross” was presented at the headquarters in December. This book is a biography of the Holy Mother of the Cross, who occupied the position of Mother Superior of the Sisters of the Cross congregation for twenty-two years. His Eminence Cardinal Carlos Amigo Vallejo presided over this book presentation ceremony. This event also evidenced Abengoa’s solid and committed relationship with the congregation once led by the heroine of this book – a relationship that is kept alive and active through the company’s two foundations in Argentina, as we mentioned previously.

Additionally, Abengoa Peru collaborates with the Institute of the Josephine Sisters of Charity in Peru. This organisation has four centres (three geriatric units and one nursery) located in Lima, Chiclayo and Cerro de Pasco. Abengoa’s initiatives strive to improve the living conditions of the people who attend the congregation.

San Rafael Retirement Home

The placement and care of the elderly is a primary concern in today’s society. With this concern in mind, a retirement home was created in 1989 in response to the lack of centres offering specialised care for the elderly. The high level of demand of this often ignored segment of society with limited economic resources led to the construction of the San Rafael Retirement Home, which was officially opened in November 1991. His Holiness Pope John Paul II visited the home on 13 June 1993, on the occasion of the 45th International Eucharistic Congress that was held in Seville. The building, located in the town of Dos Hermanas in the province of Seville, is currently home to approximately seventy individuals who

have discovered there the warmth of a true home in the twilight of their lives. Abengoa, which has been involved in this project since its inception, renews its commitment each year by contributing to the upkeep, improvement and modernisation of the centre’s installations, which in turn benefits the quality of life of these individuals and their loved ones.

La Milagrosa Foundation

The welfare efforts made by Abengoa as part of its Foundation’s corporate purpose were extended this year with a collaboration agreement signed by Focus-Abengoa and the La Milagrosa Foundation. The aim of this organisation is to carry out welfare efforts in San Roque, in the province of Cadiz, on behalf of the elderly, as well as to provide long-term occupational training for young people and the unemployed and to work with disadvantaged or needy members of society. This project was devised by a group of individuals and Abengoa several years ago to counter the negative effects of property development in the area and motivated by concern about the marked ageing of the population in neighbouring towns. In response to this problem, the founders began to build a retirement home in San Roque. The building is now close to completion, and the official unveiling is expected to take place in 2007.

The San Rafael and La Milagrosa retirement homes are staffed by members of the Josephine Sisters of Charity, a religious institution that is also affiliated with Abengoa in Peru.

Seminars and Conferences

International Conference on Naturalism

EWithin the context of the exhibition “From Herrera to Velázquez: Early Naturalism in Seville,” the Focus-Abengoa Foundation considered it necessary to organise conferences that would enhance the visitors’ experience to the exhibition as well as encourage debates and reflections on this topic within the scientific community.

For this reason, a conference was held in February that brought together a group of professors, curators and museum directors, whose diverse areas of expertise and multifaceted sensitivities served to enrich the significant thematic content of this meeting of artists and artwork. The basic theme of the conference is Naturalist painting in Seville during the first third of the 17th century and the importance of this movement in the international artistic context.

Participants in the conference series included Mina Gregori, director of the Longhi Foundation, professor at the University of Florence and the world’s foremost authority on the paintings of Caravaggio; Gabriele Finaldi, director of Conservation and Research at the Museo Nacional del Prado; Jean Luis Augé, director of the Musée Goya in Castres (France); Manuela B. Mena Marqués, from the Museo Nacional del Prado; and Benito Navarrete Prieto, curator of the exhibition and professor at the University of Alcalá. The conference ended with a round table discussion about new lines of research in the study of Naturalism,

with the participation of Alfonso E. Pérez Sánchez and Benito Navarrete, the exhibition curator, Ignacio Cano, director of the Museo de Bellas Artes of Seville, and Enrique Valdivieso and Luis Méndez from the University of Seville.

The Focus-Abengoa Foundation University Schools

In the year 2004, Focus-Abengoa and the Menéndez Pelayo International University signed a collaboration agreement for the creation of two university schools, one dedicated to technology and the other to the Baroque. These schools will carry out their educational and academic activities on the grounds of the Hospital de los Venerables over the course of three consecutive years. With regard to their educational content, credits obtained at both schools are accepted by the University of Seville, Pablo de Olavide and all other universities with which the UIMP has signed credit validation agreements.

The second seminar of the School of Technology was held from 7 to 11 March under the title "Technology and Society: Future Visions." The course was directed by Prof. Eduardo Punset, an internationally renowned expert in the analysis of the society of information, and was designed to offer a multi-disciplinary perspective of the impact of technology on different areas of human behaviour and social life. Another goal of the seminar was to attain a better understanding of the role of technology and innovation processes in the society of knowledge, and their impact on both increased productivity and the level of competitiveness of corporations and countries in global markets.

Some of the international lecturers included Alun Anderson, editor-in-chief of New Scientist magazine; Richard Jones, professor of physics at the University of Sheffield; Daniel Thalmann, director of the Virtual Reality Lab at the Federal Polytechnic of Lausanne; and Andrew Pickering, professor of sociology at the University of Illinois. Experts in the area of global economy and the competitive challenge that such a market implies also participated in this school, such as Juan Pérez Mercader, director of the Centre of Astrobiology; Javier Echeverría Ezponda, researcher for the Higher Council of Scientific Research; Santiago Grisolia, secretary of the Valencian Foundation of

Higher Education and winner of the Prince of Asturias Prize; José López Barenó, professor of physiology at the University of Seville and winner of the 3rd Javier Benjumea Puigcerver Prize for Research; José María O'Kean, professor of applied economics at the Pablo de Olavide University; and Antonio-Miguel Bernal, professor of economic history at the University of Seville.

This past autumn, the third edition of the Focus-Abengoa Foundation School of the Baroque was held from 13 to 16 November under the title "The Triumph of Europe: Society and Power in the Baroque Era." This course was organised and directed by Miguel Artola Gallego, Professor Emeritus at the Autonomous University of Madrid and member of the Royal Academy of History." His keynote lecture on "The Power of the Crown" made it clear that to speak of power in the 17th century is to speak of the Crown and the King. This King, however, was not free to govern his subjects and territories arbitrarily, according to his personal whims and fancies, given the existence of a historical constitution – this King exercised his power through the institutions of the State.

Some of the most important representatives of the international academic community who participated as lecturers were James Amelang, from the Autonomous University of Madrid; Giulia Calvi, from the European University Institute in Florence; Aurelio Musi, from the University of Salerno; and Jean-Paul Le Flem, from the Sorbonne University of Paris. National lecturers included recognised specialists in this field such as José Manuel Sánchez Ron, of the Royal Spanish Academy; Álvaro Fernández Villaverde y de Silva, the Duke of San Carlos and member of the diplomatic corps; Bartolomé Clavero, from the University of Seville; Maximiliano Barrio from the University of Valladolid; Fernando Rodríguez de la Flor from the University of Salamanca; and Pedro González Trevijano, dean of the King Juan Carlos I University. Isabel Lobato and José Ignacio Martínez from the University of Seville were the acting secretaries.

While the School was in session, the Foundation also offered a series of recitals by young organists entitled "Power and Society in the European Baroque Period: The Secular Organ," a detailed description of which can be found in the chapter dedicated to music. A visit to the monument of the Hospital de los Venerables, one of the best-preserved examples of Baroque architecture, was also offered and directed by the University of Seville professor Ramón Queiro Filgueira – the architect responsible for restoring this historical building.

The outcome of the sessions of both schools, held at the Hospital de Los Venerables, was very satisfactory, with students actively participating in the debates. Communication between professors and students, more fluid than usual, was positively valued by all participants.

2006 International Conference on Biofuels

Within the framework of the "Forum for Reflection on the Environment and Sustainable Development" created by the Foundation as a thought-provoking tool that promotes understanding and the creation of public opinion on such a vital topic, the International Conference on Biofuels celebrated its fifth consecutive

year in 2006. Held last spring at the Hospital de los Venerables, the event sparked a debate between the most important figures of the global biofuels market, including representatives of public administrations, industry, agriculture, the petroleum sector, the automobile market and the sphere of technology. The conference also analysed the present-day market situation and its long-term limitations, and engaged in a joint exploration of different opportunities for this sector.

13th International SolarPACES Symposium

Abengoa's commitment to sustainable development also found a channel for expression in the 13th International SolarPACES (Solar Power and Chemical Energy Systems) Symposium, held from 20 to 23 June. This important event took place at the Advanced School for Engineers of Seville and the Hospital de los Venerables. The seminar's objective is to inform and promote thermo-solar technologies of medium and high temperature concentrations, an area in which Abengoa currently enjoys a position of leadership thanks to its solar energy plant projects at the Casaquemada Solar Complex in Sanlúcar la Mayor (Seville).

The symposium brought together representatives of twenty-five countries to sit on the committee of solar energy experts. During this gathering, the participants visited the PS10 plant in Sanlúcar la Mayor (the first thermo-electrical plant with solar tower technology) and the Sevilla PV plant (the largest commercial photovoltaic solar energy plant), both of which are expected to become operative in the second half of the present year.

Some of the most prestigious participants included Nobel physics laureate Carlo Rubbia; the director of the European Renewable Energy Council, Alfonso González Finat; the general director of CIEMAT, Juan Antonio Rubio; and the dean of the University of Seville, Miguel Florencio Lora, among others.

Music

As in previous years, the Foundation's diverse musical activities have focused on the organ, an instrument

installed in the Chapel of the Hospital de los Venerables by the Foundation in 1991. Since then, our headquarters have become a cultural centre for organ music and musicians in Seville, a pivotal city in the history of the organ in Spain and its subsequent spread to Latin America. The Focus-Abengoa Foundation has invested in intense educational efforts aimed at various social groups, which, with specifically designed actions, pursue the advancement of young musicians, the further education of organ professors and students, and especially the stimulation of musical interest in secondary school and conservatory students. This educational approach materialises in a series of recitals by young organists, a Master Organ Course given by a professional organist of international renown, and a Series of Didactic Recitals aimed at school children.

The recitals by young organists were offered as part of a series entitled "Power and Society in the European Baroque Period: The Secular Organ." This year's series presented an ample selection of pieces that highlighted the organ's prominent role in secular music, which took Renaissance ideals as a starting point for embarking upon a process of evolution that eventually broke with its strict rules and muted expressivity. New musical forms were created, and instruments were selected according to their suitability to their intended audience or purpose in the religious, aristocratic or popular arena. The organ was not a component of popular music, but it did play a major role in concert halls, opera houses and royal salons. This is evidenced by the vast secular repertoire of chaconnes and canzonas, dance suites and pavaues written for the organ that proliferated in every European region. The recitals were given by three young and accomplished Spanish organists – Susana García Lastra (Seville), Eudald Dantí Roura (Barcelona) and Juan María Pedrero (Granada) – and Sarah Bishop accompanying on the English horn. This concert series was part of the seminar held a few days earlier at the Foundation's headquarters, "The Triumph of Europe: Society and Power in the Baroque Era."

This season saw an increased number of Didactic Recitals as a result of the Foundation's desire to expand its activities, reaching out not only to higher-level secondary school students but also to the students of various Elementary Conservatories in Seville. Around 1,500 students from a variety of Sevillian educational centres have benefited from this instructive activity. The students are able to broaden their musical and artistic horizons through a greater understanding of the organ, its nature and its unique sound, which is why these recitals have become one of the most eagerly anticipated and carefully planned activities of the Foundation.

Additionally, and for the sixth consecutive year, the Foundation offered the Master Organ Course, which on this occasion studied the work of Olivier Messiaen (the Bach of the 20th Century) and was directed by Prof. Olivier Latry, tenured organist of the Notre-Dame Cathedral in Paris and organ professor at the Cité de la Musique (Paris). Over a period of three days, organists and students from around Spain participated in this course with great interest and reaped many professional benefits as a result. This course is also supported by the Superior Conservatory of Music of Seville.

On another level, the demands of organ music aficionados were answered with the presentation of some of the greatest organists of our time in the Master Concerts series. In February, three great 20th-century French composers (J. Langlais, J. Alain and O. Messiaen) were performed by the foremost interpreters of each respective repertoire: Marie-Louise Langlais, student and wife of the first; Marie-Claire Alain, heir of the Alain family's musical legacy; and Olivier Latry, Messiaen's favourite disciple. The musical programme ended in May with two traditional concerts. This first was given by José Enrique Ayarra, tenured organist of Los Venerables and the Cathedral of Seville, together with the Chamber Orchestra of the Royal Symphonic Orchestra of Seville. The other was the concert held on the day of St. Ferdinand, patron saint of the Chapel of Los Venerables, which this year boasted the participation of the "Capella Giulia" choir from St. Peter's Basilica in the Vatican, directed by that Basilica's canon and chapel master, Pablo Colino (in his first performance in Seville), accompanied by our tenured organist.

All of these concerts were later broadcast by Spanish National Radio on its Classical Radio station.

An extraordinary activity that took place this year was the presentation ceremony of a UNESCO certificate granting Seville the title of "City of Music," held at the Foundation's headquarters. The event ended with a piece that the Foundation commissioned in 1993 by the recently deceased Sevillian composer Manuel Castillo, "Altarpieces of Los Venerables," performed by José Enrique Ayarra.

Exhibitions

"From Herrera to Velázquez: Early Naturalism in Seville"

On 28 February, the exhibition entitled "From Herrera to Velázquez" was brought to a close at the Hospital de los Venerables. The exhibition, co-produced by the Focus-Abengoa Foundation and the Museo de Bellas Artes of Bilbao, was inaugurated by H.R.H. Princess Elena on 29 November 2005.

Dedicated to Sevillian painting from the first third of the 17th century, the exhibition was displayed

in the halls of the Hospital de los Venerables of Seville, headquarters of the Focus-Abengoa Foundation, and has been visited by over 70,000 people from the general public, cultural and educational centres, and the Spanish and international scientific community, making this the most successful exhibition in terms of visitors in the Foundation's history. Due to the high degree of interest in this exhibit, Focus-Abengoa made an additional effort during the last 20 days of the exhibition, extending visiting hours to accommodate everyone. In addition, the Foundation organised a cultural and educational programme of tours that were given by volunteer graduates of Art History and senior university students from the Departments of Geography and History at the University of Seville and Pablo de Olavide University.

Curated by the Honorary Director of the Museo del Prado, Alfonso E. Pérez Sánchez, and by Professor Benito Navarrete Prieto from the University of Alcalá, the exhibition was endowed with an important thematic and didactic content. It can also boast a rigorous standard of scientific excellence, thanks to significant contributions from project leaders who, among other accomplishments, were able to identify the true authors of various works for the first time, as well as provide a new look at early Sevillian Naturalism.

The 62 works of art representing the artistic process carried out in Seville between 1600 and 1630 follow the path that leads from the paintings of Mannerist rhetoric, influenced by the Flemish school, to works characterised by Italian-style chiaroscuro Naturalism, a movement inspired by Caravaggio and his school. This change transpired over a period of less than thirty years and took place in the thriving, cosmopolitan Seville of the first third of the 17th century. At that time the city was in full artistic bloom and popular among collectors; it was a point of departure and arrival for both travellers and painters, where the contributions of Flemish painting met and mingled with Italian styles and influences – an exchange of ideas which found its ultimate artistic expression in the early work of Velázquez.

The artwork exhibited came from many important Spanish and international museums as well as private collections and organisations both in Spain and abroad. Special mention must be made of the important contribution of the Archbishopric of Seville, many of whose works had never been exhibited publicly before and were restored especially for the exhibition.

The exhibition brought together key pieces for understanding the transition from the contrived images of late Mannerism to those of experienced reality, such as the Adoration of the Shepherds, from the National Gallery in London. This painting, formerly attributed to Velázquez, was exhibited in Spain for the first time since leaving in the 19th century. Other works on display in our country for the first time since leaving Seville include Saint Catherine Appearing to the Family of Saint Bonaventure, by Herrera "the Elder", from Bob Jones University (North Carolina, USA); The Last Supper, by the same artist from a private collection; Head of an Apostle, by Velázquez, also from a private collection; Saint Peter, by a follower of Velázquez, on loan from the Nelson Atkins Museum (Kansas City, USA); or St. John in the Wilderness by Alonso Cano, from The Art Institute of Chicago, attributed to Velázquez but proven by the scientific catalogue research to actually be the work of the painter Alonso Cano, who shared many of the Sevillian master's styles and preferences. Other significant works by Velázquez, such as

Kitchen Scene, from The Art Institute of Chicago, Head of a Young Man in Profile, on loan from the State Hermitage Museum of Saint Petersburg, and The Luncheon, from the Szépművészeti Múzeum in Budapest, or The Three Musicians, from the Gemäldegalerie of Berlin, in addition to canvases by painters such as Zurbarán, Ribera, Francisco de Herrera "the Elder", Tristán, Alonso Cano, Guy Romano, Orazio Borgianni, Roelas, Caravaggio and their disciples, etc., complete this overview of extraordinary beauty and artistic and historical interest.

After closing on 28 February in Seville, the exhibition travelled to the Museo de Bellas Artes of Bilbao, where it graced the halls of that institution from 20 March to 18 June and was extended for three additional weeks given the tremendous public response. The opening ceremonies were presided over by the Mayor of Bilbao, and the presidents of Focus-Abengoa, representatives of the Basque Regional Government and the cultural arena, and the curators of the exhibit were also in attendance.

Restoration of Spain's artistic heritage

In addition, this exhibition has constituted a major effort to recover the artistic heritage of Spain with the restoration of numerous paintings and the creation of a Restoration Workshop at the Hospital de los Venerables, the Foundation's headquarters, for this purpose. The restoration work was funded by Focus-Abengoa and the Museo de Bellas Artes of Bilbao, and was performed on seven paintings by Herrera the Elder, Juan de Roelas, Orazio Borgianni, Bartolomé Cavarozzi and others. These canvases are owned by the Archbishopric of Seville and were brought from churches and monasteries throughout the diocese to be restored and finally displayed in the exhibition.

In addition to the restorations performed in the **Los Venerables Workshop**, the exhibition motivated the restoration of other important artworks, carried out at various institutions such as the **Museo del Prado**, which restored The Penitent Saint Jerome by Caravaggio, from the Museo de Montserrat; the **Patrimonio Nacional Workshop**, which restored The Penitent St. Francis of Assisi and Saint Peter and Saint Francis, both by Luis Tristán; and the **Museo de Bellas Artes de Córdoba Workshop**, which restored four paintings by Francisco de Herrera the Elder: Saint John, Saint Phillip, James the Greater and James the Lesser.

"Seeing Seville: Five Perspectives through One Hundred Engravings"

From 31 May through 16 July, the Hospital de los Venerables hosted the exhibition entitled Seeing Seville. Five Perspectives through One Hundred Engravings, comprised of approximately one hundred engravings and lithographs belonging to the Focus-Abengoa Foundation's Collection of Engravings. The exhibit was structured around five different sections – the geographer's perspective, the passer-by's perspective, the festive perspective, the archaeologist's perspective, and the romantic perspective – and offered a historical and artistic tour through the city of Seville and its medieval kingdom, by means of images engraved between the 16th and 20th centuries that presented a new and intriguing view of the city. The exhibition discourse was designed by Prof. Alberto Oliver and the museographic work fell to Gustavo Torner. As has become standard practise, the Foundation also organised a programme of educational visits for Andalusian educational centres, audioguides in various languages and free admission every Sunday afternoon throughout the year to the visiting public.

"Focus-Abengoa Collection: Selected Works"

The conference entitled "Pivotal Points of Art in the 20th Century" was given on 3 October at the Church of the Hospital de los Venerables by Jaime Brihuega, professor of contemporary art at the Complutense University of Madrid. Prof. Brihuega's main lines of research include works on "Spanish historic vanguards" and "Sociology and iconology of mass visual communication." The lecture was offered to celebrate the public opening of the exhibition "Focus-Abengoa Collection: Selected Works," which remained on display in our exhibition halls until 10 December. A total of thirty-eight pieces were selected from the Focus-Abengoa Collection, including works by influential artists such as Gustavo Torner, Fernando Botero, Carmen Laffón, Antonio López, Manuel Sánchez Arcenegui and Juan Sánchez Avila.

This exhibition was directed and coordinated by Alfonso E. Pérez Sánchez, the Focus-Abengoa artistic advisor and honorary director of the Museo del Prado. The educational work that habitually accompanies exhibitions organised by the Foundation was amplified in this case because, in addition to the regular guided tours by student volunteers, a drawing workshop was also offered for children enrolled in primary schools and special education programmes. This initiative expanded the didactic activities to include a sector of the public that had not previously been offered special attention. The guided tours – adapted in content and vocabulary to appeal to children – were accompanied by a drawing workshop where the children were invited to draw the themes and concepts they saw in the exhibition. In addition to 600 schoolchildren from the city and province of Seville, a total of 7,500 individuals visited this exhibition.

"Short-listed Works for the 2006 Focus-Abengoa Painting Prize"

Another important event in this category was the exhibition of the twenty-seven paintings that were short-listed for this year's prize, out of a total of four hundred pieces presented by artists from Spain, the European Union and the Americas. The three winning paintings and other works selected from among the pieces shown in the halls of Los Venerables are now part of the Focus-Abengoa Collection of painting and graphic works.

Focus-Abengoa Collection: Painting and Graphic Works

At present, the Focus-Abengoa Collection is comprised of 142 canvases acquired through various activities, including the Painting Prize, monographic exhibitions featuring outstanding artists of the contemporary artistic panorama, various private purchases and donations. In 2004, the Collection was enlarged thanks to a donation of twenty-five canvases belonging to Abengoa, by artists such as Andrés Cortes, José García Ramos, Benjamín Palencia, and Carmen Laffón. The Foundation also acquired the work "The Museo del Prado through the Eyes of Twelve Contemporary Artists", a collection of prints and lithographs that constitutes the sole element of graphic art in the Collection and includes creations by some of the most important artists of the latter half of the 20th century who, in addition to paintings, also produced prints and engravings – Saura, Chillida, Rivera, Torner, Tàpies, Barceló and others.

The Collection is always open to new acquisitions as expression of our continuing interest in contemporary painting. Some of these works are temporarily on loan and exhibited in different company branches of Abengoa in Spain and the United States as integral components of corporate culture.

Sevillian Topics Library

Once the current headquarters were completely restored, the bibliographic heritage safeguarded by the Foundation since the Sevillian Topics Library was created in 1981 was installed in the former refectory and chapterhouse of the Hospital de los Venerables. Here, over six thousand volumes dating from the 16th century to the present day are preserved for posterity, all of which are united by a common thread: ties to the history of Seville and its medieval kingdom, or authorship by Sevillian writers. The enrichment of this archive continues every year with new acquisitions of documents and books. The Library, which is open to researchers and academics, has facilitated access to its volumes with the installation of the Biblio 3000 programme on the Internet, which allows this living cultural heritage to be shared and spread around the world.

Room of Engravings

The Foundation, which since its creation in 1982 has had a large number of prints and etchings in its possession, decided that this delicate heritage of graphic art required installations that would guarantee both their conservation and their utility for scientific research. This Collection is unique because of its particular focus on Sevillian iconography, and also because it is the only collection of its kind, whether in Spain or abroad. It is comprised of three hundred works of graphic art ranging from the 16th to the 20th centuries, which are available to researchers and academics wishing to study them.

Publications

"From Herrera to Velázquez: Early Naturalism in Seville"

Focus-Abengoa and the Museo de Bellas Artes of Bilbao published this book on the occasion of the exhibition "From Herrera to Velázquez". During this past holiday season, Abengoa distributed this book as an institutional gift to over six thousand five hundred people in Spain and around the world. This literary initiative describes the research and scientific preparation effected by the curators, Alfonso E. Pérez Sánchez, Honorary Director of the Museo del Prado and Professor Benito Navarrete Prieto, and also includes texts by Salvador Salort Pons Pons "Artistic Relations between Italy and Seville"; Enrique Valdivieso, "Juan de Roelas in 17th Century Seville"; Antonio Martínez Ripoll "Francisco de Herrera the Elder, a Young Painter in Search of Modernity"; and Odile Delenda with Benito Navarrete Prieto, "The Collection of St. Bonaventure as an Exponent of Naturalism". The final chapter describes the artistic heritage restoration efforts that were carried out at four different workshops specifically for this exhibition.

"Velázquez and Sevillian Culture"

Written by Luis Méndez Rodríguez, this book was co-published by the University of Seville's Secretariat of Publications. The work won the Prize for Best Doctoral Thesis on a Sevillian Theme in 2002 and is the 19th addition to the Focus-Abengoa Collection. In this book, the author reflects on the years that the great painter spent in Seville (1559-1624), reconstructing the circumstances of his personal and professional life with new documentary evidence that provides a new and different look at this first period of his artistic career.

"Creation of complex-structure nanoparticles using electro-hydrodynamics"

This monograph by Prof. Antonio Barrero Ripoll was the winner of the second "Javier Benjumea Puigcerver Prize for Research," and its publication represents the continuance of the editorial collaboration between the Social Council of the University of Seville and Focus-Abengoa. The aim of this joint effort is to obtain the maximum publicity for a research project that combines scientific excellence and innovations with industrial and agricultural applications. The aforementioned publication is number 20 in the Focus-Abengoa Collection.

Other publications

Over the past year, issues 68 through 71 of the "News" Bulletin have been published, providing information about the Foundation's activities and events related to its objectives. Other publications include the "Catalogue of Short-listed Works for the 2006 Focus-Abengoa Painting Prize" and the second edition of the "Bulletin of the Focus-Abengoa Schools of Technology and the Baroque" corresponding to the 2005-2006 academic year.

Distinctions and Awards

Patronage and Sponsorship Prize awarded to the Focus-Abengoa Foundation

On 13 December 2005, the Department of Culture of the Regional Government of Andalusia announced the winners of the prizes which it bestows every two years on individuals or organisations in various artistic spheres. On that occasion, Focus-Abengoa was announced as the recipient of the "Patronage and Sponsorship" Prize, awarded by a jury presided by Juan Manzano Fernández-Heredia. In the official communiqué, special mention was made of "the advances and cultural promotion efforts they have made since [the Foundation's] creation, and especially for their activities in the areas of promoting, developing and encouraging interest in our historical and cultural heritage, in the artistic disciplines of music, congresses, conferences and publications of great cultural value."

The awards were presented in a solemn ceremony held on 13 July 2006 at the Teatro Central of Seville. The president of the Regional Government of Andalusia presided over the event, and numerous eminent figures and authorities from the Andalusian world of culture were also in attendance.

Collaborations and agreements with other entities

In different ways, Abengoa orients its annual efforts and assistance towards other different and plural institutions that provide services of general interest.

Association of Self-Generators of Electric Energy
 Association of Andalusian Foundations
 Association of Renewable Energy Generators
 Spanish Association of Foundations
 European Bioethanol Fuel Association
 New Horizons Association
 The Energy Club.
 Technological Corporation of Andalusia
 European Forum for Renewable Energy Sources
 Carmen Pardo-Valcarce Foundation
 Spain-China Council Foundation
 Cotec Foundation
 Foundation for Drug-Addiction Assistance
 Foundation for Co-operation in Development and Promotion of Welfare Activities
 Foundation for Applied Economics Studies
 Sociological Studies Foundation
 Business and Society Foundation
 Spain-U.S. Foundation
 Euroamerica Foundation
 European Energy Foundation
 Integra Foundation
 La Milagrosa Foundation
 Prince of Asturias Foundation
 Pro-Spanish Royal Academy Foundation
 Valencian Foundation for Higher Education
 Catholic Institute of Art and Industry _ I.C.A.I.
 Regional Development Institute
 Musical Youth
 Global Agreement Platform
 Promotion of assistance-related activities
 Project Man
 Royal Academy of Fine Arts
 Saint Elizabeth of Hungary
 Royal Academy of Medicine
 Royal Academy of Quality Liberal Arts of Seville
 San Rafael Residence
 University of Seville
 Pontificia University of Salamanca

Foundation for the Technological Corporation of Andalusia

Focus-Abengoa became a Founding Trustee of this Foundation, created in 2005, whose primary purpose is the promotion of R+D+I (Research, Development and Innovation) activities in the Region of Andalusia. Promoted by the Department of Innovation, Science and Technology of the Regional Government of Andalusia, the Foundation is comprised of the public administration itself via the Research and Development Agency of Andalusia, thirty-three top companies in strategic sectors involved in R+D+I activity, nine financial institutions, the Andalusian Council of Universities and the region's top research groups.

Agreement with the University of Seville .

Last year, the Dean of the University and the President of Abengoa signed a framework agreement for scientific and technical co-operation, which served to strengthen and augment existing relations and co-operative activities. This agreement hopes to achieve its goal by reinforcing technological research and development activities, exchange of expertise, and personnel training, as well as by using and marketing to third parties the technologies developed by University institutes, departments or research groups, which will in turn lead to specific agreements where appropriate.

Social responsibility programmes in Abengoa companies

It is no coincidence that many Abengoa companies have initiated specific corporate social responsibility programmes in response to the economic, social and cultural situations and needs of the countries where Abengoa is active. These activities reflect our determination to grow alongside surrounding communities and environments, creating new ties that are mutually beneficial to society and the company in the long-term – in other words, what we call sustainable development.

This corporate strategy is about commitment to provide economic resources for specific activities and interventions that contribute to the endogenous development of each town or people.

Abengoa's CSR Actions (2006-2007)			
Company	Country	Action	Beneficiaries
ATE	Brazil	Patronage publishing book Environmental education Donation tractor Ethnological study	Society in general "Tierra de Arariba" Indian community "Tierra de Arariba" Indian community "Tierra de Arariba" Indian community
Bargoa	Brazil	Medical assistance, family hampers, football pitch	Bargoa employees
Ate II	Brazil	Construction Rural School Patronage Play Construction waste collection center	Line installation communities Community in Canto de Buriti district Reservoir community, Maranhao State
Abengoa México	Mexico	Land conservation, by reforestation Green area maintenance (gardening, replacing plants...) Several pending assignation	Citizens Mexico City and vicinities Residents Abengoa Mexico building Pending assignation
Comemsa	Mexico	Education center, with teacher (completion primary educ.)	Comemsa personnel
Abengoa Perú	Peru	Water installations in geriatric Home Donations to, and repair works in Homes Presents for parents of children with Down's syndrome	Instituto Hermanas Josefinas de la Caridad Instituto Hermanas Josefinas de la Caridad Abengoa Peru personnel
Befesa Perú	Peru	Talks on health, communal activities, church repair works, Christmas festivities Presents for parents of children with Down's syndrome	Agro-fishery Rural Colony Pope Leon XIII Model City Befesa Perú personnel
Teyma Uruguay	Uruguay	Contribution Deres (entity promoting CSR) founder's fee Center for children with Cerebral Paralysis. Youth Center	Society in general Hermanas Misioneras Franciscanas
Teyma Abengoa	Argentina	Food, health, training and education assistance Works: construction gym, dining hall, enlargement of several facilities	Sisters of the Cross Sisters of the Cross
Befesa Argentina	Argentina	Training and integration of children suffering from Down's syndrome	"Cascos Verdes" Association

Abengoa's CSR Actions (2006-2007)			
Company	Country	Action	Beneficiaries
Inabensa France	France	Nursery, gymnasium and sport activities Purchase office material for associations for the handicapped	Inabensa France employees Associations for the handicapped
Abengoa Bioenergy	USA	Sporting events, activities for the young, education	Charity associations, civil communities
Abener	Mexico	Donation of wood packing for School shades Organization party in Abener offices and Christmas presents	State/Rural Primary School, Baja California Orphans from Casa Cuna/Mexico FD
Abener	Spain	Association for the handicapped Photography competition	Association for the handicapped Abener workforce
Solúcar	Spain	Cultural Activities Celebration Andalusia's Day Patronage of Three Kings' Parade Outdoor lighting, Saint Maria's church	Society in general Village of Sanlúcar la Mayor Village of Sanlúcar la Mayor Village of Sanlúcar la Mayor
Solúcar R&D	Spain	Cultural, educational and social events (including Solar Paces Congress)	Society in general
Abencor	Spain	Annual financial donation	Sisters of the Cross and Sisters of the Poor
Enernova	Spain	Patronage of Three King's Parade	Village of Ayamonte
Telvent TyT	Spain	Sponsorship sports association Sponsorship sports association Sponsorship Summer courses in El Escorial	Cerro del Aguila Sports Association (Seville) Nervion Sports Association (Seville) Society in general
Telvent GIT	Spain	Employer's contribution to Spain-China Council Foundation Care and integration of intellectually challenged youngsters	Telvent GIT Carmen Pardo-Valcarce Foundation
Biocarburantes CyL	Spain	Collaboration Babilafuente city council Collaboration Huerta city council Collaboration Civil Guard (Saint Pilar's Day) Collaboration Babilafuente Football Club	Babilafuente town Huerta town Civil Guard Babilafuente town
Ecocarburantes	Spain	Collaboration neighborhood associations; business associations	Neighboring towns and villages

Economic Performance

In 2006, Abengoa obtained a consolidated net income of 100.3 million euros, which represents an increase of 52.0% on last year.

Annexed to the Abengoa Annual Report, is the Abengoa Profit and Loss Statement, forming part of the Abengoa Financial Statements Report and Management Report at December 31, 2006. We would like to draw your attention to the incoming

amount recognised in the sales and services rendered item, in the last two years, data in millions of euros (EC1):

2005= 2,023.5 M€

2006= 2,677.2 M€

A series of indicators are listed below which may prove to be descriptive of Abengoa 2006 economic performance.

Products or range of products in which the national market share per country exceeds 25%.

Products or range of products in which the national market share per country exceeds 25%.	2005	2006
Bioethanol for use as fuel in Spain	100%	100%
Power transmission lines in Spain	40%	40%
Treatment of salt slags in Spain	100%	100%
Treatment of salt slags in the United Kingdom	100%	100%
Treatment of sulfur from refining in Spain	35%	38%
Decontamination of equipment with PCB in Spain	50%	50%
Transforming of greenhouse plastics in Spain	40%	40%
Treatment of steel powders in Spain	100%	100%
Repowering of power plants in Mexico	75%	75%
Construction of motor plants in Mexico	60%	60%
Construction of bioethanol plants in Spain	100%	100%
Construction of oil pipelines in Uruguay	-	50%
Water works, mains and treatment plants in Uruguay	30%	36%
Mobile telephone infrastructures in Uruguay	32%	65%
LV and MV electricity distribution in Uruguay	26%	29%
Supply of bay work pylons for power transmission lines in Mexico	25%	25%
Supply of connection and protection accessories for telephone exchanges and networks in Brazil	35%	40%
Road traffic control in Spain	33%	33%
Substation control in Spain	45%	45%
Oil and gas pipeline control in North America	60%	60%
Oil and gas pipeline control in Latin America	50%	50%
Airport meteorological assistance in Spain	90%	90%
Railway ticketing systems in Spain	40%	40%
Integrated Oil Terminal Control Systems in Mexico	80%	80%
Border Control Systems in Spain	-	50%
Public Administration electronic signature systems in Spain	-	50%
Environmental Quality Networks in Spain	-	30%

Cost of all raw materials and procured commodities, and all contracted services

Cost of raw materials (M €)	2005	2006
Consumable and other cost	1,162.9	1,664.9
Consumable and other operating cost	335.0	454.9

Percentage of contracts settled under terms of agreement, excluding stipulated penalties

The volume of purchases made by each business group is as follows:

Volume of purchases made by each Business Unit (in millions of euro)	
Bioenergy	332.3
Environmental Services	350.2
Information Technologies	203.0
Industrial Engineering and Construction	775.5

Total salary expenses broken down by country or region

Salary expenses for the last two years were as follows:

Salary expenses for the last two years (in millions of euro)		
Salary expenses	2005	2006
Wages and salaries	268.5	318.5
Social Charges	55.9	78.7
Action Plan	2.5	5.5
Total salary expenses	326.9	402.7

Distribution among capital providers, broken down by interest on debt and loans, and dividends on shares of any description, with specification of any arrears on the preferred dividends.

- Dividends::

During the 2005 and 2006 periods, Abengoa distributed an annual dividend to its shareholders of €13.6 million in each period at the rate of €0.15 per share. For 2006, the Board of Directors intends to propose, to the General Shareholders' Meeting, a €14.5 million dividend distribution at the rate of €0.16 per share.

- Distribution of bank loans:

The breakdown of the debts with credit institutions is as follows:

Net Debts	2005	2006
Long term debts with credit entities	530,002	873,158
Short term debts with credit entities	166,699	482,774
Financial Investments	(379,734)	(481,739)
Treasury	(435,366)	(1,027,972)
Total Net Debt	(118,399)	(153,779)
Non-recourse long term financing	268.5	796,068
Non-recourse short term financing	2.5	457,802

Financial assistance received, broken down by country

Consolidated data in millions of euro	2005	2006
Subsidies in capital transferred to results	3.4	3.8
Operating subsidies	4.2	5.2

Detail of taxes paid, broken down by country

List of Countries (M€)	2005	2006
Spain	49,537.5	50,560.6
Brazil	24,300.3	34,863.6
United States	3,394.8	7,606.8
Canada	410.8	7,434.4
Argentina	961.3	1,944.5
Uruguay	945.6	1,774.7
France	600.8	1,626.2
Peru	971.3	1,197.8
Chile	2,701.8	830.5
Poland	0.0	692.8
Netherlands	620.5	663.5
Portugal	364.5	497.1
Australia	495.1	380.7
India	53.0	377.9
China	190.1	357.0
Germany	187.8	214.2
United Kingdom	147.1	162.8

List of Countries (M€)	2005	2006
Belgium	0.0	90.2
Lebanon	0.0	70.5
Costa Rica	18.8	29.0
Sweden	47.8	28.1
Colombia	0.0	26.5
Denmark	37.8	24.3
Thailand	0.0	15.0
Romania	(0.2)	0.0
Morocco	(1,672.8)	(846.5)
Mexico	(8,611.8)	(10,292.0)
Total taxes paid	75,701.9	100,330.2

Of the total taxes paid in 2006, fifty-seven percent (57%) corresponds to the retaining of pay-as-you-earn employee taxes made by the different companies and subsequently paid to the Tax Authorities. In addition, a further twenty-five percent (25%) of the total is for indirect taxes charged for conducting different commercial and financial operations and are tax payments that have mainly been made in Brazil.

Donations to community, professional company and other groups, in cash and in kind broken down by group kind

Social Responsibility		
Figures in millions of euro	2006 (R)	2007 (Est.)
Internal social action: Abengoa	1,536.4	1,063.0
External social action Society in general	4,284.7	4,889.0
Total	5,821.1	5,952.0
Internal Social Action: Abengoa		
Figures in millions of euro	2006 (R)	2007 (Est.)
Education	220.4	267.7
Human Relations	74.8	75.6
Social Wellbeing	1,100.5	579.0
Culture	140.7	140.7
Total	1,536.4	1,063.0
External Social Action: Society in general		
Figures in millions of euro	2006 (R)	2007 (Est.)
Hospital de los Venerables	862.0	891.7
Training and Education	894.3	874.3
Assistance Works	933.3	1,576.5
Seminars and Conferences	126.8	242.0
Music	52.3	55.5
Exhibitions	599.6	226.0
Focus-Abengoa Collection. Painting and Graphic Work	38.0	38.0
Publications	260.9	446.8
Collaboration and Agreements with other Entities	517.5	538.2
Total	4,284.7	4,889.0

Environmental Performance

Abengoa activity, via its five business groups, makes an important contribution to sustainable development in the areas where it operates, which we would like to highlight.

Bioenergy

Abengoa manufactures and markets bioethanol, a renewable product obtained from cereals and a substitute for gasoline. Bioethanol production avoids the consumption of fossil fuels and the emission of many tonnes of CO₂ into the atmosphere, as the level released by the vehicles has been previously set by cereals through the chlorophyll function. During manufacture other coproducts of high environmental value are also produced, such as DGS, compounds with a high protein content for animal feed. Bioethanol contributes positively to air cleanness in cities, as it is a oxygenated fuel it avoids the formation of combustion CO. Furthermore, as the octane rate is raised, it is of great interest for lead-free gasolines. Bioethanol also makes great demands on agriculture, creating much work in the rural world and helping population settlement. It also plays a part in reducing energy dependence, by substituting imports.

Abengoa is the leading bioethanol producer in the European Union and the fifth producer in the United States, as well one of the major world players.

The summary of the contribution to sustainable development of this business in 2006:

• Bioethanol produced	619,265 t
• Eco-protein produced	648,015 t
• Crude Substituted	399,590 t
• Tonnes of CO ₂ avoided	1,691,486 t
• Direct jobs	400
• Indirect jobs mainly in the rural word in agriculture	6,194

Environmental Services

Through its different companies, Befesa carries on an industrial activity which is designed to favour environmental protection and recovery, with technologically advances and financially profitable operations.

Its activities are integrated into the following business areas:

- Recycling of waste aluminium
- Recycling of salt slag
- Recycling of zinc waste and desulphurisation
- Management of industrial waste
- Industrial cleaning and hydrocarbons
- Environmental engineering

These businesses have very positive environmental results, as they save raw materials and energy, reduce CO₂ emissions, and protect the environment by recycling, eliminating and controlling waste. Environmental engineering also devotes considerable effort to infrastructures and water cycle management.

For reference purposes and without being exhaustive, we will comment on the contribution made by secondary aluminium to the environment. This recycled aluminium avoids the consumption of primary aluminium. Production of one kilogram of primary aluminium consumes approximately 12 kWh, while obtaining one kilogram of recycled aluminium only consumes 0.5 kWh. In addition to energy savings, savings are also made in raw materials and CO₂ emissions are avoided. Most secondary aluminium is destined for the automobile industry. Every kilogram of aluminium that is incorporated into a vehicle avoids approximately 20 kilograms of CO₂ emissions, on average over its useful life, and an equivalent reduction in biofuel consumption, and at the end of its life 95% will be recycled.

We also must highlight desalination activity. Abengoa has built a desalination plant in Carboneras, the largest in the European Union. Desalination is the best promise for sustainable development. Desalination of seawater is energy consuming and this consumption accounts for the bulk of the cost. However, technological development is pushing this cost down reasonably quickly to its lowest technical levels. In 1998, desalination of one litre of seawater consumed 6 kWh. The desalinators of Carboneras consumes 4 kWh and probably during this decade the consumption level will manage to be reduced to 2 kWh. This is important news for developing countries, as cheap desalinated water will contribute extraordinarily to agricultural development, population settlement and healthier cities. Abengoa is in the construction process of four big desalination plants in developing countries.

Engineering and Industrial Construction

The contribution made by this business group to sustainable development is materialised in avoided CO₂ emissions, through its cogeneration plants, renewable energy plants, development of hydrogen technologies, and infrastructures in developing countries. Abengoa owns eleven cogeneration plants.

• Electric energy generated:	2 000 132 MWh
• Steam delivered to host industry:	1 260 744 t
• Net CO ₂ emissions:	1 058 968 t
• Avoided CO ₂ emissions:	983 963 t**

** Estimation of emissions avoided in accordance with the substitution criteria of electric energy generation in coal-fired thermal power stations.

This business group promotes and constructs renewable energy plants, especially solar and biomass plants. It also builds biofuel plants.

It builds energy infrastructures preferably in the electric sector: generation stations, and transport and distribution infrastructures. A fair number of these infrastructures are built in developing countries.

It also contributes to sustainable development in the social results, as it contributes to the development and modernisation of Latin American countries, especially through the creation of electric, environmental, industrial and telecommunications infrastructures among others. The first permanent Abengoa installation was in Argentina in 1968. At the end of 2006 Abengoa has concessions in 4.418 kilometers of high tension cables in Latin America.

In 2006, Abeinsa has promoted the company ZeroEmission Technologies which provides global solutions for the fight against Climate Change in the fields related to the development of projects to reduce emissions (CDM/JI), CO₂ capture, CO₂ trading and R&D&I in greenhouse gas elimination, which has a higher global warming capacity than CO₂, as part of Abengoa's total commitment to Sustainable Development. Abeinsa

Information Technologies

Telvent is the holding company of a group of technological companies, largely geared to control systems that design and construct infrastructures for the information and knowledge society. The basic technologies are digital electronics, real-time computing, modern telecommunications and Internet technologies and of its contents and management systems.

They contribute to the improvement and rationalisation of the management of services and public administrations and of highly industrial companies. They are at the base of modernisation and socio-economic progress.

Telvent is an international leader in four industrial sectors: Energy, Traffic, Transport and Environment.

Some environmental indicators that measure the Abengoa environmental performance

To get a more precise idea of how the environmental impact of all of Abengoa's companies is distributed, one must consider the fact that 48.9% of the workforce is Spain based while the other 51.1% works abroad (America, Asia, Africa, Oceania and the rest of Europe).

For the calculation of the indicators, our work centers, their associated activities and all projects promoted directly by Abengoa have been taken into consideration. For all other projects, the magnitudes derived from our activity, and not the raw materials, consumptions or wastes attributable to the promoters of said projects, have been taken into consideration.

Neither have the maintenance or operation activities conducted at our customers' facilities been taken into account.

Pursuant to its Environmental Policy on the sustainable use of energy and natural resources, Abengoa has developed, in its Common Management Standards, the implementation of Environmental Management Systems as a strategic objective – in accordance with the requirements of the standard ISO 14001 – in all its Companies. It is in this framework where specific objectives for the reduction of natural resource consumption or the generation of wastes and emissions are established.

With the aim of improving the dependability of the environmental indicators, improvements have been made in the data acquisition and aggregation process. Some values for previous years have been corrected pursuant to the revised estimation and calculation criteria.

All indicators cited below have been defined and calculated with the aim of being able to track their evolution in successive years.

Raw Materials:

Due to the nature and variety of Abengoa's activities, it is almost impossible to provide an exhaustive list of all the raw materials used. For this reason, the data available have been aggregated and consolidated in such a way that they provide a clear and true picture of our environmental impact.

In a group with an important activity in the engineering sector, paper has been the traditional means utilized for data support purposes. In order to reduce the consumption thereof, in recent years, different strategies have been adopted: the use of recycled paper, printing of documents on both sides and, above all, the extensive use of a corporate network so that all personnel from the different companies, and distributed in more than seventy countries on five continents, may share information.

Paper Consumption in Offices (Tons)

	2004	%	2005	%	2006	%
Total Paper Consumption	181	100	249	100	258	100
Recycled Paper Consumption	50	28	101	41	101	39

An important range of raw materials in Abengoa's overall activities is of agricultural and livestock breeding origin: Pig slurry for treatment and transformation, grain for bioethanol production and eco-proteins for animal feed, surplus wine alcohol, also utilized for bioethanol production as a component of the ecological fuels. Furthermore, in the latter process, different chemical substances are utilized.

Pig Slurry Treatment (Tons)

	2004	2005	2006
Pig slurry*	105,000	50,184	53,040

(*)Pig slurry is a waste from the livestock breeding activity

Bioethanol Production (Tons)**Raw materials of agricultural origin**

	2004	2005	2006
Grain (wheat, corn and barley)	1,228,770	1,491,190	1,906,963
Wine alcohol	87,221	75,775	47,686

Chemical substances utilized

Enzymes	1,274	1,644	1,997
Antibiotics	5	8	11
Other Chemical substances*	10,011	13,521	20,585

(*)Caustic solution, sulfuric acid, phosphoric acid, sulfamic acid, ammonia, etc.

A large variety of raw materials are utilized in the industrial construction and industrial wastes recycling fields of activity, of note, due to their importance, are the metallic products.

In the industrial construction sector, iron is mainly used to construct metallic structures for power transmission lines. Zinc is utilized for galvanizing metallic structures.

Main Metals employed in the Industrial Engineering and Construction sector (Tons)

	2004	2005	2006
Iron	19,637	29,796	16,736
Zinc	1,057	1,523	813
Copper	170	90	98

In the Environmental Services sector, the companies dedicated to the recycling of industrial wastes by treatment, valorization and recovery, obtain products such as secondary aluminum, concentrated aluminum blocks, Waelz oxide with 65% zinc content, secondary zinc and zinc oxide.

It is in this sector where the possibility of recovering the sold products is most significant with, in most cases, 100% being achieved.

The main industrial wastes treated and additives utilized are:

Industrial Waste Recycling (Tons)			
	2004	2005	2006
Salt Slags	138,901	154,350	174,905
Steel plant and casting powder	105,390	93,934	95,925
Desulphurization wastes (sulfur)	104,113	103,092	105,000
Aluminum metallic waste	88,767	94,448	107,088
Aluminum slag	11,195	12,277	19,900
Different zinc wastes	22,661	25,830	27,129
Addition elements (Si, Cu, Mg, Mn)	4,526	4,869	6,328

The companies dedicated to waste Management and Treatment are included in the Environmental Services activity. The wastes indicated below are presented

according to their classification as hazardous or non-hazardous and to the treatment they receive.

Wastes for Management and Treatment (Tons)			
	2004	2005	2006
Hazardous			
Wastes to Physical-Chemical treatment	7,722	14,023	25,396
Wastes to Energy Valorization treatment	37,090	27,249	43,720
Wastes to Inerting treatment	233,244	249,571	268,450
Wastes to Recovery regeneration treatment	2,495	4,959	5,800
Wastes to hazardous Deposit treatment	140,590	93,798	84,877
Wastes to Thermal treatment	7,651	7,322	6,660
Wastes to Evapo-condensation treatment	8,596	7,378	13,306
Wastes to PCBs treatment	19	64	356
Wastes to reactive Segregation treatment	613	677	1,110
Subtotal	438,021	405,040	449,675
Non-Hazardous			
Wastes to non-hazardous Deposit treatment	62,584	211,801	314,764
Wastes to inert Deposit treatment	8	1,776	1,461
Wastes to non-hazardous energy Valorization treatment	105	4,080	3,100
Wastes to non-hazardous Reuse/recycling treatment	1,319	9,906	16,036
Wastes to non-hazardous Physical-Chemical treatment	397	6,046	8,523
Subtotal	64,413	179,884	343,884
TOTAL	502,434	638,648	793,559

Industrial Cleaning (Tons)			
	2004	2005	2006
Tank cleaning wastes	n.a.	260	345
Oily products treated in Centrifuges	n.a.	52,817	59,700
Wastes from Catalyst Loading	n.a.	1,600	1,870
Biological Wastes in filters	n.a.	59,513	50,600
Wastes treated in Mobile Plant	n.a.	8,100	9,700
Subtotal		122,290	122,215

Another activity of the Environmental Services Business Unit is PCB-contaminated equipment management, the aim being its elimination while recovering the reusable materials.

PCB (Tons)			
	2004	2005	2006
PCB-contaminated electric equipment	2,799	3,083	3,941

Most of the consumption of plastic as a raw material originates from the recycling of sheeting used as greenhouse covering.

Plastics (Tons)			
	2004	2005	2006
Plastic Waste from Agricultural Activity	12,770	11,884	11,996

Here-below, we list some of the highest consumption chemical substances utilized in the different production processes within the framework of the aforementioned industrial construction and environmental services activities. One must bear in mind that a very wide range of substances is utilized and most are in non-representative quantities.

Different Chemical Substances utilized in Production Processes (Tons)			
	2004	2005	2006
Sodium Bicarbonate	2,704	2,950	2,640
Sulfuric Acid	1,216	744	855
Chlorohydric Acid	288	315	159
Caustic Solution	216	135	86
Sodium Hypochlorite	123	120	314

Energy:

The grid electricity consumption data is provided for the stable work centers, for production centers as well as offices, and for the projects directly promoted by Abengoa.

In the energy balance, the most important elements that appear are the fuels consumed in the different production processes such as grain driers, casting kilns, machinery, etc. Also of note is the consumption associated with the cogeneration activities. Finally, the vehicle fleet consumption is reflected.

Energy (GJ)			
	2004	2005	2006
Electricity from the grid*	806,552	1,074,863	952,366
Self-consumption electricity	124,857	123,039	23,281
Fossil fuels:			
Gasoline	21,813	43,400	51,839
Gas oil	1,776,802	988,784	730,713
Gas	28,495,145	32,810,194	21,779,275
Other oil derivatives	1,594,944	1,379,332	1,248,504
Total energy	32,820,113	36,419,612	24,785,978

The indirect consumption of energy corresponding to electricity from the grid, in accordance with AIE data for the different countries in which Abengoa operates is as follows:

Indirect energy consumption by primary sources (GJ)			
	2004	2005	2006
Carbon	1,164,169	1,650,701	1,628,272
Natural Gas	163,297	200,467	198,432
Oil products	135,137	214,870	208,411
Crude	195	195	185
Biomass	6,933	12,265	11,673
Solar	0	0	0
Wind	6,248	11,567	11,080
Geothermal	6,262	6,982	6,853
Hydraulic	104,963	154,116	159,779
Nuclear	739,771	1,130,628	1,103,153
Total	2,326,975	3,381,791	3,327,838

Water

Two of the cogeneration plants have open circuit cooling systems that utilize seawater, returning approximately 95% of the input flow in the conditions indicated in the discharge section.

Water Consumption (m³)			
	2004	2005	2006
Process water	1,409,806	1,997,312	2,882,080
Cooling water from waterways or mains	2,780,385	3,402,476	3,784,174
Cooling water from the sea	n.a.	6,113,869	4,625,210
Sanitary	103,882	120,561	127,380

Biodiversity:

There is no owned, administered or rented land in biodiversity-rich habitats. No significant impact on biodiversity stemming from group activities has been identified either.

Emissions, Discharges and Wastes:

The data indicated refers to direct emissions.

Emissions (Tons)			
	2004	2005	2006
Emissions of Greenhouse Effect Gases			
CO ₂	1,266,743	1,262,626	1,300,785
CH ₄	0.23	0.36	0.25
N ₂ O	89	116.18	112.18
HFC	0	0	0
PFC	0	0	0
SF ₆	0	0	0
NO_x, SO_x and other Atmospheric Emissions			
NO _x	20,719	13,059	12,178
Particles	120	119	219
SO _x	898	352	410

There are no significant emissions of ozone layer reducing substances.

Without taking into account the waste treated by the Environmental Services Business Unit, which have been included in the raw materials section, Abengoa, in its normal activity, produces a large variety of wastes, most of which are monitored through the different Environmental Management Systems implemented in each company. The most important data in terms of quantity and impact is given here-below:

	Other Wastes (Tons)			Destino
	2004	2005	2006	
Paper	172	194	211	Recycled
Scrap metal	6,589	8,063	10,180	Recycled
Plastics	403	417	521	Recycled
Used oils	32	155	54	Recycled
Sludge	5,586	5,840	13,203	Deposit
Aluminum Oxide	30,460	32,270	11,918	Deposit
Ammonium Sulfate	2,208	1,872	0	Fertilizer

At the two cogeneration plants located in Almeria and Cadiz, the water returned to the sea has a slightly higher temperature (2 or 3 degrees) and slightly higher salinity as 5% of the total is desalinated for delivery to the host industry.

	Discharges (m³)		
	2004	2005	2006
Public network	684,571	709,918	754,332
Surface waters	631,790	845,973	1,277,728
Seawater discharges	5,950,000	6,144,601	4,626,775

There have been no important discharges of chemical substances, oils or fuels.

Products and Services:

Almost all of Abengoa's activities are subject to some Environmental Management System as required under the standard ISO 14001 and, therefore, as a fundamental requisite of these systems, all significant environmental impacts are identified in accordance with each company's internal procedures. The significant environmental impacts are described at the beginning of the chapter.

Compliance:

During the course of 2006, three incidents related to an unauthorized emission and a discharge resulted in fines totaling € 35.699 (United States), and with a warning for non-compliance with the environmental impact statement (Mexico).

Dialogue with Interested Parties

Abengoa attaches great importance to the relationship with social groups with an interest in the activity and management of the company being transparent and balanced, and it having communications channels to respond to the requests for information that have been described throughout this report. In addition, there are also other internal and external communications channels which are detailed below:

The main Interested Parties are: our own people (employees), customers, providers, investors as stock listed company, Public Administrations as contractors as well as legislators and sources for subsidies, the media and society in general.

Internal Communication

Communication is an essential component in Abengoa philosophy while being key for the involvement of people forming Abengoa, and for fulfillment of mission, objective and customer-focused culture. Among the most important means for the communication's function are the following:

Portal for the employee. In 2003, the Abengoa Portal was launched. It distributes, internally, quickly and universally, all the information and knowledge referring to the Business Units, companies and persons that make up the organization. The Portal is an element of communication and internal information, which aims to be the professional desktop of all employees, where, apart from having dynamic and statistical information from the Business Units and companies, all necessary management systems can be accessed for professional performance as well as different human resource processes from a management and employee point of view.

The Portal is divided up by business areas, in each of which there are sections with information relative to organization charts, history, important events, quality and environment, innovation projects and activities of each of the companies. There is also a virtual notice board, a meeting place for the different employees (news of special interest for employees, announcements and suggestions). The Portal includes a work area where we can directly access all Abengoa corporate applications used on a daily basis, converting it into a quick and agile entrance to the work tools used by all employees.

In addition, the Portal is an element of communication capable of diffusing and generating knowledge, making human capital structural and conveying corporate values.

Welcome and Integration Handbook. Abengoa has prepared Welcome and Integration Plans for its Business Units for the purpose of welcoming new employees, facilitating their adaptation and offering them a global vision. These Welcome Handbooks offer useful and valuable information for new employees, as they present the company, its activities, structure and internal regime in a brief and simple way.

To enable easy and updated access to the content of the handbooks of the different companies, a new specific section has been created within the Human Resources area of the Abengoa Portal Employee Self-service. In 2004, an Employee Self-service section was brought into operation. In this initial phase, the implemented processes are as follows:

- Viewing and printing of pay slips (latest and historic).
- Viewing of work calendars.
- Option of modifying bank data.
- Option of distributing pay over several bank accounts (including directly percentage or amount).
- Viewing of company insurance with the option of modifying beneficiaries.
- Viewing of PAYE, issuance of certificate and option of increasing the legal rate.
- Consultation and Frequently Asked Questions (FAQ) service in all areas

Internal Newsletter.

Abengoa publishes a by-monthly newsletter which gathers together not only the main activities of its Business Units and Companies, but also technical articles, news of quality, the environment and related with human resources. The newsletter is based on collaboration between employees, and is published in Spanish and English with a print run of approximately 15,000 copies. This internal publication is also available to all employees in the employee portal and on the corporate website. (www.abengoa.es).

External Communication

Abengoa's main channel of communication with its external public is its corporate website. In addition, each Business Unit has its own website.

The Abengoa Website. Abengoa put its first website on the internet in 1995 and, since then, it has been continually updated to adapt to the group's new activities, as well as to new techniques and trends in design and navigation, which are increasingly adapted to surfers' needs.

The Abengoa website www.abengoa.com presents transparent information geared to investors. It has three main sectors: Who we are, Legal and Financial Information, and News.

Who we are. It is a commercial introduction to Abengoa activities, structured into its different Business Units: Solar, Bioenergy, Environmental Services, Information Technology, and Industrial Engineering and Construction. In addition, it includes comparisons with previous years, consolidated financial data, activity in Spain and abroad.

- **Legal information:** Information on Corporate Governance, capital structure, Information transmitted to the SEC (Securities Exchange Commission), Annual General Shareholders' Meetings, and a Shareholder Services Section.
- **Financial Information:** It provides access to the Annual Reports of the last three years, information on share listings, financial calendar, quarterly/half-year financial information, and information on dividend distribution.
- **News.** Reports on Business Unit activities, new contracts, on the progress and conclusion of projects, alliances, actions. There is a subscription service to news items published on the Abengoa website, in financial-legal matters and also contact addresses: for general matters, communication issues and for shareholders.

On the Abengoa website, there are links to the websites of the Business Units.

Annual Report. Abengoa publishes its Annual Report which includes: the Business Unit Activity Report, a Sustainability Report, Information on its R&D&I activity, Information from the different Committees, the management Structure, and Legal and Economic-Financial Information, which includes the Auditor's Report and the Consolidated Annual Financial Statements, and the Consolidated Management Report. In addition, each Business Unit publishes its own Annual Report, with identical content or Activity Report.

This year is the second consecutive year in which this Corporate Social Responsibility Report is being published in accordance with GRI (Global Reporting Initiative) guidelines.

Shareholder Services Department. In order to facilitate the existence of constant contact with the shareholders of the company, Abengoa has established a Shareholder Services Department, headed by the General Secretary. The objective is to establish fluid and transparent communication with shareholders and permit their access to information, in time and form, together with the institutional investors who are ensured of equal treatment. Special care is taken to communicate accurate and useful information on important events, press releases and periodic economic-financial information.

On the website (www.abengoa.com) there is also a shareholders' services post box available.

Investor Relations Department. With the exact same purpose as the Shareholders Services Department but in relation to investors, the Company has an Investor Relations and Market Analysts Department headed by the Investor Relations Officer in coordination with the Finance Officer, who are responsible for the design and implementation of the communication program with the national and international financial markets so as to disclose the Company's highlights and strategic actions.

Corporate Governance Report

Corporate Governance Report 2006.

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a. Introduction

Corporate Governance

The coming into force of the Financial System Reform Act and the publication of the report on Security and Transparency in the markets elaborated by the Aldama Commission and the recent Transparency Act, and at last resort the Unified Code of Corporate Governance of the Listed companies, have amended and improved, in so far as Corporate Governance practices are concerned, through a ensemble of rules and regulations, some of which are of a clearly innovative nature, the system that was in force, or recommended, at the time. And there are still more innovations pending development in the near future.

Thus, from a formal perspective, Corporate Governance in small and medium sized listed companies was understood, until the aforementioned reforms, to be the minimum requirements needed to allow a complete response to the questionnaire that the National Securities Market Commission demanded as a result of the Olivencia Report and the recommendations included in it. Today, following the reform, listed companies can not merely take a passive or explanatory stance. Some of the Aldama Report recommendations have already been incorporated into prevailing law and must be complied with. The current measures, rulings and recommendations to date, form a single coherent and complete group, whose objective is to offer a real and transparent representation of the listed company, as an additional element for the investor to consider.

Corporate Governance, as an ensemble of practices – required by law as well as being undertaken voluntarily – of each company in relation to the structure, organization, operation, competences and supervision of its governing bodies, is bound together in a fundamental principle, that is none other than the principle of the capital markets: the general principle of information; transparent, real, balanced, true and complete information. Only in this way can shareholders and potential investors be guaranteed an equality of treatment and opportunities.

There are two sides to the information obligation:

- | | | |
|----------------------------------------------|---|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| - The objective side:
“what” is reported | { | <ul style="list-style-type: none"> Accounting or financial information Relevant events Capital structure, shareholders Corporate Governance Legislation Annual Corporate Governance Report |
| - The subjective side:
“how” to report it | { | <ul style="list-style-type: none"> Periodic financial information Relevant events Significant shareholdings Issued and submitted brochures Website, etc. |

Abengoa has made a significant effort within its company structure and its different components, to adapt itself and incorporate the initiatives put in place by the new legislation. Below we will briefly present each of these aspects and the innovations implemented by the company:

a) Accounting / financial information.

The periodic information obligations (quarterly, half-yearly and annual) remain based on an information model created by the CNMV which, from the second quarter 2002, can only be submitted telematically (in coded electronic format), implemented voluntarily by Abengoa two years ago.

b) Relevant Events.

The Financial System Reform Act has modified the previous definition of this concept, establishing it as the information whose knowledge thereof could reasonably lead an investor to purchase or transfer securities and therefore may appreciably influence the price. Nevertheless, the relevant event concept continues to be non-specific and open (signifying that conducts or actions that

warrant this consideration are not specified, partly because it is an almost impossible exercise due to the varied practices of corporate decisions that may be relevant but where a certain degree of legal uncertainty remains). There are two criteria that are used complementarily to determine the content of this concept: i) the practice followed by the CNMV on previous occasions, and ii) the practice followed by companies themselves on similar occasions. Here the basis of good governance is deduced; consistency; not only is the existence of internal and casuistic regulations of value but the consistency between this and the real conduct of the company and its administrators and senior management.

c) Related Transactions.

- c.1) These are transactions carried out between the company and its shareholders, administrators or directors that entail the transfer of business resources, obligations or business opportunities.

The related transactions have a dual information channel:

- a) Those that are relevant are individually reported as a relevant event.
- b) All transactions are summarized in the half-yearly information report.

- c.2) Related transactions may potentially be a source of so-called conflicts of interest. In these cases, good governance practice recommends a series of measures in resolving them whenever possible: i) the abstention from voting for the adoption of the corresponding resolution by the persons affected by the conflict of interest; ii) complete, clear and real-time distributed information, and iii) independent evaluation.

Aware of the limitations imposed on it by its individual characteristics arising from its history and its composition, Abengoa has adopted these transparency criteria and the

criteria for the resolution of these potential conflicts. To this end, on February 24, 2003, the Board of Directors modified the Board of Directors' regulations and the Advisory Board's regulations. The Audit Committee, composed in its most by independent members of the Board of Directors, is the responsible body for the supervision of these transactions.

d) Annual Corporate Governance Report.

The questionnaire on the level of take-up of the Olivencia Report's recommendations proposed by the CNMV to be carried out by all listed companies has been fulfilled through the obligation to create and disseminate an Annual Corporate Governance Report.

The Annual Report reflects the specific principles of the company's governance structure (who and how decisions are made and what decision making is based on) in the same way that the periodic financial reporting is a summary of the main economic characteristics of the company for the period under consideration, collated in the balance sheet and the profit and loss account for this period.

Abengoa implemented this recommendation in 2002, and a specific chapter relating to the Company's governance was therefore included in the 2002 Annual Report – and we have been doing so in subsequent years – completed with the new items included in the Aldama Report and in the Financial System Reform Act, distinguishing the actions already taken from those that were being finalized for their upcoming implementation. Therefore:

- a) On December 2, 2002, the Audit Committee was constituted.
- b) On February 24, 2003, the Appointments and Remuneration Committee was constituted.
- c) On the same day, February 24, 2003, the Board of Directors drafted a proposal modifying the Company Bylaws for the purpose of incorporating the provisions relating to the

Audit Committee, the proposal relating to the Regulation on the administration of shareholders' meetings, the partial amendments to the Regulations of the Board of Directors and the Regulations of the Advisory Board and, finally, the rules governing the Internal Regulations of the Audit Committee and the Appointments and Remunerations Committee, approved by the General Meeting of June 29, 2003.

Finally, following another of the Aldama Report recommendations, the Internal Corporate Governance Regulation was rewritten as a complete single text and was duly notified to the CNMV and is available since then on Abengoa's website.

shareholders in particular and to the general public, which is subjected to a continuous process of revision, enhancement and updating. In conclusion, we should say that both the available information and its actual distribution portal – the website – are continuously updated; Corporate Governance, the rules that regulate it and the laws that govern or recommend it continue, and will continue to constantly develop. In the same way that all companies engaged in growing must adapt and anticipate the development of the markets, so must they also be forward-looking, in relation to self regulation (that is, adopt their own code of conduct so that their operation and decisions may be evaluated from the outside), development, transparency and information in order to reassure market confidence and with it, their growth.

e) Website (www.abengoa.com)

The obligation to provide the market with useful, truthful, complete and balanced information in real time would not be sufficient if the appropriate means of transmitting this information are not adequate, guaranteeing that it is disseminated effectively and usefully. Therefore, as a result of new technology, the Aldama Report, the Financial System Reform Act and the Transparency Act recommend and impose the use of listed companies' websites as an information tool (including historical, qualitative and quantitative company data in it) and as a distribution tool (including current or personalized information in real-time that may be accessed by investors).

Abengoa therefore introduced a new website at the end of the first quarter 2002, characterized firstly by a more direct, rapid and efficient on-screen presentation and secondly by a wide-ranging and comprehensive information content and documentation, made available to the

b. The Company's Shareholding Structure.

i) Significant shareholdings.

Abengoa S.A.'s share capital is represented by book-entry records managed by Iberclear (Sociedad de Gestión de los Sistemas de Registro, Comparación y Liquidación de Valores, S.A.), and comprises 90,469,680 shares of 0.25 euro nominal value of the same class and series, representing 22,627,420 euro of share capital. All the shares are admitted to official trading on the Madrid and Barcelona Stock Exchanges and in the Spanish Stock Exchange Interconnection System as of November 29, 1996.

The latest modification to the share capital was made by resolution approved at the Ordinary General Shareholders' Meeting of June 24, 2001, in relation to splitting of the face value of the shares, from 1 euro to 0.25 euro per share, with the resulting modification to the number of issued shares, from 22,627,420 to the current number of 90,469,680, and, as a consequence, the modification of articles 6 and 21 of the Company Bylaws in order to adapt them to the new number of shares and their face value, with the simultaneous exclusion of the previous shares and admission to listing of the new ones.

Date Last Modificat.	Share Capital (Euro)	Number of shares
24.06.2001	22,617,420	90,469,680

As the capital is represented by book-entry records, there is no shareholders' registry separate to the significant shareholdings communications and the list (X-25) provided by Iberclear on the occasion of General Shareholders' Meetings. Pursuant to this information (Shareholders List as of April 4, 2006, provided by Iberclear) and the notification of Significant Shareholdings, the situation is as follows:

- Inversión Corporativa, I.C., S.A.: 50.00%
- Finarpisa, S.A.
(Grupo Inversión Corporativa): 6.04%

Tax or VAT No.	Shareholder	Number of direct shares	Number of indirect shares (*)	%/ Share Capital
A41105511	Inv. Corporativa	45,234,723	5,465,183 (*)	56.04
A41037797	Finarpisa	5,465,183 (*)	—	6.04

(*) Through:

Tax or VAT	Shareholder	Number of direct shares	%/ Share Capital
A41037797	Finarpisa	5,465,183	6.04

- Significant movements during the financial year.

Tax or VAT no.	Shareholder	Transaction date	Description
41867445	State Street Bank	09.04.2006	Low significant share.

The number of registered shareholders at the General Shareholder's Meeting held on April 9, 2006, was 6,663.

The Company is not aware of the existence of any agreements between shareholders undertaking neither to adopt, by means of joint voting, a common policy regarding the management of the company nor to significantly influence it.

ii) Shareholdings of members of the Board of Directors.

In accordance with the register of significant shareholdings the company maintains and pursuant to the Internal Conduct Regulation in relation to the Stock Market, the administrators' shareholdings in the company's capital as at December 31, 2006 are as follows:

	% Direct	% Indirect	% Total
Felipe Benjumea Llorente	0.061	0	0.061
Javier Benjumea Llorente	0.004	0	0.004
José Joaquín Abaurre Llorente	0.003	0	0.003
José Luis Aya Abaurre	0.061	0	0.061
José B. Terceiro Lomba	0.111	0.111	0.222
Ignacio de Polanco Moreno	0	0	0
Daniel Villalba Vilá	0.003	0	0.003
Carlos Sebastián Gascón	0	0	0
Mercedes Gracia Díez	0.0005	0	0.0005
Total	0.2435	0.111	0.3545

ID or Tax no.	Director	Date first appointment	Date last appointment	Number of direct shares	Number of indirect shares	%/ Share Capital
28526035	Felipe Benjumea Llorente	25.06.83	26.06.05	55,648	0	0.061
28345379	Javier Benjumea Llorente	25.06.83	26.06.05	3,888	0	0.004
28414158	José Joaquín Abaurre Llorente	25.06.88	26.06.05	3,500	0	0.003
28332348	José Luis Aya Abaurre	25.06.83	26.06.05	55,076	0	0.061
35203147	José Terceiro Lomba	28.07.03	28.07.03	100,000	100,000	0.222
2191423	Ignacio de Polanco Moreno	28.07.03	28.07.03	0	0	0
38.998.715F	Daniel Villalba Vilá	26.06.05	26.06.05	2,915	0	0.003
114.428A	Carlos Sebastián Gascón	26.06.05	26.06.05	0	0	0
50.284.250V	Mercedes Gracia Díez	12.12.05	09.04.06	500	0	0.0005

iii) Shareholders' Agreements.

The company has no evidence of the existence of any shareholders' agreements or syndication agreement among its shareholders.

- Indication as to whether any fiscal or judicial person may exercise control in accordance with article 4 of the Stock Exchange Act (LMV).

Tax or VAT no.	Denomination
A41105511	Inversión Corporativa, I.C., S.A.
Observations	
In accordance with art. 4 LMV Inversión Corporativa holds more than 50% of the share capital.	

iv) Treasury Stock.

At 31.12.2006, the company does not possess any of its own shares as treasury stock, nor has it acquired any of its own shares during the 2006 financial year.

The General Shareholders' Meeting, held on April 9, 2006, agreed to authorize the Board of Directors to make derived acquisitions, through purchases, of shares in the company that may be made either directly or via subsidiary companies or investors up to the maximum limit specified under current provisions at a price of between three euro cents (0.03 euro) per share minimum and one hundred and twenty euro and twenty cents (120.20 euro) per share maximum, being able to make use of this facility during a period of eighteen (18) months from that very date and subject to that specified in Section Four of Chapter IV of the Revised Text of the Spanish Companies Act, expressly revoking the authorization conferred to the Board of Directors, for the same purposes, by virtue of the agreement adopted by the Shareholders' General Meeting held on June 26, 2005.

To date, the Board of Directors has not made use of the above authorization.

• Treasury Stock:

Number of direct shares	Number of indirect shares	% of Share Capital
0	0	0

• Details of significant variations:

Date	Number of direct shares	Number of indirect shares	% of Share Capital
—	0	0	0

Results obtained by treasury stock	Thousands of euro
0	0

The General Shareholders' Meeting held on October 16, 2005, agreed to authorize The Board of Directors, with the purpose of executing, in its case, The Stock Acquisition Plan by Directors of the Company or any other that consider opportune, the possibility of proceeding the derivative acquisition, by sale-purchase or any other onerous bond, of shares of the Company itself, either directly or through Subsidiary Companies or underlying companies up to the maximum limit established in the provisions in force at a price ranging between three euro cents (0.03 euro) minimum and one hundred and twenty euro and twenty euro cents (120.20 euro) maximum per share. Use of this authorization may be made for a period of eighteen (18) months as of from the date hereof, and subject to what is specified in Section Four of Chapter IV of the Amended Text of the Companies Act.

The Board of the Directors has not made use of the previous authorization till the date.

c. **Company's Administrative Structure.**i) The Board of Directors.i.1) Composition: number and identity of members.

Following the modification of Article 39 of the Company Bylaws by agreement of the General Shareholders' Meeting held on June 26, 2005, the maximum number of seats on the Board of Directors, which to date has been seven, was increased to nine. The aim of this modification was fundamentally intended to provide this administrative body with the number of directors that would on the one hand allow for a potentially more diverse composition and, on the other, facilitate delegation, attendance and the adoption of resolutions with minimum attendance and which would guarantee a multiple and plural presence on the Board of Directors.

Maximum number of directors	9
Minimum number of directors	3

The Board's composition, in accordance with the recommendations established in the Aldama Report and in the Unified Code of Corporate Governance of the Listed companies, takes the company's shareholding structure into account, so that it may firmly represent the highest possible percentage of the share capital and protect the general interests of both the Company and its shareholders, while also being granted the degree of independence that is appropriate to the professional practices and requirements of any company. The Board's current composition is as follows:

Abaurre Llorente,
Aya Abaurre,
Benjumea Llorente,
Benjumea Llorente,
Gracia Díez,
Polanco Moreno,
Sebastián Gascón,
Terceiro Lomba,
Villalba Vilá,

Jose Joaquín.
Jose Luis.
Felipe.
Javier.
Mercedes.
Ignacio de
Carlos.
José B.
Daniel.

Secretary Non-director and Legal Advisor:
Miguel A. Jimenez-Velasco Mazario.

• Table with the members of the Board of Directors:

ID or Tax no.	Name	Representative	Position	Date 1st Appoint. or	Date last Appointment	Election Procedure
28332348	José Luis Aya Abaurre	—	Director. Member Appoint. & Remuneration Committee	25.06.83	26.06.05	Share. Meet.
28414158	José Joaquín Abaurre Llorente	—	Director. Member Audit Committee	25.06.88	26.06.05	Share. Meet.
28526035	Felipe Benjumea Llorente	—	Chairman	25.06.83	26.06.05	Share. Meet.
28345379	Javier Benjumea Llorente	—	Chairman	25.06.83	26.06.05	Share. Meet.
50284250V	Mercedes Gracia Díez		Director. Member Audit Committee	12.12.05	09.04.06	Cooptation Share. Meet.
2191423	Ignacio de Polanco Moreno		Director. Member Appoint. & Remuneration Committee.(*)	28.07.03	28.07.03	Share. Meet.
114428A	Carlos Sebastián Gascón		Director. Chairman Appoint. & Remuneration Committee.(*)	26.06.05	26.06.05	Share. Meet.
35203147	José Terceiro Lomba		Director. Member Audit Committee and of the Appoint. & Remuneration Committee	28.07.03	28.07.03	Share. Meet.
38998715F	Daniel Villalba Vilá		Director. Chairman Audit Committee	28.02.05 26.06.05	26.06.05	Cooptation Share. Meet.

(*) Carlos Sebastián Gascón substituted Ignacio Polanco Moreno as Chairman of the Appointment and Remuneration Committee, October 19, 2006, as a result of an agreement in the Committee. Both of them are independent members of the Board of Directors.

Total number of directors

9

i.2) Condition and Representation.

The total number of board members is considered to be sufficient in order to ensure the proper representation and effective operation of the Board of Directors.

Notwithstanding the fact that independence is a quality that must be common to all directors without exception, regardless of their origins or the reason for their appointment, and that they must be judged on the reliability, integrity and professionalism of their performance, pursuant to the guidelines included in the Olivencia and Aldama reports, Law 26/2003 and Ministerial Order 3722/2003, and in the Unified Code of Corporate Governance of the Listed companies, the current administrators are classified as follows:

Felipe Benjumea Llorente	- Executive (Chairman).
Javier Benjumea Llorente	- Executive (Chairman).
José Joaquín Abaurre Llorente	- External, Dominial. Member of the Audit Committee..
José Luis Aya Abaurre	- External, Dominial. - Member of the Appointments and Remuneration Committee.
Daniel Villalba Vilá	- Independent; - Chairman of the Audit Committee..

José B. Terceiro Lomba	- Independent. - Chairman Advisory Board. - Chairman Advisory Board. - Member of the Appointments and Remuneration Committee.
Ignacio de Polanco Moreno (*)	- Independent. - Member of the Appointments and Remuneration Committee.
Carlos Sebastián Gascón (*)	- Independent. - Chairman of the Appointments and Remuneration Committee.
Mercedes Gracia Díez	- Independent. - Member of the Audit Comité.

(*) Carlos Sebastián Gascón substituted Ignacio Polanco Moreno as Chairman of the Appointment and Remuneration Committee, October 19, 2006, as a result of an agreement in the Committee. Both of them are independent members of the Board of Directors.

As a result, the Board comprises a majority of external, non-executive directors.

The first four directors listed are also members of the Board of Directors of Inversión Corporativa IC, S.A., a reference shareholder of Abengoa (56% share), and their appointment as directors was made at the proposal of this shareholder.

• Tables with the members of the Board of Directors and their different condition:

Executive Directors:

ID or Tax no.	Name	Committee that proposed him	Position
28526035	Felipe Benjumea Llorente	Board of Dir. (*)	Chairman
28345379	Javier Benjumea Llorente	Board of Dir. (*)	Chairman

(*) Prior to the existence of the Appointments and Remuneration Committee.

Dominial external directors:

ID or Tax no.	Name	Committee that proposed him	Represented shareholder	Shareholder's Tax no.
28414158	José Joaquín Abaurre Llorente	Board of Dir. (*)	Inversión Corporativa, I.C., S.A.	A41105511
28332348	José Luis Aya Abaurre	Board of Dir. (*)	Inversión Corporativa, I.C., S.A.	A41105511

(*) Prior to the existence of the Appointments and Remuneration Committee.

Independent external directors

ID or Tax no.	Name	Committee that proposed him	Profile
50284250V	Mercedes Gracia Díez	Appointments	Independent
2191423	Ignacio de Polanco Moreno	Appointments	Independent
114428A	Carlos Sebastián Gascón	Appointments	Independent
35203147	José Terceiro Lomba	Appointments	Independent
38998715F	Daniel Villalba Vilá	Appointments	Independent

Facultades delegadas:

Director's ID no.	Name	Description
28526035	Felipe Benjumea Llorente	Delegation of powers
28345379	Javier Benjumea Llorente	Delegation of powers

Directors that are members of other listed companies:

ID or Tax no.	Name	Listed Company	Position
35203147	José Terceiro Lomba	U.Fenosa	Member of Board of Directors.
35203147	José Terceiro Lomba	Iberia	Member of Board of Directors, Member of the Executive Committee
35203147	José Terceiro Lomba	Grupo Prisa	Member of Board of Directors, Chairman of the Audit Committee
2191423	Ignacio de Polanco Moreno	Grupo Prisa	Member of the Board of Directors

iii.3) Rules governing organization and operation.

The Board of Directors is governed by the Board Regulations, the Company Bylaws and the Stock Exchange Code of Conduct. The Board Regulations were initially approved at the meeting of the Board of Directors held on January 18, 1998, with the clear aim of anticipating the current Good Governance regulations and ensuring effective internal regulation. They were last modified on June 29, 2003, in order to incorporate provisions relating to the Audit Committee established in the Financial System Reform Act.

- Structure:

The Board of Directors currently has nine members. The Rules governing the Board of Directors rule the duties and internal organization of the administration body. The Advisory Board to the Board of Directors has twelve members and is an auxiliary board for advising the Board. It has its own internal Rules. Additionally, there exists the Internal Conduct Regulation in relation to the Stock Market, with which the members of the Board of Directors, senior management and all employees affected due to their duties or title have to comply. The Rules of the General Shareholders' Meetings governs the formal aspects and the internal regime of the holding of the Shareholders Meetings. Finally, the Board of Directors is assisted by the Audit and Appointments and Remuneration Committees, both with their own Internal Regime Rules. All these Rules, put together into the joint body of Corporate Governance Internal Rules is available on the Company's web site, www.abengoa.com.

- Duties:

It is the duty of the Board of Directors to take any action that may be necessary in order to pursue the Company's corporate objective, and it is empowered to establish the Company's financial targets, agree any relevant measures proposed by Senior Management

in order to achieve these targets, and ensure the future viability and competitiveness of the company, along with the presence of a suitable management and leadership team, supervising the development of the Company's business

- Appointments:

The General Meeting or, where applicable, the Board of Directors, within the powers and limits set out in law, is the competent body for appointing members of the Board of Directors. In addition to meeting the requirements set out in law, appointees shall demonstrate that they are known to be trustworthy and have the knowledge, reputation and professional references that are relevant to the performance of their duties.

Directors shall be appointed for a maximum of four years, without prejudice to the possible renewal of their appointment or their re-election.

- Removal:

Directors shall be removed from their position at the end of their tenure and under any other circumstance set out in law. They must furthermore relinquish their seat in cases involving their incompatibility, veto, serious sanction or any breach of their obligations as directors.

- Meetings:

As per article 42 of the Company Bylaws, the Board of Directors shall meet whenever it is required in the interest of the Company and, at least, three times a year, the first meeting to be held during the first quarter. During 2006 it met on a total of eight occasions.

- Duties of Directors:

It is the duty of Directors to participate in the direction and monitoring of the company's management in order to maximize the value of the Company to the benefit of its shareholders. Each Director shall act with the proper care of a dedicated professional and loyal representative, guided by the interests of the Company, with complete independence, defending and protecting the interests of all shareholders to the best of their abilities.

By virtue of their appointment, Directors are under the following obligation:

- To gather information and prepare properly for each meeting session.
- To attend and participate actively in meetings and the decision-making process.
- To avoid the occurrence of any conflict of interest and notify the Board of any potential conflict of interest, where applicable, through the Secretary.
- Not to undertake duties with competitor companies.
- Not to use company information for private purposes.
- Not to use the company's business opportunities for their own interests.
- To maintain the confidentiality of any information received as a result of their appointment.
- To abstain in any voting on resolutions that may affect them.

- The Chairman:

In addition to the duties set out in law and in the Company Bylaws, the Chairman is the company's most senior executive, and as such is responsible for the effective management of the company, though always in accordance with the decisions and criteria established by the General Shareholders' Meeting and

the Board of Directors. He/she is responsible for implementing the decisions taken by the company's administrative body, by virtue of the powers permanently delegated to him/her by the Board of Directors, which he represents in all its aspects. The Chairman also has the casting vote on the Board of Directors.

The position of chief executive falls on the Chairman. The measures adopted to prevent the accumulation of powers are:

Measures to limit risks

In accordance with that established in article 44 bis of the Company Bylaws, on December 2, 2002 and February 24, 2003, the Board of Directors proceeded to constitute the Audit Committee and the Appointments and Remuneration Committee, respectively.

The powers of these Committees inherent to the commitments they have assigned by Law and the Company Bylaws and their respective internal regime Regulations cannot be delegated, and the committees are constituted as control and monitoring bodies for matters of their competence.

Both shall be chaired by an independent, non-executive, director, and shall be composed of a majority of independent, non-executive, directors.

- The Secretary:

It is the Secretary's duty to exercise the powers attributed to him/her in law. At present, the titles of Secretary to the Board and Legal Advisor fall on the same person, who is responsible for ensuring that notice is given of meetings and that resolutions are adopted by the company's administrative body in a valid manner. In particular, he/she will advise members of the Board regarding the legality of their deliberations and any resolutions they adopt, and on compliance with the Internal Corporate Governance Regulations, as both formal and material guarantor of the principle of legality which governs the actions of the Board of Directors.

The Secretary to the Board, as a specialized guarantor of the formal and material legality of the Board's actions, has the full support of the Board in performing his/her duties entirely independently of any criteria or the constancy of his/her position, and he/she is also entrusted with defending the internal Corporate Governance regulations.

- Resolutions:

Resolutions are adopted by a simple majority of the board members present (either in person or by proxy) at each session, with the exception of those cases specifically set out in law.

deducted, and may have their travel expenses reimbursed when such expenses relate to work carried out at the behest of the Board.

The payments made during the 2006 financial year to all the members of the Board of Directors in their capacity as members of both the Board and the Advisory Board to the Board of Directors of Abengoa, S.A. amounted to 1,578 thousands of euro in the form of allocations and expenses, and 211 thousands of euro for other concepts.

In addition, the payment made during the 2006 financial year to the company's senior management, this being understood to include the group of fifteen people who form part of the Chairman's Office, the Strategy Committee and the Directors of the Corporate Departments amount in total, including both fixed and variable amounts, to 7,882 thousands of euro.

- Table with the aggregate Remuneration of the Directors earned during this financial year, in the individual company which is the object of this report (Abengoa, S.A.):

Remunerated concept	Data in thousands of euro
Set remuneration	1,998
Variable remuneration	2,450
Expense allowances	597
Statutory issues	—
Options on shares and/or other financial instruments	—
Others	—
Total:	5,045

i.4) Remuneration and other rights.

- Remuneration:

The position of Director is paid, pursuant to the contents of Article 39 of the Company Bylaws. The amount paid to directors may consist of a fixed amount agreed by the General Meeting, though it is not necessary that this amount be the same for all of them. They may also receive a share of the company profits of between 5 and 10% maximum of annual profits, after dividends have been

Other Benefits	Data in thousands of euro
Advance payments	—
Loans provided	—
Pension Funds and Plans: Contributions	—
Pension Funds and Plans: Acquired obligations	—
Life insurance premiums	2
Constitutive guarantees by the company in favor of the directors	—

- Table with the aggregate Remuneration of the Directors earned during this financial year, upon them being members of other Boards of Directors and/ or of senior management, of group Companies:

Remunerated concept	Data in thousands of euro
Set remuneration	18
Variable remuneration	—
Expense allowances	1
Statutory issues	—
Options on shares and/or other financial instruments	—
Others	—
Total:	19

Other Benefits	Data in thousands of euro
Advance payments	—
Loans provided	—
Pension Funds and Plans: Contributions	—
Pension Funds and Plans: Acquired obligations	—
Life insurance premiums	—
Constitutive guarantees by the company in favor of the directors	—

- Table with the total aggregate (all the directors) Remuneration (all concepts) by director typology; Figures in thousands of euro:

Director typology	Abengoa	Group
Executive	4,176	—
Dominial External	222	1
Independent External	649	18
Other External	—	—
Total:	5,047	19

- Table showing the percentage the total Remuneration (for all the concepts) and aggregate (all the directors) represents in relation to the Profit attributed to the Parent Company; Figures in thousands of euro:

Total Remuneration Directors (in thousands of euro)	5,066
Total Remuneration Directors / profit attributed to the Parent Company (expressed as a %)	5.05%

Name	Expense allowances by attendance and Other Remunerations as Directors	Remuneration as Member of the Committees of the Board of Directors	Remuneration as Director of Other Companies in the Group	Remuneration by Duties Senior Management-Executive Directors	Total
Felipe Benjumea Llorente	111	—	—	1,849	1,960
Javier Benjumea Llorente	111	—	—	2,105	2,216
José Luis Aya Abaurre	93	18	—	—	111
José Joaquín Abaurre Llorente	99	12	1	—	112
José B. Terceiro Lomba	95	—	18	—	113
Ignacio de Polanco Moreno	74	74	—	—	148
Daniel Villalba Vilá	83	46	—	—	129
Carlos Sebastián Gascón	74	74	—	—	148
Mercedes Gracia Díez	83	46	—	—	129
	823	270	19	3,954	5,066

- Table identifying the members of senior management, that are not executive directors, indicating the total remuneration earned by them during the financial year:

ID or VAT no.	Name or company	Position
50.821.489	Javier Salgado Leirado	Manager, Bioenergy Business Unit
29.754.087	Javier Molina Montes	Manager, Environmental Services Business Unit
02.601.273	Manuel Sánchez Ortega	Manager, Information Technologies Business Unit
27.907.575	Alfonso González Domínguez	Manager, Industrial Engineering and Construction Business Unit
04.686.869	Salvador Martos Hinojosa	Manager, Latin America Business Unit
07.474.641	Santiago Seage Mandela	Manager Solar Business Unit Manager Corporate Strategy and Development.
00.114.321	José Antonio Moreno Delgado	Manager, Technical Secretariat
28.720.078	Álvaro Polo Guerrero	Manager, Human Resources
00.826.260	Amando Sánchez Falcón	Finance Manager
27.883.847	José Marcos Romero	Manager, Appointments and Remuneration
28.584.961	Juan Carlos Jiménez Lora	Manager, Investor Relations Dept.
30.583.968	Asier Zarraonandia Ayo	Controller
28.874.696	Miguel Ángel Jiménez Velasco Mazario	General Secretary
27.140.440	Jesús Viciano Cuartara	Manager, Organization, Quality and Budgets

Senior Management's total remuneration
(in thousands of euro)

3,930

ii) The Advisory Board to the Board of Directors.

The Advisory Board to the Board of Directors of Abengoa was established, by agreement of the Extraordinary General Meeting held in January 1998, as an advisory body whose duties include the provision of professional advice to facilitate the adoption of decisions by the company's administrative bodies, and whose powers include examining the development of the company's business through consultations submitted by the Board of Directors and through proposals presented for its consideration.

The creation of the Advisory Board in January 1998, again with the clear aim of anticipating and opening up new channels of internal self-regulation in pursuit of the effective, transparent and professional management of the company, involved the regulation of a process for the channeling of information provided by the company management, in order to ensure that this information was accurate, verifiable and complete

The Advisory Board is configured as a management and decision-making body with complete autonomy. It has powers of consultation and specific technical assessment duties governed by criteria of independence and professionalism. The majority of its members are of known reputation, experience and qualifications and have no significant relationship with the company's executive management, in order to underline the independence inherent in the Advisory Board.

The Advisory Board contributes effectively to the defense of the company's general interests, independently of the company's actual management team, and its main duty is to provide professional and independent models and criteria so that the Board of Directors may make a proper evaluation and take the correct decisions.

ii.1) Composition

Pursuant to the contents of Article 46 of the Company Bylaws, Article 26 of the Board Regulations and Articles 3 and 6 of the Rules governing the Internal Regulation of the

Advisory Board, the Advisory Board is currently composed of the following members:

José B. Terceiro Lomba	Chairman.
M ^a Teresa Benjumea Llorente	Member.
Maximino Carpio García	"
Rafael Escuredo Rodríguez	"
José M. Fernández-Norniella	"
Álvaro Fernández-Villaverde y de Silva	"
José Luis Méndez López	"
Luis Solana Madariaga	"
Ignacio Solís Guardiola	"
Fernando Solís Martínez-Campos	"
Carlos Sundheim Losada	"
Cándido Velázquez-Gaztelu Ruiz	"

Secretary non-director: Miguel Ángel Jiménez-Velasco Mazario

ii.2) Condition and Representation.

- Appointment:

At the proposal of the Board of Directors, the Advisory Board comprises a maximum of twelve members, and it currently has ten, of which more than half must be independent, something which is fulfilled by the present members, as per the list above.

The appointment of Luis Solana Madariaga to the Advisory Board, in the 2006 financial year, has consolidated the professional and independent nature of the Board inherent since its initial establishment in 1998.

- Term:

Each member's appointment remains valid for a period of four years, without prejudice to the renewal of the position or the member's re-election. Removal may occur upon expiry of the term, resignation or removal, among other reasons.

- Remuneration:

The position of Board Member is a paid position, the amount of their remuneration being established for each financial year by the Board of Directors, pursuant to the contents of Article 39 of the Company Bylaws. This amount is shown in the Annual Financial Statements. In addition, any expenses incurred as a result of work carried out at the behest of the Board are reimbursed. (See point II, a.4) above).

- Meetings:

The Advisory Board meets at least once a quarter, and on any occasion that it is asked to do so by the Chairman in order to deal with urgent or extraordinary matters. The Board met five times during the 2006 financial year.

- Resolutions:

Resolutions are adopted by simple majority of the board members present (either in person or by proxy) at each session.

iii) Committees formed by the Board of Directors.

iii.1) The Audit Committee.

Pursuant to the provisions of the Financial System Reform Act, on December 2, 2002, Abengoa's Board of Directors established an Audit Committee and at the same time approved the Internal Regulations governing the Committee's operation. These Rules were ratified by the General Shareholders' Meeting on June 29, 2003, which at the same time approved the modification of Article 44 of the Company Bylaws, in order to incorporate the provisions relating to the operation, composition and organization of this Committee.

Composition.

Following the inclusion as independent committee member of Mercedes Gracia Díez, the Audit Committee currently comprises the following members:

- Daniel Villalba Vilá	Chairman and independent non-executive director.
- José B. Terceiro Lomba	Member and independent non-executive director.
- Mercedes Gracia Díez	Member and independent non-executive director.
- José J. Abaurre Llorente	Member and dominial non-executive director.
- Secretary non-director:	Miguel A. Jimenez-Velasco Mazarío

As a consequence, the Audit Committee is entirely composed of non-executive directors, thus surpassing the requirements set out in the aforementioned Financial Systems Reform Act. Furthermore, the position of Chairman of the Committee must be held by a non-executive director, as set out in Article 2 of its Internal Regulations.

Duties.

The duties and powers of the Audit Committee are as follows::

1. To announce the Annual Financial Statements as well as the quarterly and half-yearly financial statements, which must be submitted to the bodies that regulate or supervise the markets, with reference to any internal monitoring systems, the monitoring procedures followed and compliance through internal auditing processes, including where applicable, the accounting criteria applied.
2. To inform the Board of any change to the accounting criteria and any risks, whether on or off the balance sheet.
3. To inform the General Shareholders' Meeting regarding any questions raised by shareholders on issues falling within its competence.
4. To propose the appointment of external Accounts Auditors to the Board of Directors, so that the latter may submit this proposal to the General Shareholders' Meeting.
5. To supervise internal auditing procedures. The Committee shall have complete access to the internal auditing process, and shall provide information during the process for the selection, appointment, renewal and removal of its director, and when his or her payment is being established, with the duty to provide information about this department's budget.
6. To have knowledge of the company's financial information procedure and its internal monitoring systems.
7. To maintain relations with the company's external auditors in order to remain informed regarding any matters that may place the independence of said auditors at risk, and regarding any other matters

relating to the procedure followed in order to audit the company's accounts.

8. To summon the Directors it considers appropriate to Committee meetings so that they may provide any information that the Audit Committee itself deems relevant.
9. To prepare an Annual Report on the activities of the Audit Committee, which must be included in the Management Report.

Organization and operation.

The Audit Committee shall meet as frequently as is necessary in order to carry out its duties, and at least once a quarter.

The Audit Committee shall be considered validly formed when a majority of its members are present. Attendance may only be delegated to a non-executive Director.

Its resolutions shall be validly adopted when voted for by a majority of the Committee members present or represented. In the event of a tie, the Chairman shall have the casting vote.

- Amounts paid to the Audit firm for other works; Figures in thousands of euro:

	Company	Group	Total
Amount for works other than auditing	34	151	185
Previous / Total amount billed (%)	4%	18%	22%

	Company	Group
Nº. of years audited by the firm /	16 (since 1990)	16 (since 1990)
Total no. of years in which it has been audited	100%	100%

iii.2) The Appointments and Remuneration Committee.

The Appointments and Remuneration Committee was established by Abengoa's Board of Directors on February 24, 2003, and its Internal Regulations were approved at the same time.

Composition.

The Committee currently comprises the following members:

- Carlos Sebastián Gascón	Chairman and independent non-executive, director
- José B. Terceiro Lomba	Member and independent non-executive, director
- Ignacio de Polanco Moreno	Member and independent non-executive, director
- José Luis Aya Abaurre	Member and dominial non-executive, director
- José Marcos Romero	Secretary and non-director

(*) Carlos Sebastián Gascón substituted Ignacio Polanco Moreno as Chairman of the Appointment and Remuneration Committee, October 19, 2006, as a result of an agreement in the Committee. Both of them are independent members of the Board of Directors

As a consequence, the Appointments and Remuneration Committee is entirely composed of non-executive directors, thus surpassing the requirements set out in the Financial Systems Reform Act. Furthermore, the position of Chairman of the Committee must be held by a non-executive director, as set out in Article 2 of its Internal Regulations.

Duties.

The duties and powers of the Appointments and Remuneration Committee are as follows:

1. To inform the Board of Directors regarding the appointment, re-election, removal and payment of members of the Board of Directors and the Advisory Board, and the positions held on these Boards, and to provide information on the general payment and incentive policy for members of these boards and for senior management.
2. To provide prior information regarding all the proposals prepared by the Board of Directors for the General Shareholders' Meeting in relation to the appointment or removal of Directors, including cases of co-option by the Board of Directors itself.
3. To prepare an Annual Report on the activities of the Appointments and Remuneration Committee, which must be included in the Management Report.

Organization and operation.

The Appointments and Remuneration Committee shall meet as frequently as is necessary in order to carry out the foregoing duties, and at least once every six months.

The Appointments and Remuneration Committee shall be considered validly formed when a majority of its members are present. Attendance may only be delegated to a non-executive Director. Its resolutions shall be validly adopted when voted for by a majority of the Committee members present or represented. In the event of a tie, the Chairman shall have the casting vote.

iii.3) The Strategy Committee.

This comprises the managers of the Business Units, the manager of Organization, Quality and Budgets, the Technical Secretary, the manager of Human Resources, the Manager of the Corporate and Strategy Development, the General Secretary, and the Chairman of the Board of Directors.

It meets on a monthly basis.

iii.4) The Stock Exchange Internal Code of Conduct.

This was implemented in August 1997. It applies to all directors, members of the Strategy Committee and to other employees on the basis of the activities they carry out and the information to which they have access.

It establishes obligations regarding the protection of information, the duty of secrecy, relevant aspects relating to stages prior to decision-making and publication, establishing the procedure for the maintenance of internal and external confidentiality, the registration of share ownership and transactions relating to securities and conflicts of interest.

The monitoring and supervising body is the General Secretary office.

iii.5) The Professional Code of Conduct.

At the request of the Human Resources department, during year 2003 the company implemented a Professional Code of Conduct, modified in the financial 2005 with the intention of incorporating several common elements to the different companies that form Abengoa, attending to the geographical, cultural and legal varieties, which establishes the fundamental values that should govern the actions of all the company's employees, regardless of their position or responsibilities. Integrity of conduct, the strict observance of the law in force, professional rigor, confidentiality and quality have formed part of Abengoa's culture since its establishment in 1941, and these values still form an essential part of the company's corporate identity.

Code of conduct

A. I. General Philosophy

The honesty, integrity and sound judgment of Abengoa employees, officers and directors is essential to Abengoa's reputation and success.

This Code of Conduct governs the actions and working relationships of Abengoa's employees, officers and directors with current and potential customers, fellow employees, competitors, government and self-regulatory agencies, the media, and anyone else with whom Abengoa has contact. These relationships are essential to the continued success of Abengoa. When this Code of Conduct refers to "Abengoa", it includes Abengoa, S.A. and each of its subsidiaries.

This Code of Conduct:

- Requires the highest standards for honest and ethical conduct, including proper and ethical procedures for dealing with actual or apparent conflicts of interest between personal and professional relationships;
- Requires full, fair, accurate, timely and understandable disclosure in the periodic reports required to be filed or submitted by Abengoa with governmental agencies or in other public communications made by Abengoa;
- Requires compliance with applicable laws, rules and regulations;
- Addresses potential or apparent conflicts of interest and provides guidance for employees, officers and directors to communicate those conflicts to Abengoa;

- Addresses misuse or misapplication of Abengoa's property and business opportunities;
- Requires the highest level of confidentiality and fair dealing within Abengoa and outside Abengoa; and
- Requires prompt internal reporting of violations of this Code of Conduct and proper reporting of any illegal behavior.

II.- Corporate Culture and Common Management Systems

- Abengoa values its corporate culture and Common Management Systems as key assets. They define the way Abengoa does business, establishing a series of Required Compliance Norms (RCN). Following them correctly is a source of profitability and security in Abengoa's activities.
- Non-compliance with the Common Management Systems is classified by the Board of Directors and, through delegation, by its President, the delegated commissions or, as appropriate, the delegated Management.
- In any case, non-compliance in any area that directly affects the results of the activity or assumes uncontrolled risks is considered a very grave offence.

Professionalism

- The concept of professionalism at Abengoa is closely linked to the service vocation when carrying out any activity and to implication with the business project carried out.
- All actions carried out in conjunction with the assigned functions must be presided by professional responsibility and guided by the principles established in this Code.

Quality

- Abengoa is dedicated to quality in all of its activities, both internal and external. This task is not assigned to a specific group of people, or to upper management, rather it affects all members of the organisation in their daily work.
- Abengoa has specific quality norms, which are the result of carrying out activities with knowledge, common sense, rigour, order and responsibility.

B. Conflicts of Interest

A "conflict of interest" occurs when your private interest in any way interferes or appears to interfere with the interests of Abengoa. You are expected to avoid all situations that might lead to a real or apparent material conflict between your self-interest and your duties and responsibilities as an employee, officer or director of Abengoa. Employees, officers or directors that have questions or concerns about a potential conflict of interest should contact the Secretary of the Board of Directors.

C. Confidentiality

Nonpublic information regarding Abengoa or its business, employees, customers and suppliers is confidential and as an employee, officer or director, you are trusted with such confidential information. You are only to use such confidential information for the intended business purpose of Abengoa. You are not to share confidential information with anyone outside of Abengoa, including family and friends, or with other employees of Abengoa who do not need the information to carry out their duties. Your obligation to keep all information confidential continues even if your employment with Abengoa ends.

The following is a non-exclusive list of confidential information:

- Material, non-public financial information regarding Abengoa or any of its subsidiaries or affiliates;
- Trade secrets, which include any business or technical information, such as a program, method, technique, compilation or information that is valuable because it is not generally known;
- All rights to any invention or process developed by an employee using Abengoa's facilities or trade secrets, resulting from any work for Abengoa, or relating to Abengoa's business, that belongs or is assigned by law to Abengoa; and
- Proprietary information such as customer lists.

All public and media communications involving Abengoa must have prior clearance by the Board of Directors or the Chairman of the Board of Director, or compliance officer.

D. Gifts and Entertainment

In many industries and countries, gifts and entertainment are common practices used to strengthen business relationships. Throughout the world, Abengoa's position is clear. No gifts, favor, or entertainment should be accepted or provided if it will obligate or appear to obligate the person who receives it. Receiving or giving gifts of cash or cash equivalents is never allowed.

Abengoa employees may accept or give gifts, favors, and entertainment only if they meet all of the following criteria:

- They are not against the law or the policy of the other party;
- They are consistent with customary business practices in the country or industry;
- They are reasonably related to business relationships;
- They are consistent with any existing business guidelines;
- They cannot be construed as a bribe, payoff, or improper influence; and
- They do not violate Abengoa's business values or ethics in any other manner.

E. Financial Reporting

You are required to report timely to Abengoa's Secretary of the Board of Directors all information in your possession that may be necessary to ensure that Abengoa's financial reports and disclosures, as filed with or submitted to the Securities and Exchange Commission or in other public communications are full, fair, and accurate.

F. Insider Trading

Buying, selling, trading or participating in any other way in operations that affect Abengoa's assets goes against this Code of Conduct, as well as being illegal, while in possession of material information concerning Abengoa that has not been released to the general public, but which when released may have an impact on the market price of Abengoa's securities. It also goes against this Code of Conduct and is illegal to buy, sell, trade or otherwise participate in transactions involving the securities of any other company while in possession of similar non-public material information concerning such company. Any questions concerning the propriety of effecting a transaction in Abengoa's (or other company's) securities should be directed to Abengoa's General Counsel or compliance officer.

G. Outside Business Relationships

Before agreeing to act as a director, officer, consultant or advisor for any other business organization, you should notify your immediate supervisor. Directors should disclose all new directorships or potential directorships to the Chairman of the Nominating and Retribution Committee.

H. Fair Dealing

Each employee, officer and director should undertake to deal fairly with Abengoa's customers, suppliers, competitors and employees.

I. Legality

Complying with the law is not only an external requirement and, therefore, an obligation of the organisation and its personnel. The law provides security to our activities and reduces the risks to our business. Any action that breaks the law is expressly and firmly prohibited. When in doubt about the legality of any action, it is essential to consult with the Legal Department beforehand.

J. Reporting of Illegal or Unethical Behavior

Abengoa requires its employees, officers and directors to talk to supervisors, managers or other appropriate personnel to report and discuss any known or suspected criminal activity involving Abengoa or its employees. If, during the course of your employment, you become aware of any suspicious activity or behavior, including concerns regarding questionable accounting or auditing matters, you must report violations of laws, rules, regulations or this Code of Conduct to Abengoa's Secretary of the Board of Directors. Reporting the activity will not subject the employee to discipline absent a knowingly false report. All reports will be treated confidentially and will receive a full inquiry.

K. United States Foreign Corrupt Practices Act / Political Contributions

In addition to the provisions of this Code of Conduct and other policies of Abengoa, employees working with any governmental entity in any country have an obligation to know, understand and abide by the laws and regulations that apply to the conduct of business with government entities. If a government agency, whether national, state or local, has adopted a more stringent policy than Abengoa's policy regarding gifts and gratuities, Abengoa's employees and representatives must comply with that more stringent policy.

Specifically, the U.S. Foreign Corrupt Practices Act ("FCPA") makes it a crime for companies as well as their officers, directors, employees, and agents, to pay, promise, offer or authorize the payment of anything of value to a foreign official, foreign political party, officials of foreign political parties, candidates for foreign political office or officials of public international organizations for the purpose of obtaining or retaining business. Similar laws have been, or are being, adopted by other countries. Payments of this nature are strictly against Abengoa's policy even if the refusal to make them may cause Abengoa to lose business.

The FCPA also requires covered companies to maintain accurate books, records and accounts and to devise a system of internal accounting controls sufficient to provide reasonable assurance that, among other things, Abengoa's books and records fairly reflect, in reasonable detail, transactions and dispositions of its assets.

Abengoa will not give or encourage anyone else to give inducements of any kind to any government employee, or to any supplier under government or nongovernmental contracts or subcontracts, in order to gain any business advantage or contract.

L. Administration, Enforcement and Waiver of Code of Conduct

This Code of Conduct shall be administered and monitored by Abengoa's Board of Directors. Any questions and further information on this Code of Conduct should be directed to Abengoa's Secretary of the Board of Directors.

Employees, officers and directors of Abengoa are expected to follow this Code of Conduct at all times. In rare circumstances, situations may arise in which a waiver may be appropriate. Waivers will be determined on a case-by-case basis by Abengoa's Board of Directors for directors and officers. Any waiver for directors or officers, and the grounds

therefore, shall be disclosed to stockholders in accordance with applicable laws and regulations.

Failure to comply with this Code of Conduct may result in disciplinary action up to and including termination, depending on the nature and severity of the violation. In addition, any supervisor, manager, officer or director who directs, approves or condones infractions, or has knowledge of them and does not promptly report and correct them, will be subject to disciplinary action up to and including termination.

d. Inter-group and related transactions in the 2005 financial year.

i) Transactions with significant shareholders.

During 2006 there were no relevant transactions of this kind.

ii) Transactions with administrators and directors.

During 2006 there were the following transactions between the company and its administrators or senior management:

Director's Tax no.	Name	Company's Tax no.	Name	Nature	Type	Thousands of euro
35.203.147	J.B. Terceiro Lomba	B81426066	Aplicaciones Digitales, S.L. in Abengoa, S.A,	Consultancy Services	Annual Agreement	216
35.203.147	J.B. Terceiro Lomba	B81398828	Barinas Gestión y Asesorías, S.L. in Bioetanol Galicia, S.A.	Consultancy Services	Annual Agreement	100

iii) Significant inter-group transactions.

Abengoa, S.A. is, and operates as, the parent company of a group of entities. As such, it performs a certain amount of activities and roles that complement the integral product that one or several Business Units jointly offer to their clients. Thus, different companies and Business Units share customers and they jointly develop their businesses acting one or other companies as head, on a case by case basis. This gives rise to cross-selling between the companies (inter-group).

Moreover, Abengoa co-ordinates and manages the financial resources through a centralized administration system, allowing the optimization of said resources in those non-recourse financed businesses that arise out of the collection/payment cycle by using factoring and confirming procedures.

As a consequence of the on-market conditions commercial operations, fulfilled in light of the above and arising out of the ordinary business, or as a consequence of the financing operations, the resulting balances appear on the balance sheets of the affiliate companies, though they are eliminated in the annual accounts consolidation process.

e. Risk Control Systems.

Abengoa's risk control structure is based on two foundations: the common management systems and the internal audit services, whose definitions, objectives, characteristics and functions are described below.

i) Common Management Systems

Definition

Abengoa's common management systems develop the internal rules of the company and its methodology for evaluating and controlling risks and represent a genuine guide for managing Abengoa's businesses, sharing the accumulated knowledge and setting criteria and operational standards.

Objectives

- To identify possible risks that, although associated with all business, must be minimized, upon being aware of them.
- To optimize day-by-day management, applying procedures designed for financial efficiency, cost reduction, and information and management systems homogenization and compatibility.
- To foment the synergy and the creation of value for the different Business Units of Abengoa, working in a collaborative ambience.
- To reinforce the corporate identity, respecting the shared values of all the companies within Abengoa.
- To grow through strategic development seeking innovation and new options for the medium and long terms.

The systems cover the whole organization at three levels:

- all business units and business lines;
- all levels of responsibility;
- all types of transactions.

In a group such as Abengoa, with more than 200 companies, a presence in over 70 countries and more than 9,000 employees, it is essential to define a common system for managing the business that allows work to be done in an efficient, coordinated and consistent way.

In the 2004 financial year, Abengoa has commenced an alignment project of its Risk Management model with the conceptual framework established by the Sabarnes-Oxley (SOX) Act, with the aim of furthering the continuous enhancement of its control processes.

Although the aforementioned Act corresponds with the rules of obligatory fulfillment for companies and groups listed on the North American market, according to instructions from the Securities and Exchange Commission (SEC), Abengoa believes that, not only must its subsidiary Telvent GIT, S.A., listed on the NASDAQ, comply with these obligations, but all the other group companies must do so also, given that it leads to advances being made in the enhancement of control and risk mitigation processes.

Nowadays, the SOX requisites are being established in all Abengoa's Business Groups, so that all the processes that affect to the different points of the situation's balance and of the result's account are being analyzed and documented, identifying the risks that affect the different activities that compound each process, detailing the existing control objectives in order to diminish them and its control activities to do. The defined procedures are interrelated to the existing Functioning Rules, so that unify the controls to the management of the businesses with the own controls for the acquisition of the financial information.

Likewise, and as part of the recommendation of the SOX, the General Control is being revised: procedures and policies, corporate culture of internal control, Ethical Codes, etc in order to adequate to the requisites of the mentioned law.

ii) Internal Audit

Definition

The function of Abengoa's internal audit is structured around the Pooled Audit Services that encompass the audit teams of the companies, business units and corporate services that act in a coordinated way and which are responsible to the Audit Committee of the Board of Directors.

General Objectives

- To anticipate the audit risks of the group's companies, projects and activities, such as frauds, financial damages, inefficient operations and risks that may affect the healthy operation of business in general.
 - To control the application of, and promote the development of adequate and efficient management rules and procedures in accordance with the common Corporate Management Systems.
 - To create value for Abengoa, promoting the construction of synergies and the monitoring of optimal management practices.
- To co-ordinate the criteria and the focus of the external auditors' work, seeking the best efficiency and profitability of both functions.

Specific Objectives

- To evaluate the audit risk of Abengoa's companies and projects in accordance with an objective procedure.
- To define various types of standard audit and internal control tasks in order to develop the corresponding Work Plans with the appropriate scope for each situation. This classification, which is linked to the Audit Risk Assessment, determines the Work Plans to be used and implies a type of appropriate recommendation and report and should therefore be used explicitly in these documents.
- To steer and coordinate the planning process for audit work and internal control in the companies and business groups, to define a notification procedure for these tasks and communication with the affected parties and to establish a method of coding these tasks for their adequate control and monitoring.

- To define the communication process of each audit job's results, the people that are affected and the format of the documents in which they appear.

To review the application of the plans, the adequate implementation and supervision of the tasks, the timely distribution of the results and the monitoring of the recommendations and their corresponding implementation.

The Audit Committee

Pursuant to Article 47 of Law 44/2002 of December 22, of the Financial System Reform Measures, Abengoa's Board of Directors has appointed an Audit Committee whose functions include the "supervision of the internal audit services" and the "understanding of the financial reporting process and the company's internal control systems".

The Corporate Internal Audit manager reports systematically to this committee in relation to his own responsibilities of:

- the Annual Internal Audit Plan and its degree of completion;
- the level of implementation of the issued recommendations;
- a sufficient description of the principle areas reviewed and the most significant conclusions;
- other more detailed explanations that the Audit Committee may require.

There are Audit Committees in other group companies to which the Internal Audit manager of the corresponding Business Unit reports.

f. General Shareholders' Meetings.

i) Rules of Operation.

Following the recommendation of the Special Commission for the Promotion of Transparency and Security in Financial Markets and Listed Companies, in March 2003 the Board of Directors drafted a structured and systematic regulation for the holding of shareholders' meetings, that was subject to approval at the General Shareholders' Meeting held on June 29, 2003, which unanimously approved the aforementioned regulation; a resolution that was notified to the CNMV on June 30, 2003. In addition to the provisions included in the Spanish Companies Act this regulation incorporates a basic group of rules for the good order and functioning of shareholders' meetings guaranteeing at all times, the right to information, to attend, to vote and the right to representation for shareholders. The complete text of the Rules of Operation of the General Shareholders' Meetings is available on Abengoa's website at www.abengoa.com. (Legal and Financial / Corporate Governance / Internal Corporate Governance Rules Information)..

In accordance with that established under article 19 of the Company's Bylaws, there is no limitation on the shareholders' right to vote based on the number of shares held. The right to attend General Meetings is limited to a holding of 1,500 shares, without prejudice to the right to representation and grouping that applies to all shareholders.

Quorum to Constitute: At first calling: 25% of the share capital. At second calling, any amount of the share capital. These amounts are the same as those established by Company law. In the event of issues related to matters under art. 103 of Company Law, the quorum is also that established by the Law.

Quorum for adopting resolutions: by simple majority of the votes present or represented at the General Meeting. In the event of issues related to matters under art. 103 of Company Law, the quorum is also that established by the Law.

Shareholders' rights: Right to information in accordance with the applicable legislation, right to receive, free of cost, the documentation related to the General Meeting, right to vote in proportion to his/her shareholding with no maximum limit, right to attend upon holding a minimum of 1,500 shares, economic rights (dividend, if it were the case, and to the share out of company assets), right to representation and delegation, to grouping, and to taking legal actions that fall to the shareholder.

Measures to promote the participation of the shareholders: making the documentation related to the General Meeting available to be forwarded, free of cost, to the shareholders, as well as its inclusion on the website at the time of notice of the General Meeting. Possibility of delegation and remote voting, through the completion of the attendance cards to this effect in an accredited manner.

The Company Bylaws do not limit the maximum number of votes in one shareholder, or have restrictions that make difficult the control taking by means of the acquisition of shares.

The proposals about the agreements which are going to be exposed in the General Meeting are published in the same moment of the calling of the aforementioned meeting and are included in the web sites of the company and CNMV.

Those subjects included in the agenda which are essentially independent are separately voted in the Meeting, in a way that the shareholders can separately exercise their preferences to their vote, in special when it is about the appointment or ratification of members of the Board of Directors.

The company allows the fraction of that votes emitted by financial mediators who appear

legitimized as shareholders and act instead of different customers in a way that they can emit their votes according to the individual instructions of each one of them.

The Company Bylaws specify that the chairmanship of the General Meeting shall be taken up by the Chairman or Vice-chairman of the Board of Directors, as agreed by the Board itself. In accordance with this, the General Shareholders' Meetings are chaired by the Vice-chairman of the Board of Directors.

The Operation Regulations for the General Shareholders' Meetings, approved by the General Meeting of June 29, 2003, regulates the calling, operating, exercise of rights and resolution adoption procedures at the general Meeting, and establishes a precise and imperative framework for the holding of the General Meetings.

Likewise, the General Meeting is normally attended by a Notary Public who checks fulfillment of all the necessary requirements for the valid constitution of the meeting and the adoption of resolutions, and who issues the corresponding minutes upon completion of the Meeting.

Likewise, the Secretary to the Board (non-director), in accordance with the Company Bylaws and the Regulations of General Meetings, acts as Secretary at the same and is responsible for ensuring compliance with all legal and statutory obligations upon the calling, holding and adoption of resolutions by the General Meeting.

ii) Information on the last General Shareholders' Meeting.

The Abengoa Ordinary General Shareholders' Meeting of April 9, 2006, was held with the attendance of 480 shareholders (85 present and 395 represented) of a total 6,663 registered shareholders. The number of shares, present or represented was 62,572,399 or 69.164 % of the total share capital.

The resolutions adopted, all by the favorable vote of the whole of the share capital present or represented, were the following:

- 1º - Approval of the Financial Statements (composed by Balance, Profit and Loss Account and Report) and the Management Report for the 2005 financial year of Abengoa, S.A.
- 2º - Approval of the Financial Statements of the Consolidated Group (composed by Balance, Profit and Loss Account and Consolidated Report) and the Consolidated Management Report for the 2005 financial year.
- 3º - Approval of the activities and actions of the Board of Directors during the aforesaid financial year and the remuneration of its members, as well as that of the members of the Advisory Board to the Board of Directors of the 2005 financial year, as it has been said in the Financial Statements.
- 4º - Approval of the following distribution of the 2005 results whose dividend will be distributed from July 4, 2006 onwards:

- 5º - The General Meeting repeats its previous agreements in the sense of approving the management of the Board of Directors related to the purchase of shares of Xfera Móviles, S.A.. Taking into account that the reasons that led to the aforementioned purchase are still lasting, just as it can be deduced from the business done in the last years.

Acceptance of the decision of Inversión Corporativa, I.C., S.A. to constitute immediately the guarantees derived from the Contrato de Indemnidad, dated October 27, 2000, in such a way that any damage will be derived, which means that the purchase of these shares must be beneficial for Abengoa and, hence that nothing will be demanded in the procedure that is followed before the Criminal Judge of the National High Court.

Empower Felipe Benjumea Llorente, Javier Benjumea Llorente and the Secretary to the Board, Miguel Ángel Jiménez-Velasco Mazario, so that any of them, without distinction, formalize the store of the Financial Statements and Management Report of the Company and its Consolidated Group in the Commercial Register, in the terms foreseen by the Law, identifying them with their signatures and signs of its purpose.

	Euros
Balance of the Profit and Loss Account	13,626,690.39
Application:	
To voluntary reserves	56,238.39
To dividend	13,570,452.00
Total	13,626,690.39

6º - Postpone the appointment of the Account Auditor of the company and its businesses units, in a year, for the present financial 2006, pursuant to the contents of article 204 of The Revised Text of the Spanish Companies Act, to the company "Pricewaterhouse Coopers Auditores, S.L.", with tax number B-79.031.290, located in Madrid, 43 Paseo de la Castellana, registered in the Commercial Register of Madrid, volume 9,267, book 8,054, third section, number 87,250 and in the Account Auditors Official Register number S0242.

7º - Agree the ratification of the appointment of Mercedes Gracia Díez as member of the Board of Directors, during a period of four years (she is of age, married, Spanish, ID 50.284.250-V, Economic Analysis Professor, with address in Madrid, 9 Doctor Laguna Square), elected by cooptation by the Board of Directors, in its meeting held on December 12, 2005, who is present in that meeting and ratifies her acceptance, done in the same date, and states that she is not involved in any legally foreseen incompatibility.

8º - Modify article 24 of the Company Bylaws, related to the calling of the General Shareholders' Meeting, with the intention of increasing the announcement of the General Meeting from fifteen to thirty days beforehand, according to the new essay of article 97 of the Spanish Companies Act given by the Final Resolution 1st, point 3, of the Law 19/2005, November 14, about the European Companies Act with address in Spain. Modify equally article 5 of Rules of Operation of the General Shareholders' Meeting in the same sense.

9º - Ratify the delegation in the Board of Directors, pursuant to the contents of Article 153-1-b) of the Revised Text of the Spanish Companies Act, the faculty to increase the share capital, in once or more times, so that the amount of eleven

millions and three hundred and eight thousand, seven hundred and ten euros (11,308,710 euro) equivalent to the fifty per cent (50 %) of the share capital in the precise moment of the authorization, by means of money contributions, with or without emission bonus, adopted by the Ordinary General Shareholders' Meeting, held on June 26, 2005, in the quantity and chance that the Board of Directors determines and without the need of seeking advice on the General Meeting. Likewise, according to that established in article 159, section 2 of the Revised Text of the Spanish Companies Act, ratify the delegation in the Board of Directors, the faculty to decide, in its case, the exclusion or not, of the right of preferential subscription in relation to the extensions that could be agreed from the present agreement, when the foreseen circumstances compete in the section 1 of the aforementioned article, related to the social interests and whenever, in case of exclusion, the nominal value of the shares that are going to be emitted, plus, in its case, the quantity of the emission bonus corresponds with the real value that results from the report of the account auditors of the company, made for that purpose, at the request of the Board of Directors. Equally, authorize the Board of Directors to give new essay of article 6th of the Company Bylaws, related to the share capital, once the increase have been carried out, depending on the actually subscribed and paid out quantities.

Likewise, authorize the Board of Directors to request and negotiate, before the National Securities Market Commission, Governing Body of the Stock Exchange and with the mediation of any other Stock Exchange Company, the admission to negotiate in any of the Stock Exchange of the quoted shares, in relation to the shares emitted according to the previously adopted agreements, when the Board of Directors consider it appropriate, with as much requirements as current provisions demand. According to that established in article 27 of the rules of the Official Market Stock Exchange, the declarations of the shareholders regarding this agreement will be recorded in minutes.

10° - Ratify and postpone in all the terms and in a legal term of five years the agreement adopted in the Ordinary General Shareholders' Meeting of June 27, 2004, authorizing the Board of Directors, according to that established in articles 282 and followings of the Spanish Companies Act, and within a period of five years set by the same, to proceed to the emission of bonds, debentures and any other shares, with any denomination, representative of a loan, convertible or changeable in shares of the company or non convertible, towards the maximum quantity predicted by the Law, equivalent to the share capital paid out, plus the reserves that are exposed in the balance, dated December 31, 2003, the last one approved in the General Meeting duly inspected, and serves as the basis for the present agreement, and the regulation and update of balance accounts, when they have been accepted by the Ministry of Economy, by an amount of two hundred sixty one thousand and five hundred and eighty five millions of euro (261,585 M euro) according to the terms and conditions included in the Board of Directors Report, dated April 26, 2004.

11° - Authorize the Board of Directors to the derivative acquisition, by sale-purchase, of shares of the Company itself, either directly or through Subsidiary Companies or underlying companies up to the maximum limit established in the provisions, at a price ranging between three euro cents (0.03 euro) minimum and one hundred and twenty euro and twenty euro cents (120.20 euro) maximum per share. Use of this authorization may be made for a period of eighteen (18) months from that very date and subject to that specified in Section Four of Chapter IV of the Revised Text of the Spanish Companies Act. Expressly revoking the authorization conferred to the Board of Directors, for the same purposes, by virtue of the agreement adopted by the General Shareholders' Meeting held on June 26, 2005.

iii) Web

The company maintains its bilingual (Spanish and English) website permanently updated at www.abengoa.es.

The agreements adopted by the last General Meeting held on April 9, 2006 are recorded on this site. Likewise, the full text of the notice of the meeting, the agenda and the resolutions that were proposed for the Meeting's approval were incorporated on the website on March 9, 2006.

On the occasion of future notice of meetings, the Company will keep the information available on them updated, for the purpose of supporting the right to information, and with this, the right to vote, of the shareholders, on equal terms.

Finally, with the regulatory and technical progress to be established, the right to vote or to electronic delegation will be guaranteed under the protection of specific legal certainty.

g. Level of monitoring of the recommendations relating to Corporate Governance.

In the measure by which the information contained in the recommendation reports is less detailed and developed than the current Annual Corporate Governance Report, we defer to it for the issues set out therein. Said Report is available at www.abengoa.com.

Likewise, pursuant to the Ministerial Order of December 22, 1999, actioned by Circular 1/2000 of the CNMV relating to the business development and prospects of listed companies assigned to the New Market segment, the company annually remits the relevant information required, similarly at the time of the notice of the Ordinary General Shareholders' (April 9, 2006). Said information is available at "www.abengoa.com (Legal and Financial

Information / Reports to CNMV / Relevant Events;
Other Communications”

h. Information Tools.

i) Web (www.abengoa.com)

The obligation to provide useful, true, complete and balanced information to the market in real-time would not be sufficient if the suitable methods for transmitting this information were not appropriate, guaranteeing that it is distributed effectively and usefully. As a result, the Aldama Report and the Financial System Reform Act recommend, as a result of new technologies, the use of listed companies’ websites as an information tool (including historical, qualitative and quantitative company data in it) and a distribution tool (including timely or individualized information in real-time that may be accessed by investors).

At the end of the first quarter 2002, Abengoa therefore implemented a new company website, characterized on the one hand by a more direct, quick and efficient on-screen presentation, and on the other hand, with information content and documentation made available to the general public, focused on three fundamental aspects:

- a) Commercial: the presentation of the Company and its Business Units, news releases, newsletters, etc.
- b) Legal: communications, relevant events, Corporate Governance internal regulations, etc.
- c) Economic: periodic reporting, financial statements, share price, etc.

Both the information available as well as its actual distribution portal – the website – are continually updated; Corporate Governance,

the rules that regulate it and the continually developing legislation that governs it or recommends it, is adhered to, and will be adhered to. Today there is a special, far-reaching concept that is being developed in a regulatory field; the regulation of shareholders’ rights (information, voting, etc.) by non-habitual methods. Similar to all companies engaged in growing, Abengoa must adapt itself and anticipate, as in fact it has been doing, to the development of the markets as well as towards self-regulation (that is, adopting its own Code of Conduct by which its actions and decisions can be evaluated from outside the company), progress, transparency and information, which have to be anticipated in order to reassure the confidence of the market and therefore the Company’s growth.

ii) Shareholder Service Department

In order to facilitate permanent contact with the company’s shareholders, the Company has a Shareholder Service Department whose manager is the General Secretary, with the objective of establishing a transparent and smooth communication with its shareholders and to allow access to the same timely and formatted information together with the institutional investors whose equal treatment is guaranteed. The distribution of true and reliable information on relevant events, news releases and the periodic financial-economic information are supervised in particular.

A Shareholders’ mail box is available at the website (www.abengoa.com).

iii) Investor Relations Department

With the same objective as the Shareholder Service but in relation to investors, the Company has an Investor Relations Department and stock market analysts responsible to the Director of Management Information Systems, assisted by the Finance Director, who is responsible for the design and implementation of the program for communication with the national and international financial markets for the purpose of understanding the principal characteristics and strategic actions of the company.

This Annual Corporate Governance Report was approved by the Board of Directors of Abengoa, S.A. at its meeting on February 27, 2006.

Abengoa Audit and Control Committee

1. Composition and Appointments..

Abengoa's Audit Committee was created by the Board of Directors of Abengoa, S.A. on December 2, 2002 under article 44 of the By-Laws, in order to meet the provisions on the Audit Committee set forth in Law 44/2002 on the Reform of the Financial System. Its Internal Regime Regulations were approved by the Board of Directors on February 24, 2003. Both these events were duly notified to the Stock Market National Commission as relevant facts.

The Audit Committee is, in its totality, formed by non-executive Board Members, its current composition, together with the dates of appointment, being as follows:

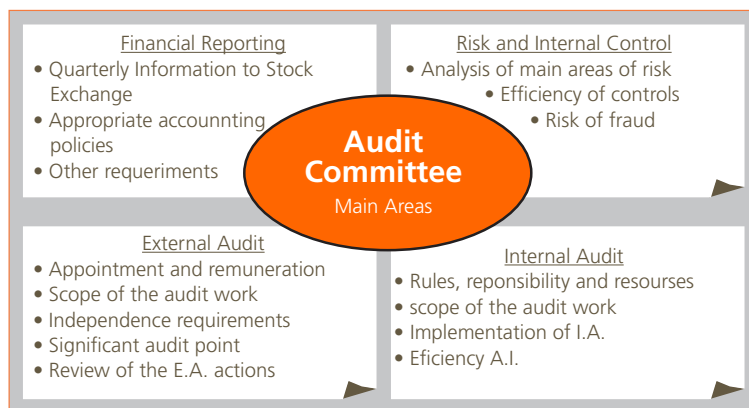
Chairman	Daniel Villalba Vilá	February 28, 2005
Member	José B. Terceiro Lomba	February 24, 2003
Member	José J. Abaurre Llorente	February 24, 2003
Member	Mercedes Gracia Díez	December 12, 2005
Secretary	Miguel Angel Jiménez-Velasco	February 24, 2003

For the Board of Directors to perform its functions in a strong and efficient manner, specialized Commissions must be created within the Board, in order to diversify the work and ensure that, in certain important issues, the proposals and resolutions have previously been approved by a specialized independent body that is able to filter and obtain information on its decisions, so as to strengthen the guarantee that the resolutions are objective and have been given due consideration.

2. Activities Executed.

During the year 2006, the Audit Committee met 4 times.

To comply with its essential function of acting as support to the Board of Directors, the main activities that have been handled and analysed by the Audit Committee can be grouped in four different areas of competence:



2.1. Reporting Financiero.

The Group's financial information consists basically of the consolidated financial statements, drawn up quarterly, and the full consolidated Annual Accounts, drawn up annually.

This information is prepared on the basis of the account reporting that all the Group companies are obliged to submit for this purpose.

The information reported by each one of the individual companies is verified by both the Group's internal auditors and the external auditors, in order to ensure that the information is true and provides an accurate picture of the company.

Over recent years, Abengoa has made a significant effort to reduce the periods required for presenting the Group's financial information, an area where continuous improvement is deemed possible, meaning that a reduction in these periods is constantly being sought through new tools and information systems.

One of the recurrent and most important activities of the Audit Committee is the verification of the economic and financial information prepared by the Group, prior to its submission to the Board of Directors of Abengoa and the Stock Market regulatory bodies (Stock Market National Commission).

Furthermore, in connection with these tasks of reviewing the financial statements and the processes followed in preparing them, the Committee has been informed of all the relevant changes in international accounting and financial reporting standards.

2.2. Risk and Internal Audit and Control.

The Audit Committee's functions include "to supervise the internal audit services" and "to know the financial information and "to know the company's financial information system and internal control systems".

In order to supervise the adequacy, adaptation and efficient functioning of the internal control systems, the Committee has been systematically informed during financial year 2006 by the person responsible within Corporate Internal Auditing, in relation to the following activities:

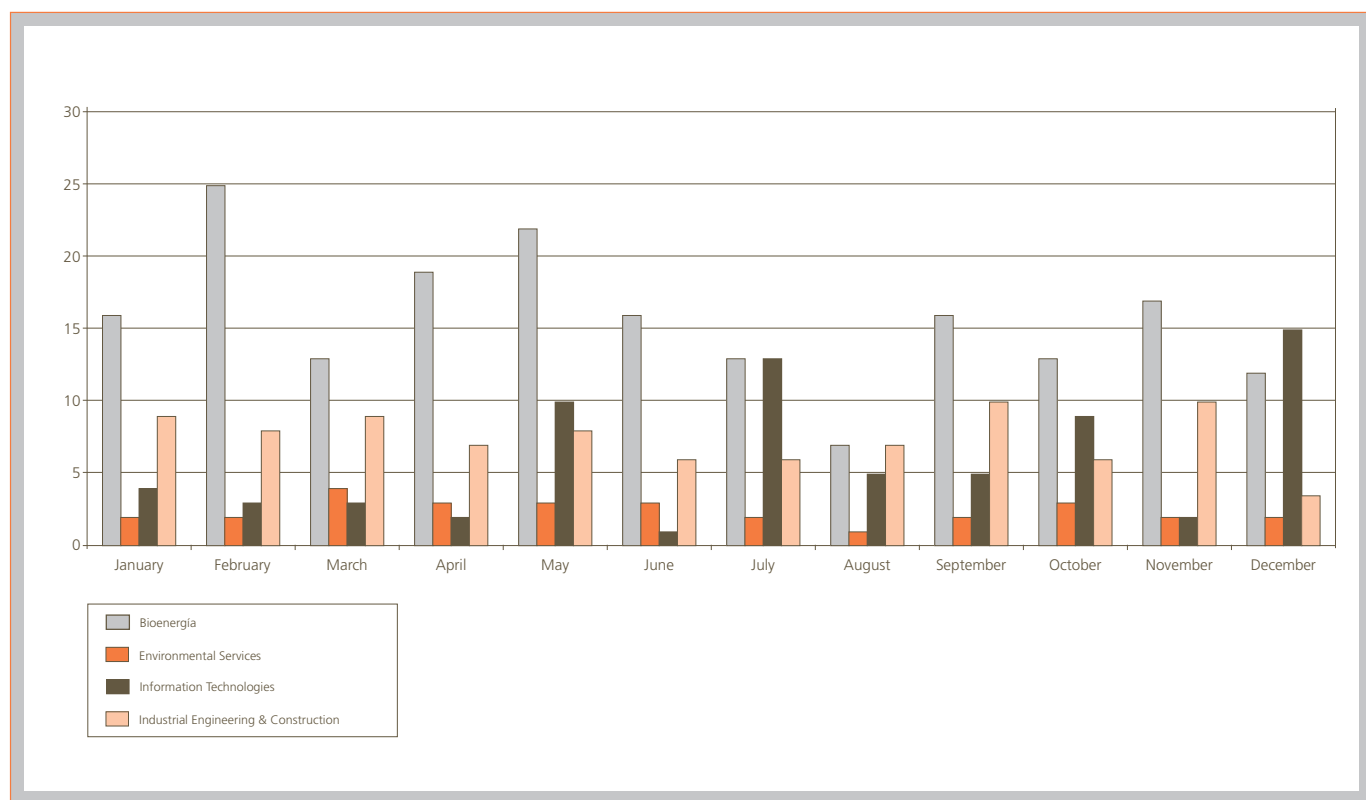
- the Annual Internal Audit Plan and the extent to which it is met;
- the extent to which the recommendations issued have been implemented;
- an adequate description of the main areas reviewed and the most significant conclusions;
- any other more detailed explanations that the Audit Committee may require.

In the year 2006, the Audit Committee recorded and supervised the Internal Audit Department's execution of a total of 484 missions, the Annual Audit Plan fixed for the year being 481 missions. The additional missions not provided for in the Plan relate mainly to general reviews of companies that had not been included in the initial planning.

As a consequence of these tasks, 244 major recommendations were issued, 101 of which have already been implemented, while the remainder are in the process of implementation by the different companies.

A factor that has had a decisive influence on the increase in the number of recommendations issued compared to previous years, has been the completion for the first time in 2006 of SOX compliance audits in certain Business Groups, as part of the process of adaptation of the internal control structure on the preparation of financial information to the requisites established by the Sarbanes-Oxley Act (Section 404) which the Group is currently undergoing. The Audit Committee has been informed during 2006 of these works.

The table set out below shows the monthly evolution by Business Groups of the work carried out in 2006:



2.3. External Audit.

The Audit Committee's functions include ensuring the independence of the external auditor, proposing the appointment or renewal thereof to the Board of Directors and approving its fees.

The statutory auditor of Abengoa, S.A. and of its consolidated accounts is Pricewaterhouse Coopers, which is also the Group's main auditor. However, a significant part of the group, basically the part corresponding to the Environmental Services (Befesa) and Information Technologies (Telvent) Businesses, are audited by Deloitte. In addition, other audit firms also provide their services in small companies, both in Spain and abroad, although their scope cannot be called significant.

The policy in Abengoa is that all group companies be externally audited, even if they are not required to do so by law.

The global amount of the fees agreed with the external auditors for the audit of the year 2006, including the review of the periodic information and the audit of the company listed in the USA applying US GAAP and SOX, and the distribution thereof is shown in the chart below:

	Firm	Fees	Companies
Spain	PwC	428,805	20
Spain	Deloitte (*)	1,158,306	29
Spain	Others firms	44,820	15
Abroad	PwC	238,442	54
Abroad	Deloitte	557,548	20
Abroad	Others firms	118,854	7
Total		2,546,775	145

(*) Including, among others, the fees for the quarterly review of financial statements under US GAAP and SOX audit of the subsidiary listed on the stock exchange in the US

The external auditor has attended the Audit Committee meetings when required to do so, in order to inform on matters within its competency, basically relating to:

- The review of the financial statements of the consolidated group and its companies and the issuance of an audit opinion thereon.

Although the scope of the opinion is the financial statements as of December 31 each year, the work performed by the auditors in each company includes a review of a previous accounting period end, usually that of the third quarter of the year (September), in order to anticipate any significant matters or operations that have arisen up to that date. In addition, reviews were performed of the quarterly financial statements prepared in order to present the information required by official bodies.

Likewise, we highlight the fact that the consolidated financial statements of the following parent companies of their respective business groups (and subsidiaries) have likewise been audited: Abeinsa, Befesa, Telvent GIT and Abengoa Bioenergia.

- Evaluation of the Internal Controls.

The advanced approach to auditing practice considers this to be part of an auditor's work, since this approach places more emphasis on the evaluations of the company's controls than on the substantive proof. In addition to their standard professional opinion, external auditors must issue an internal control report that is the basis of their presentation to the Audit Committee. This fact will be reinforced by the implementation of the SOX, which regulate the type of report and the scope and performance of the company auditor's activities.

- Matters of special interest.

For certain specific matters or operations, an advancement of the auditors' opinion on the accounting principles adopted by the company is required, in order to reach a prior agreement on that principles.

3. Audit Committee Internal Regime Regulations.

The regime Regulations of the Audit Committee were approved by the Board of Directors on February 24, 2003. They state that:

- **Composition and Appointment:**

It shall be formed permanently by three members of the Board of Directors as a minimum. At least two of them will be non-executive Board Members, thus complying with the majority of non-executive members provided for in Law 44/2002.

Members shall be appointed for a maximum term of office of four years, which may be renewed for further terms of the same duration.

- **Chairman and Secretary:**

The Audit Committee will initially elect its Chairman from among all its members who are non-executive Board Members.

The Secretary to the Board of Directors shall act as Secretary to the Committee.

- **Functions and Competencies:**

The functions and competencies of the Audit Committee are as follows:

1. To inform on the Annual Accounts and the six-monthly and quarterly Financial Statements that must be sent to the market regulatory or supervisory bodies, mentioning the internal control systems, the control of the monitoring thereof and compliance therewith through internal audit and, when appropriate, the accounting principles applied.
2. To inform the Board of any change in accounting principles and the balance sheet and off-balance sheet risks.
3. To inform the General Shareholders' Meeting on the issues raised thereat by shareholders in relation to matters that fall within its competency.
4. To propose the appointment of the external Account Auditors to the Board of Directors, in order for the proposal to be submitted to the General Shareholders' Meeting.
5. To supervise the Internal Audit services. The Committee will have full access to the Internal Audit and will inform during the process of choosing, appointing, renewing and/or removing the manager thereof and fixing his remuneration, likewise informing on the budget of this Department.
6. To know the company's financial information system and internal control systems.
7. To be in contact with the external auditors to receive information on any issues that may jeopardize said auditors' independence and/or any other issues related to the account auditing process.
8. To call the Board Members it sees fit to attend to the Committee meetings, so that they can inform to the extent decided by the Committee.
9. To prepare an annual report on the Audit Committee's activities, which must be published together with the Annual Accounts for the year.

• Meetings and Notice:

The Audit Committee shall meet on the occasions required to perform the functions stated in the preceding article, which must be at least once a quarter. In general, the meetings will be held at the company's registered office, although the members may designate a different place for a specific meeting.

The Audit Committee shall also meet whenever a meeting is called by the Chairman, at his own initiative or at the request of any member of the Committee. Members of the Committee may, in any case, inform the Chairman of the advisability of including a certain matter on the Agenda of the following meeting. Notice shall be given sufficiently in advance, not less than three days, and in writing, including the Agenda. However, a meeting of the Audit Committee will be valid when all its members are present and they agree to hold the meeting.

• Quorum:

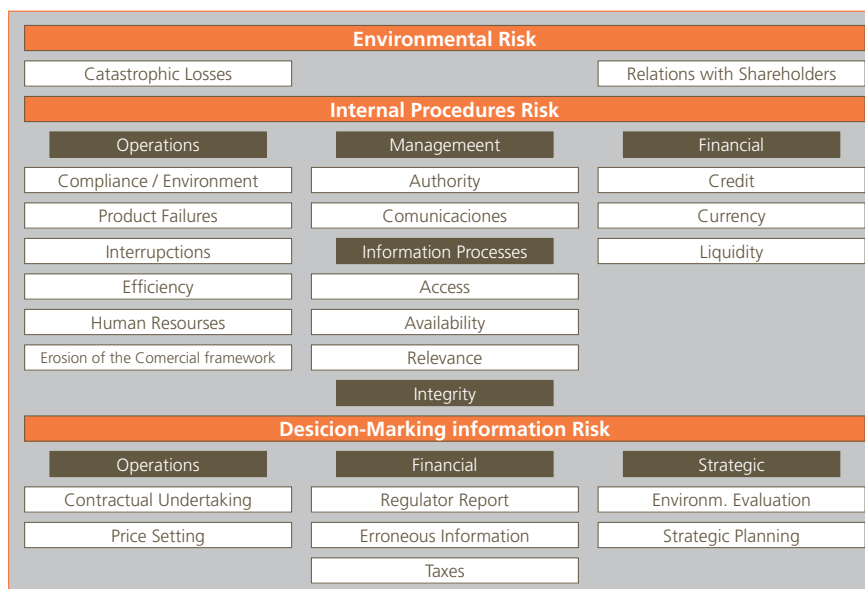
The Audit Committee shall be considered to have a valid quorum when a majority of its members are present. Attendance may only be delegated to a non-executive Board Member.

Its decisions will be validly adopted when the majority of the Committee members in attendance vote in favour. In the event of a tie, the Chairman shall have the casting vote.

4. The Risk Management Model in Abengoa.

In a Group like Abengoa, with more than 300 companies, presence in more than 70 countries and more than 14,450 employees, it is indispensable to define a common business management system that allows it to work efficiently on a coordinated and consistent basis.

Abengoa manages its risks using the following model, which is intended to identify any potential risks that may arise in a business.



The procedures aimed at eliminating the above business risks identified are instrumented through the so-called Common Management Systems.

The Common Management Systems perform both the identification of the risks included in the present model and the control activities that mitigate them. They therefore put the internal rules for action into practice and represent a common culture in the management of Abengoa's businesses.

Through the Common Management Systems, it is also possible to:

- Optimize day-to-day management, applying procedures favouring financial efficiency, a reduction in expenses and the standardization and compatibility of information and management systems.
- Promote synergies and value creation by Abengoa's business groups, working in an environment of co-operation.
- Reinforce the corporate identity, with all the Abengoa companies respecting the shared values.
- Attain growth by strategic development seeking innovation and new options in the medium- and long-term.

The Systems cover the whole organization at three levels:

- all the Business Groups and areas of activity
- all levels of responsibility
- all kinds of operations

Meeting the provisions of the Common Management Systems is compulsory for the whole organization and, therefore, they must be known to all the members thereof. Any exceptions to the fulfillment of these Systems must be made known to the person concerned and appropriately authorized.

The Common Management Systems are submitted to a permanent updating process, which allows the best practices to be included in each one of its fields of action. The successive updates to which they are submitted are immediately notified to the organization using computing media, which greatly facilitates the dissemination thereof.

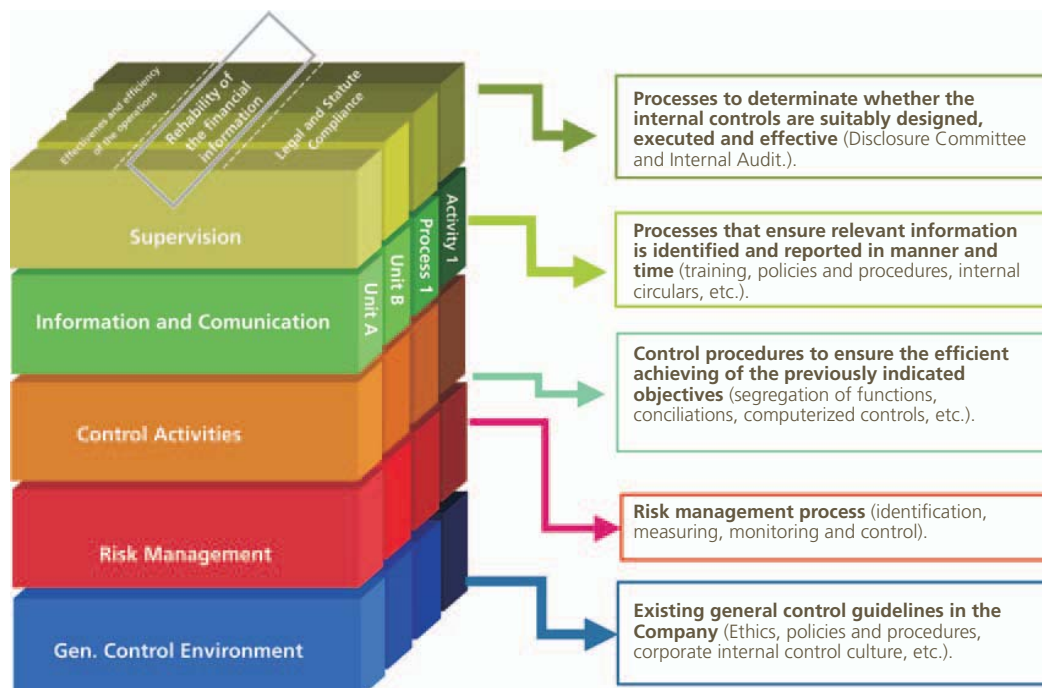
Those responsible for each one of the rules that form the Common Management Systems must verify and certify compliance with said procedures. Each certification for the preceding year is issued and submitted to the Audit Committee in January each year.

In addition, since 2004 Abengoa has been bringing its financial reporting internal control structure into line with the requirements of the Sarbanes Oxley Act (SOX – Section 404).

Although, according to the instructions of the Securities and Exchange Commission (SEC), the above-mentioned law is mandatory for companies and groups that are listed on the North American market, Abengoa considers it necessary to comply with these requirements not only in the case of its subsidiary listed on Nasdaq but for all the companies, as it entails completing its risk control model.

Abengoa considers that an appropriate internal control system must ensure that all the relevant financial information is reliable and known to Management. Thus it is considered that the model developed in the SOX complements and completes our Common Management Systems, the main purpose of which is to control and mitigate business risks.

The conceptual reference framework taken is the COSO, which is the most similar to the approach required by the SOX and defines internal control as the process carried out in order to provide a reasonable degree of security in relation to the attainment of objectives such as compliance with laws and regulations, reliability of the financial information and effectiveness and efficiency in the operations.



Accordingly, the requirements of SOX are currently being implemented gradually in all of Abengoa's Business Groups, analysing and documenting all the processes that affect the different headings on the Group's balance sheet and profit and loss account, identifying the risks associated to the different activities that make up each process, detailing the control objectives being pursued and the corresponding control activities to mitigate those risks. We highlight the fact that the procedures defined are interrelated with the existing Operating Rules in such a way that the controls for business management are combined with the controls related to obtaining financial information.

Furthermore, as part of the SOX recommendations, a review of the entire General Control environment is being carried out: Policies and Procedures, Corporate Internal Control Culture, Codes of Ethics, etc., in order to adapt it to the requirements of said Act.

Supervision and Control of the Risk Management Model.

The Abengoa supervision and control of the risk management model are structured around the Joint Audit Services, which include the audit teams of the Companies, Business Groups and Corporate Services and act in a coordinated manner, reporting to the Audit Committee of the Board of Directors.

From among their strategic objectives, we can highlight:

- Forestalling the audit risks of the Group's Companies, Projects and Activities, such as frauds, capital losses, operating inefficiencies and, in general, risks that may affect the favourable progress of the business.
- Controlling the application and promoting the development of appropriate and efficient management rules and procedures, in accordance with the Common Corporate Management Systems.
- Creating value for Abengoa, by promoting the building of synergies and the monitoring of optimal management practices.
- Coordinating and criteria and approaches of the work with the external auditors, seeking the greatest efficiency and profitability of both functions.
- As a consequence of the adoption of the Sarbanes-Oxley Act requirements described in the preceding section, the security and reliability of the financial information must be guaranteed by checking the controls put in place for this purpose and ensuring they operate correctly.

Therefore, the Joint Internal Audit Services act through specific objectives:

- Evaluating the Audit Risk of Abengoa Companies and Projects following an objective procedure.
- Defining standard types of Internal Audit and Control work, in order to develop the pertinent Work Plans with the scope appropriate to each situation. The different types of work are linked to Audit Risk Evaluation, determine the Work Plans to be used and involve an appropriate type of Recommendations and Reports, meaning that, therefore, they should be used explicitly in said documents.
- Guiding and coordinating the internal audit and control work planning processes of the Companies and Business Groups, defining a procedure for notification of said work and communication with the parties involved and establishing a coding system for the work, so that it can be appropriately controlled and monitored.
- Defining the process for communicating the results of each piece of audit work, the persons affected and the format of the documents in which it materializes.
- Reviewing the application of the plans, the appropriate performance and supervision of the work, the prompt distribution of the results and the monitoring of the recommendations and the implementation thereof.
- Reviewing the correct operation of the manual and automatic controls identified in the processes, together with the evidence of control, in order to guarantee security in obtaining the financial information.

An Internal Audit Plan will be drawn up annually, its scope being determined by:

- the evaluation of the risk of the different companies, areas and projects
- the circumstances in each one of them at any given moment
- and the Audit Committee requirements

The evaluation of the audit risk is made for each project, company and Business Group. In this respect, audit risk is defined as any possible event that might have a negative effect on the business, such as fraud, capital losses or operating inefficiencies. The risk evaluation allows us to find out the areas on which we should focus our attention and work.

Planning seeks to guarantee that the risk areas identified will be covered by work that mitigates or eliminates the risks and allows them to be adequately identified, controlled and monitored. The result of this planning is the Annual Internal Audit Plan.

The Annual Plan establishes the types of work to be performed and the scope of each one of them. Depending on the proposed scope, general company reviews, reviews of specific areas, procedure review or special work are proposed.

The Annual Plan is continually monitored by the Audit Committee, which is informed systematically on both the progress thereof and the results obtained in the reviews performed.

For each of the tasks planned, once the field work has been performed, recommendations are identified that imply, not only that both legal and internal regulations are applied, but also that the best management practices in the pertinent area of activity are incorporated. These recommendations are classified as major or minor, depending on the importance of the area affected or, if applicable, the economic impact they imply.

Traditionally, the main objective sought by internal audit has been the control of audit risk, defined as any risk that affects the business and that it is possible for Management to estimate, evaluate and control. Since the adoption of SOX, without forgetting the aforementioned objective, the correct operation of the controls put in place by the company in order to guarantee the reliability and veracity of the Abengoa's financial information must also be guaranteed.

Each Abengoa activity, project and company must have a preliminary audit risk evaluation that allows appropriate planning of the reviews to be performed. This risk estimate must follow objective criteria common to all the Group and will be the responsibility of the Internal Audit and Control Department, at the level of Joint Services that corresponds to each specific case.

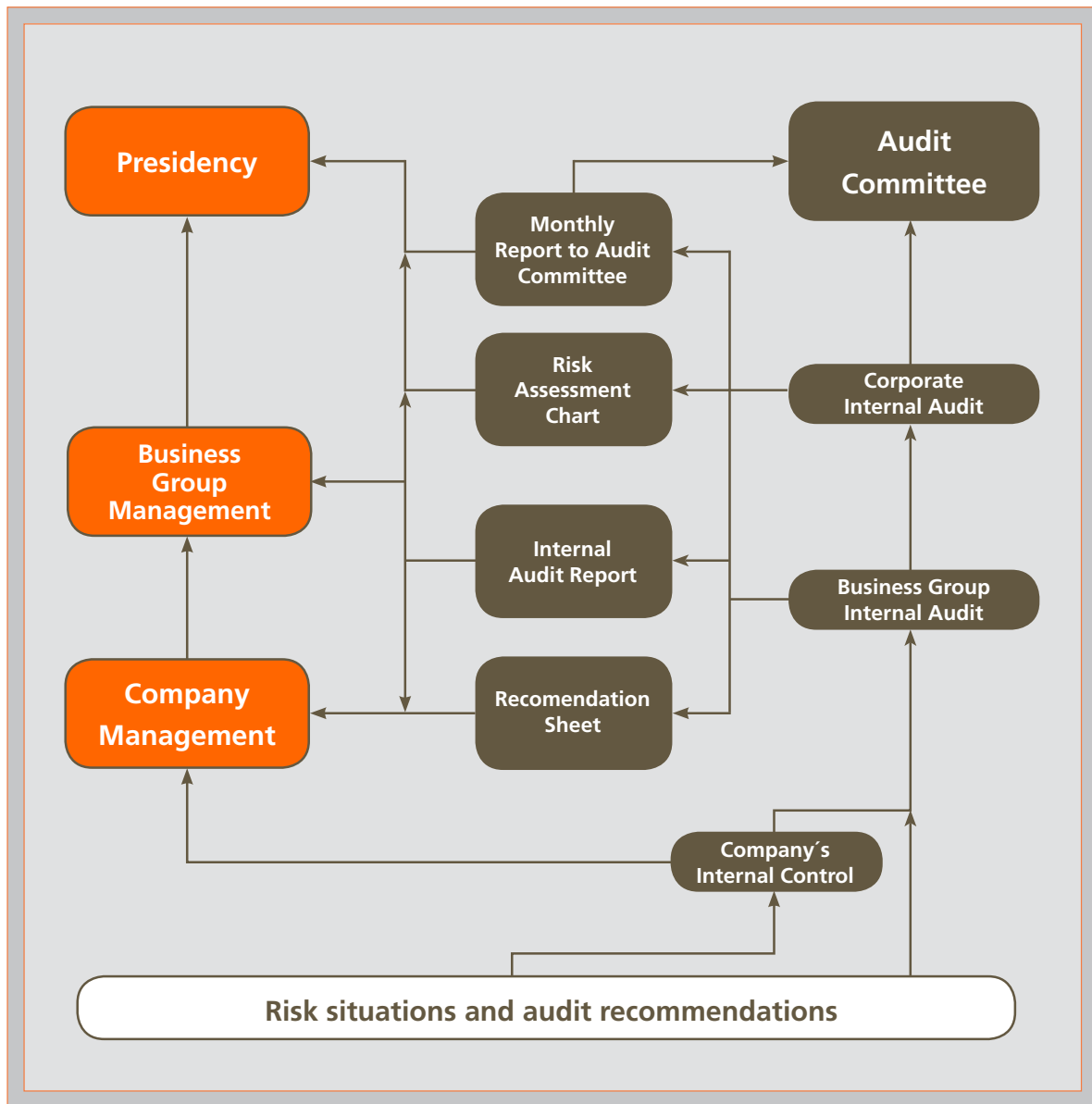
In relation to the above, the Internal Audit and Control function should exceed a mere supervisory approach and, without decreasing the inspection and review activity, should actively promote improvements with immediate repercussions on the optimization of processes and businesses, the obtaining of synergies and, in short, the creation of value for Abengoa.

In both the focus of the work and the planning, performance, documentation, programs and notification of results thereof, coordination with the external auditors should prevail, so that the work of the two functions is not duplicated and Abengoa's internal audit and control procedures are validated and may be deemed to be adequate audit proof to support the external auditor in his opinion.

To attain this objective, a standardization of all the work cycles and documentation that contribute to the consistency of the work of Abengoa's internal auditors will be fomented.

Following the doctrine of The Institute of Internal Auditors and its Spanish branch, Instituto de Auditores Internos, the ultimate purpose of this structure is to provide the Management of Abengoa and of each of its Business Groups with an extra "control" flow of information, running parallel to the normal hierarchical flow, but with permanent horizontal information channels between each one of the hierarchical levels of the Companies and Business Groups and the pertinent Internal Audit services, applying clear and transparent criteria and safeguarding the confidential information involved.

This structure is shown in the following diagram



Appointments and Remuneration Committee

Introduction

The Appointments and Remuneration Committee was formed by the Board of the Directors of Abengoa on February 24, 2003, under Art. 29 of the Regulations of the Board of Directors, in order to include the recommendations on the Appointments and Remuneration Committee contained in Law 44/2002 (the Financial System Reform Act). At said meeting of the Board of Directors, the Committee's Internal Regime Regulations were likewise approved.

Composition

The current composition of the Committee is as follows:

- | | |
|-----------------------------|----------------------------------------------------------|
| - Carlos Sebastián Gascón | Chairman. Independent Non-executive independent Director |
| - José B. Terceiro Lomba | Member. Independent non-executive Director |
| - José Luis Aya Abaurre | Member. Shareholder representative |
| - Ignacio de Polanco Moreno | Member. Independent non-executive Director |
| - José Marcos Romero | Non-director Secretary |

The Secretary was appointed by the Appointments and Remuneration Committee on January 28th, 2004, using the written procedure without a formal meeting and the current Chair was appointed at the Appointments and Remuneration Committee meeting held on October 19th last in place of Mr. Ignacio de Polanco Moreno who has become an ordinary member.

Consequently, the Appointments and Remuneration Committee is fully formed by non-executive Directors, thus exceeding the requirements established in the Financial System Reform Act. In addition, Chairmanship of the Committee is held by a non-executive Director, which is compulsory under the provisions of Article 2 of the Committee's Internal Regulations.

Functions and Competences

The functions and competencies of the Appointments and Remuneration Committee are:

1. To inform the Board of Directors on appointments, renewals, resignations and remuneration of members and Board of Directors and the Advisory Board and the holders of specific posts thereon and on the general remuneration and incentive policy for these bodies and for senior management.
2. To report in advance on all of the proposals submitted by the Board of Directors to the General Meetings of Shareholders for the appointment or removal of Directors, including those co-opted by the Board of Directors itself; to verify annually the continued applicability of the conditions required for the appointment of directors and their respective nature or category, for inclusion of this information in the Annual Report. The Appointments and Remuneration Committee will ensure that the selection procedures for appointments to cover new vacancies are not impaired by any implicit bias hindering the selection of female directors and that women meeting the profile sought are included as far as possible among the potential candidates.
3. To prepare an annual report on the activities of the Appointments and Remuneration Committee, which must be included in the Directors' Report.

Meetings and notice thereof

The Appointments and Remuneration Committee shall meet on the occasions required to meet the functions described above, at least once every six months. It shall also meet whenever a meeting is called by the Chairman. A meeting will be valid when all the members are present and they agree to hold it.

During the 2006 financial year, the Committee has held nine sessions, particularly on the occasion of the issue of a report on the legal situation of the Directors in the light of the proceedings brought in the Audiencia Nacional, the proposed appointment of a member of the Board of Directors' Advisory Committee, the appointment to the position of Chair of the Appointments and Remuneration Committee, the study and implementation of a Long-Term Extraordinary Gratification for Management personnel as well as the report on the remuneration of members of the Board of Directors and the Chief Executive.

Quorum

The Committee shall be considered to have a valid quorum when a majority of its members are present. Attendance may only be delegated to a non-executive Director.

Its decisions will be validly adopted when the majority of the Committee members in attendance vote in favour. In the event of a tie, the Chairman shall have the casting vote.

The Company's Remuneration Manager attends the meetings of the Committee as the Secretary.

Information presented to the Committee

- Monitoring and evolution of remuneration of the members of the Board of Directors, the Board of Directors Advisory Committee and the Company's Senior Management.
- Proposal for remuneration to the members of the Board of Directors, the Board of Directors Advisory Committee and the Company's Senior Management.
- Preparation of the pertinent information to be included in the Annual Accounts.
- Issue of a report on the legal situation of the Directors in the light of the proceedings brought in the Audiencia Nacional, as well as the acknowledgement of the Writ from the Audiencia Nacional regarding the court hearing.
- Proposal to the Board of Directors for the appointment of Mr. Luis Solana Madariaga as a member of the Advisory Committee to the Board of Directors of Abengoa for a term of four years. He sits on the committee as an independent in view of his particular technical qualifications and marked professional independence.
- Proposal to the Board of Directors on the development of a possible Long-Term Extraordinary Gratification Plan for Management personnel as well as a report on the remuneration of the members of the Board of Directors and the Chief Executive.
- Reports on market studies conducted by independent experts and comparative remuneration studies.

[Index of GRI contents](#)

The following table identifies the pages of the Abengoa 2005 Corporate Social Responsibility Report, on which the different requirements established by the Global Reporting Initiative (GRI Guide 2002). The possible clarifications are specified therein.

Abengoa is progressing in the incorporation of indicators that meter its activity in the Social, Economic and Environment sectors. This information enables one to obtain a vision of our activities which can then be interpreted and compared to those of other national and international companies, using this Guide.

GRI *	Content, item, indicator	Comments
Vision and strategy		
1.1	Description of vision and strategy	P.5; P.16
1.2	CEO Statement	P.5
Organization profile		
2.1	Name of reporting organisation	P.5
2.2	Major services	P.8-15; I.A P.20-103
2.3	Operational structure	P. 8-15; P.18; IA P.15-16; I.A P.104-115
2.4	Major. divisions, subsidiaries, joint ventures	P.8-15; P.18; IA P.20-115
2.5	Countries of operation	P.35; P.104-115
2.6	Nature of ownership	P.80
2.7	Nature of market served	P.8-15; IA P.15-17; P.20-103
2.8	Scale of operation	P.8-15; P. 34-36; P.62-63
2.9	List of key stakeholders	P.73
Report scope		
2.10	Contact person	P. 131
2.11	Reporting Period	P.131
2.12	Date of most previous report	P. 5; P.131
2.13	Boundaries of report	P.131
2.14	Significant changes in business	I.A P.10-19
2.15	Bases for elaborating joint company and shared subsidiary reports	P.131
2.16	Explanation of the reformulation of information presented in previous	P.66
2.17	Decisions to apply or not to apply GRI principles	P. 131
2.18	Criteria, definitions used in accounting for economic, environmental and social cost, benefits	P.61-64
2.19	Important changes in calculation methods	P.131
2.20	Policies and internal practises to provide assurance about accuracy, completeness and reliability of information	P.109-120; P.131;

(*) GRI Global Reporting Initiative reference number

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GRI *	Content, item, indicator	Comments
2.21	Policy and current practices for independent assurance for full report	P.131
2.22	Means by which report users can obtain additional information	P. 5; P.131
Governance structure		
3.1	Governance structure of the organisation, including major committees under the Board of Directors	P.75-125
3.2	Percentage of the Board of Directors that are independent, non executive directors	P.84-85
3.3	Processes for determining required expertise of Board members	P. 16-18; P.95
3.4	Board-level processes for managing environmental, economic and social risks	P. 96; P. 100-102
3.5	Linkage between executive compensation and achievement of environmental, economic and social policies	(**)
3.6	Organizational structure and key individuals responsible for oversight, implementation and audit of environmental, economic and social policies	P. 19- 24; P 110-120; IA P. 104-115
3.7	Mission and value statement, codes of conduct, policies, relevant to economic, environmental and social performance	P. 16-17; P.21-23; P. 95-99
3.8	Mechanisms for shareholders to provide direction to Board	P. 74
3.9	Identification and selection of major Shareholders	P.73
3.10	Approaches to stakeholder consultation	P.24; P.73-74; P.38
3.11	Type of information generated by stakeholder consultation	P. 24; P.73-74
3.12	Use of information resulting from stakeholders engagement	P.24
3.13	Use of precautionary principle	P.100-102
3.14	Use of externally development voluntary charters of principles	P.46-61
3.15	Key memberships in industry associations and advocacy organizations	P-59-61
3.16	Policies and systems for managing upstream/downstream impacts	P.19-24
3.17	Approach to managing indirect economic, environmental and social impacts from activities	P.21-23
3.18	Major decisions during reporting period pertaining to location/changes in operations	IA P.10-19
3.19	Programs and procedures pertaining to economic, environmental and social performance	P.19-24; P.34-46
3.20	Status of certification of management systems	P.19-24; P.45

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(**) There is no direct relationship between executive compensation and achievement of environmental and social objectives.

GRI Indicators Table

Economic			Social		
Aspect	Central		Aspect	Central	
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	EC10	P.64			
Environment			Training and Education	LA9	P.39.43
Aspect	Central		Diversity and Opportunity	LA10 LA11	P.37.39; P.17 P. 36; P.83
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Water	EN5	P.71	Freedom of association	HR5	P.16
Biodiversity	EN6 EN7	P.71 P.71	Child labor	HR6	P.16
Emissions, spills and wastes	EN8	P.71	Forced labor	HR7	P.16
	EN9	P.71	Community	SO1	P.46-61
	EN10	P.71	Corruption	SO2	P.97-98
	EN11	P.72	Political contributions	SO3	P.98
	EN12	P.72	Customer health and safety	PR1	P.19-21
	EN13	P.72	Products and Services	PR2	P.19-21
Products and services	EN14 EN15	P.72 P.72	Respect for intimacy	PR3	P.16; P.96
Fulfillment	EN16	P.72			

(*) There are no HIV/Aids programs within the organization.

Readers` Opinions

This Corporate Social Responsibility Report has been elaborated, for the third consecutive year, pursuant to the requirements of the Global Reporting Initiative Guidelines (GRI; Guidelines 2002). It describes Abengoa's activities throughout 2006 in the countries in which its companies have operated. In two separate volumes, Abengoa publishes an Activity Report 2006 and Legal and Economic Financial Report 2006.

The Corporate Social Responsibility Report 2005 was "in accordance" certified by GRI and is included in said organization's database. www.globalreporting.org. In this Corporate Social Responsibility Report 2006, all Global Reporting Initiative principles have been applied and no significant changes have been made in the calculation methods since the last report was elaborated.

In addition, annual reports are published for the business units following the same layout as Abengoa's annual report. Therefore, annual reports are available for Befesa, Telvent, and Abeinsa, and the same can be consulted through the corporate websites: www.befesa.es; www.telvent.es; www.abeinsa.es; www.abengoabioenergy.com.

The information contained in this report concerning Abengoa's activity in different fields such as Quality, the Environment, R&D&I, or its social, economic and environmental activities are governed by its joint management systems or "NOC" as they are known

internally. Abengoa's main tool for risk prevention and control and for tracking efficient procedures is the "NOC" (compulsory compliance regulations). The review of their application, implementation and development is a priority objective of Abengoa's audit function, contributing not only an accounting dimension, but also a promotional and even pedagogical one with a view to their systematic utilization by all the Group's personnel. Through internal audits, compliance of the internal action and control systems, standards and procedures established by Abengoa is verified, as is the correctness of the different Companies' financial statements through external economic-financial audits.

This Corporate Social Responsibility Report has been validated by AENOR as an independent third party.

Your opinion means a lot to us, as it will help us to improve the dialogue with parties interested in Abengoa and, specifically, to enhance this Corporate Social Responsibility Report which we will continue to publish annually.

We would like to have your opinion and suggestions. In order to make any further consultation concerning the content of this report, you can contact us at comunicacion@abengoa.com or by phone at +34 95 493 71 11.

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