

Principles and scope of the Corporate Social Responsibility Report

This report, which follows that of 2006, seeks to give the most complete and faithful picture possible of Abengoa. To this end, it covers all relevant information and reflects the development of its activities from January 1 to December 31 of the year 2007. It encompasses all the countries and sectors in which Abengoa's business groups carry out their activities. The information contained in this report deals with all aspects and indicators reflecting significant, social, environmental and economic impacts of Abengoa or of those who may have an influence on the evaluations and decisions of stakeholders. Furthermore, it provides references to previous fiscal years in order to obtain a more meaningful evaluation of the company's current situation.

Since 2003, Abengoa has been publishing its annual reports on corporate social responsibility in accordance with the criteria and guidelines of the Global Reporting Initiative (GRI), and this year it has adopted GRI Version 3 for informing its stakeholders. The G3 guide, which can be found at www.globalreporting.org, includes a set of orientations with the aim of defining report contents, scope and coverage, as well as ensuring the quality of information disclosed. This report includes a GRI index for those who wish to locate the main GRI principles and indicators within the text.

In creating this report, there has been an effort to inform and illustrate Abengoa's commitment to the Global Compact, the principles of which guide its action, activity and strategy, emphasizing the importance the company gives to respect for fundamental rights and to the Environment in harmony with a business model based on sustainable development.

All of the information contained here in relation to Abengoa's activity in the different sectors in which it operates, or its actions, whether social, economic or environmental, adheres to Abengoa's internal rules, the ten principles of the Global Compact, and the legislation of countries where Abengoa operates. Internal audits verify compliance in all processes, rules, action procedures and internal control established by Abengoa, and, combined with the external audits, guarantee the company's transparency.

This CSR report is part of the 2007 Annual Report, which is available at the following website: www.abengoa.com. Any comments that anyone wishes to make regarding the report or Abengoa's Corporate Social Responsibility can be submitted to the CSR mailbox, also available on the Abengoa website, or by sending a letter to the following address:

Departamento de Responsabilidad Social Corporativa

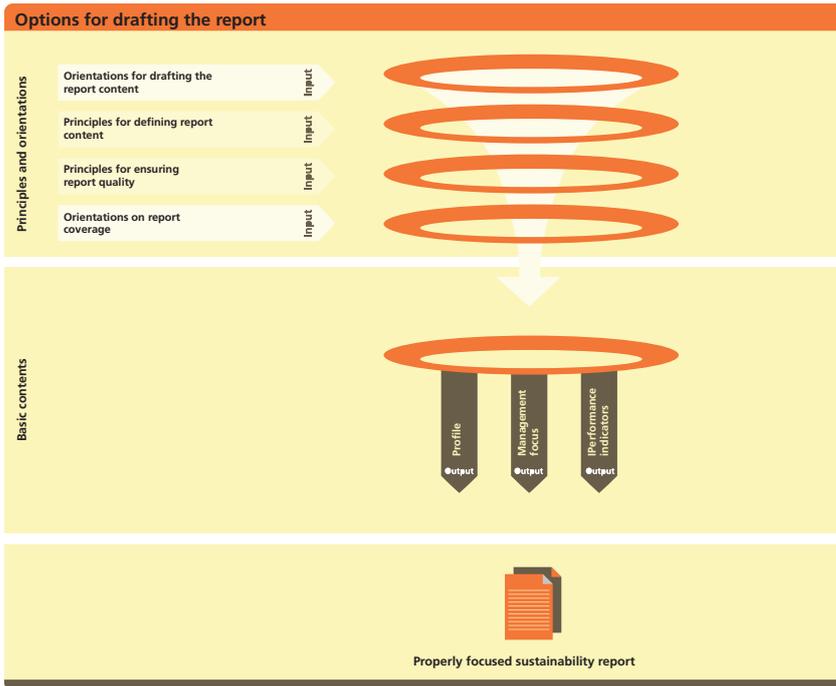
Abengoa
Avda. de la Buhaira, 2
Sevilla, España

In line with Abengoa's policy on transparency, this CSR Report has been submitted to a process of external verification by an independent expert, PricewaterhouseCoopers. This verification is carried out based on the ISAE 3000 standard, including the corresponding verification report at the end of this document, where the scope of the work conducted is outlined, as well as its main conclusions and recommendations. The report was subsequently verified in its entirety by the Global Reporting Initiative and by Abengoa management, which has given the report a grade of A+.

Self Declared Application Level	External Assurance	GRI Check
✓	✓	✓
		

Definition of contents

In the definition of contents of the report, the organization's most important matters were identified in accordance with the principles of materiality, stakeholder participation, sustainability context and coverage, which are illustrated below, and in the light of the relevance of the indicators. Moreover, in order to ensure quality of the report, its creation has aimed to following the principles of balance, comparability, accuracy, periodicity, clarity and reliability as set forth by the GRI.



(Source: Guide 3 of the Global Reporting Initiative)

Materiality

“The information contained in the report must cover those aspects and indicators that reflect significant, social, environmental and economic impacts of the organization or of those who may have a substantial impact on the evaluations and decisions of stakeholders.”

In the creation of this report, Abengoa has identified and selected the main aspects of its activity, following Version 3 of the GRI guidelines and delving into the focus of each matter according to the orientations of the different tools for dialogue with stakeholders at the company's disposal. To this end, a series of external and internal factors identified in the G3 guide were taken into account.

External factors

- **Main interests/aspects in relation to sustainable performance and indicators proposed by stakeholders.**

Although this year there has not been a formal analysis of materiality with stakeholders (which is intended to be included in the future), opinions from the main interested parties have been gathered through the dialogue tools described in the chapter titled “Abengoa and its direct stakeholders”. Said opinions were taken into account to improve and enhance the presentation of the results in this report. This year, for example, the report structure has been reorganized so that each stakeholder group can find pertinent information more easily.

- **Main issues and future challenges for the sector, as expressed by counterpart companies and competitors.**

The trends and challenges of the sector are borne in mind in defining Abengoa's strategic plan, which is reviewed twice a year. Therein risks and opportunities are defined for the next ten years for each Abengoa product and service in all of its geographical areas and markets, as well as anticipated results during that time. This strategic plan is generated through internal and external reports. A summary of the main challenges and opportunities for each business group can be found in the corresponding section of the Activity Report of Abengoa's Annual Report.

- **Relevant laws, regulations, international agreements or voluntary agreements with strategic significance for the organization and its stakeholders.**

Abengoa's activity is affected by the regulatory framework of the markets and countries in which it operates. Some examples of important legislation for the company's business are laws referring to renewable energy sources, such as the Energy Bill, in the United States, or the modifications to the Hydrocarbon Act in Spain; international agreements on emissions rights, as in the case of the Kyoto Protocol and its possible extensions; or agreements pertaining to international commerce.

Abengoa adheres to the Global Compact of the United Nations and, in 2007, also joined the United Nations "Caring for Climate" initiative. These and other voluntary agreements impose a series of company commitments that can be evaluated yearly through progress reports.

This information is contained in the chapters titled “Profile of Abengoa” and “Abengoa and Transparency”.

- **Risks, impacts and opportunities affecting sustainability and which can be reasonably estimated.**

Abengoa gears of all its activity toward sustainable development and halting climate change. Therefore, in the strategic plan of each of its business groups the impact of sustainability on the company is analyzed based on information provided by market reports or internal company reports. This information is found in the letter from the chairman and the chapter entitled “Profile of Abengoa”.

Internal factors

In developing the contents of this report, aspects of an internal nature included in the GRI recommendations have been taken into account:

- **Company values, policies, strategies, operational management systems, objectives and goals.**
The culture of Abengoa is infused in the information contained in this report. In the letter from the chairman and in the chapter titled "Profile of Abengoa", the organization's values, policies, strategies, operation management systems, objectives and goals are outlined.
- **Interests and expectations of the main stakeholders that have contributed to the success of the organization.**
Internal stakeholders' interests and expectations are described in the chapter titled "Abengoa and its direct stakeholders".
- **Important risks to the organization**
Risks to the organization are analyzed at least twice a year with the aim of reviewing Abengoa's strategic plan, and in an operational way on management committees held periodically by all business groups. In addition, the organization has common management systems for managing operational risk in a centralized and global manner, helping to mitigate it or reduce its impact. These systems and risk management are described in the "Profile of Abengoa" chapter and in "Abengoa and Transparency".
- **Critical factors in making the organization's success possible**
Dialogue with direct stakeholders (described in the corresponding chapter) leads to ascertaining the critical factors that make the organization's success possible. When it comes to light that one of the Abengoa companies is incorporating better practices with respect to stakeholders than the organization average, processes are put into place for sharing and disseminating that "know-how" to the rest of the organization.
- **Main competences of the organization and their contribution to sustainable development.**
The chapters titled "Profile of Abengoa" and "Abengoa and Innovation" outline the main company competences and their contribution to sustainable development.

Exhaustiveness

"Coverage of indicators and material aspects, and the definition of report coverage must be sufficient to reflect significant social, economic and environmental impacts and so that stakeholders can evaluate the performance of the informing organization during the period covered in the report."

The aim has been to identify the implications, risks and challenges of each area activity of the organization, trying to reflect them in the report in an accessible way for a wide-ranging and heterogeneous public.

Coverage (the set of companies whose performance is described in the report) of the indicators, just like the annual financial statements, means all countries in which Abengoa operates and all subsidiaries over which the company has effective control of management, as defined in the chapter titled "Profile of Abengoa". The table below shows companies that were acquired in 2007. All of them are included within the scope of coverage in this report, unless explicitly indicated otherwise.

This is the first year in which Abengoa has adopted the G3 guide, having included in its **scope** (the range of sustainability aspects covered) all of the guide's main indicators, as well as some additional ones. The companies acquired during 2007 (see table) are at the stage of integration into Abengoa's culture of social

responsibility, and therefore the corresponding management policies are at varying stages of development. Nevertheless, there has been an aim to include information on these companies in the indicators of this report. In those cases in which the case is otherwise, an explanation is provided in the text.

Companies acquired during 2007				
Company Name		Participation	Shareholding Holding Company	Consolidated
Abener Engineering and Construction Services, Llc	(1)	51,0%	Abener Energía, S.A.	Yes
Abengoa Bioenergía Agrícola Ltda (Dedini)	(1)	99,6%	Abengoa Bioenergía Sao Joao,Ltda / Abengoa Bioenergía	Yes
Abengoa Bioenergía Cogeração I S.A (Dedini)	(1)	100,0%	Abengoa Bioenergía Sao Paulo, S.A.	Yes
Abengoa Bioenergía Santa Fé Ltda (Dedini)	(1)	100,0%	Abengoa Bioenergía Sao Luiz , S.A.	Yes
Abengoa Bioenergía Sao Joao,Ltda (Dedini)	(1)	100,0%	Abengoa Bioenergía Sao Luiz , S.A.	Yes
Abengoa Bioenergía Sao Luiz , S.A. (Dedini)	(1)	100,0%	Abengoa Bioenergía Sao Paulo S.A.	Yes
Abengoa Bioenergía Sao Paulo, S.A. (Dedini)	(1)	100,0%	Asa Bioenergy Holding Ag	Yes
Arbelux S.A.	(1)	92,0%	Asa Investment AG	Yes
Caseta Technologies, Inc	(1)	100,0%	Telvent Traffic North America, Inc.	Yes
Egeria Densam , S.L.	(1)	100,0%	Abengoa Solar PV	Yes
Galian 2002, SL (Matchmind)	(1)	94,1%	Telvent Global Services	Yes
GD 21, SL (Matchmind)	(1)	100,0%	Telvent Global Services	Yes
Matchmind Holding, S.L. (Matchmind)	(1)	60,0%	GD21, S.L. (25,81%) / Galian 2002, S.L. (34,19%)	Yes
Matchmind Ingeniería de Software, S.L. (Matchmind)	(1)	100,0%	Matchmind Holding S.L.	Yes
Matchmind S.L. (Matchmind)	(1)	100,0%	Matchmind Holding S.L.	Yes
Meramix S.A.	(1)	100,0%	Arbelux, S.A.	Yes
Orjinella, S.L.	(1)	100,0%	Abengoa Solar PV	Yes
Stellata World, S.L.	(1)	100,0%	Abengoa Solar PV	Yes
Teyma Internacional, S.A.	(1)	100,0%	Teyma Uruguay, S.A.	Yes
Tratamiento y Concentración de Líquidos, S.L.	(1)	100,0%	Befesa Gestión de Residuos Industriales, S.L.	Yes

Acquisition by Participation.

There have not been any significant changes relative to previous periods in the scope, coverage or evaluation methods applied in the report.

Stakeholders' participation

"The informing organization must identify its stakeholders and provide a description in the report of its ways of addressing their reasonable expectations and interests."

Continuous communication and transparency are fundamental aspects of Abengoa's strategy of Corporate Responsibility. The company considers that knowing about the interests and concerns of its stakeholders is the basis for designing and developing specific actions in these relationships. Abengoa has identified its stakeholders by following a criterion of impact in its business activity, and has defined stable communication channels, as described in the chapter titled "Abengoa and its direct stakeholders".

Based on the information that Abengoa obtains from its stakeholders, an effort has been made to explain the commitments and policies of Corporate Social Responsibility of the organization, the main management systems, and performance data were illustrated so that the reader can form an opinion on the company's focus and results in these matters.

The context of sustainability

“The informing organization must present its performance within the widest context of sustainability”

Abengoa focuses all of its activity on providing innovative technological solutions for development, and evaluates its performance throughout the report in the context of its contribution to direct stakeholders, the communities in which it operates and the Environment.

In 2007 Abengoa created two new units related to sustainability, whose directors hold periodic committee meetings for information and follow-up with company chairmanship. In the middle of the year, Abengoa decided to create a department of corporate social responsibility, whose mission is to define and review the company's RSC strategy, promoting initiatives that encourage dialogue with stakeholders, gather their expectations, integrating them into general company strategy. This new department is always coordinated with the Focus-Abengoa Foundation, which channels social initiatives, and with the rest of the areas of the organization, in order to thus improve contact with all stakeholders. Moreover, at the end of 2007 a general sustainable area was created, in charge of defining and reviewing Abengoa's strategy of environmental sustainability, including the analysis of all products and services offered by the company, as well as evaluation of alignment with the organization's environmental strategy.

The company has been very active in communication and dissemination of the importance of sustainability. In 2007 seminars were organized for employees on themes such as climate change, sustainability, or renewable energy sources; forums for heightening society's awareness, such as the Focus-Abengoa Forum on Climate Change; numerous articles were published internally and externally on these subjects, being distributed to different company stakeholders and included on the website; a decision was made to restructure the website contents around the foundations of the organization's business model; environmental sustainability, social responsibility and transparency and efficiency in management. A blog was also posted which is made up of opinion articles in which company members can share their point of view with the rest of the community on matters within these strategic lines. This blog, accessible through the corporate website, is open to comments from any reader with the aim of encouraging dialogue with all stakeholders.

Through all of these initiatives, Abengoa seeks to sensitize its stakeholders and society as a whole to the imminent need to achieve well-being through sustainable economic growth for everyone so that future generations may enjoy the same resources that we have received.