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Focus and Scope

The Abengoa 2009 Corporate Social Responsibility Report (CSRR), which follows that of 2008, is intended to provide a trustworthy and balanced reflection of the company's performance; the main social, economic and environmental impacts of its activity; as well as any other effects that may substantially influence stakeholder assessments and decisions.

Abengoa has prepared this report following the principles of the Global Reporting Initiative (GRI) and the AA1000 Standard. The GRI Guide is intended to define a common structure for CSR reports, setting down guidelines in terms of content, scope, and coverage in order for readers to be able to compare the performance of different companies, with assurance of the quality of the information disclosed. The guide is available at www.globalreporting.org. In turn, the AA1000AS (2008) Standard, perhaps the most important global norm for sustainability assurance, lends security in the quality and accuracy of the information contained in the CSRR, helping Abengoa gain transparency and thereby build confidence among its stakeholders. Further information is available at <http://www.accountability21.net/>.

Another aim of this document is to report on Abengoa's engagement with the United Nations Global Compact, the ten principles that govern company performance, activity and strategy. Respect for human, labor and environmental rights, and fighting corruption, are the guiding principles of the sustainable business model driving Abengoa forward in the more than 70 countries in which the company operates.

The performance indicators cover all Abengoa company activity in 2009 with significant economic, environmental or social impact, wherever Abengoa has effective control of management.

Therefore, indicator coverage, understood to be the set of entities whose performance is disclosed in the report, consists of all Abengoa companies or companies under the control of Abengoa operating worldwide and to which the Common Management Systems apply, including JVs and EIGs, over management of which there is effective control. Due to acquisitions and divestitures that were executed over the course of the fiscal year, the report boundary is not identical to that of 2008.

The obligation for companies to report on the economic, environmental or social dimension depends on the activity of each one, with the possibility of there being companies with neither personnel nor physical activity, in which case they would not report data on either the social or environmental dimension. For example, a company with personnel but without either economic activity or environmental impact would be taken into consideration for the social indicators (e.g. employee headcount), but would not be taken into account for the economic or environmental indicators. All of these companies are included within the boundary of coverage of this report unless explicitly indicated otherwise in the text. The list of companies is included in Appendix A.

Appendix A 

www.globalreporting.org 

www.accountability21.net 

Verification

The information contained in this report, covering Abengoa's activity in the different sectors in which it operates, as well as the company's social, economic and environmental initiatives, is governed by Abengoa's internal norms, the principles of the Global Compact, and by the laws of the countries where the company conducts its business. Review of the application, implementation and development of these guidelines is of paramount importance to Abengoa, and therefore internal and external audits were performed in order to verify compliance with all processes, standards and procedures for action and internal control established by Abengoa and to ensure transparency thereof.

In order to facilitate disclosure of the company's performance, Abengoa has defined a reporting system that seeks to enable knowledge to be obtained in an efficient manner on the company's reliable consolidated data having to do with the pertinent CSR-related indicators so that they may be suitably managed and made known to company stakeholders. The reliability of the information requires systematic consistency in the consolidated data, and that data be traceable or reconstructible, accurate and exhaustive in identifying and taking data sources into consideration. Accordingly, effective internal control mechanisms are in place to help prevent, detect and rectify significant errors in the data disclosed.

PricewaterhouseCoopers, as an independent external verifying company, reviewed the report to verify the application of the AA1000 Assurance Standard (2008) and Version 3 of the Global Reporting Initiative Guide (GRI G3), following to the Level A requirements. The methodology followed for the review process was defined according to the stipulations of the ISAE 3000 (International Standard for Assurance Engagements Other than Audits or Reviews of Historical Financial Information). The review was conducted with a reasonable degree of assurance for all of the indicators included in the GRI Index, for which sufficient proof was obtained to reduce the risk of material error to an acceptably low level. The corresponding verification reports are included at the end of this document. These reports outline the scope of the work conducted, as well as the conclusions reached. The entire report was also reviewed by the Global Reporting Initiative and by Abengoa management, and given a grade A+ classification.

Application level

Self declared level ✓



AA1000AS Standard ✓



GRI Review ✓



External Verification ✓



Principles Governing Report Preparation

In recent years there have been significant changes to the environment. Today there is a deeper understanding of the impact the present model of economic development has had on both ecosystems and society. There is greater consensus regarding the fact that this model of development is unsustainable over time and it is clear that there is a need to pursue a model based on the concept of sustainability. The aim of sustainable development is to “meet the needs of the present without compromising the ability of future generations to meet their own needs.” The key to meeting this far-reaching objective is for the various components of society to understand their role and the specific actions that will lead them towards attaining a model of sustainability.

CSR may be interpreted as the practical way in which organizations contribute to achieving sustainability. According to the European Economic and Social Committee, the CSR consists of the business community voluntarily including social and environmental concerns into their operations and into the relationships with their stakeholders. CSR, far beyond legal obligations, is a type of behaviour that Abengoa voluntarily adopted as a tool integrated into the company, because it is considered to bear positive impact on fulfilling the company's strategic objectives.

Abengoa's business model is based on sustainability, and following this model and considering the values that define Abengoa (integrity, lawfulness, professional rigor, confidentiality, and quality), CSR is one of the cornerstones of Abengoa's present and future strategies.

As its method for determining relevant issues, Abengoa has selected the application of the three principles defined under the AA1000 AS 2008 Standard: inclusivity, materiality, and responsiveness; as well as the four GRI principles: materiality, stakeholder inclusiveness, sustainability context, and completeness. These principles, from amongst which the principle of materiality has been chosen as the core axis of the three other principles, are intertwined.

Materiality

Information is considered material if its omission or distortion may have an effect on the decisions or actions of the stakeholders of the reporting organization. For the business, materiality refers to the importance or relevance of the different aspects relating to sustainability.

Materiality is a complex concept that has been defined by a variety of guidelines and entities and which can be simplified by relating it to the axiom of information usefulness and relevance. Materiality is more complex in corporate social responsibility reports than in economic reports. CSR reports contain very heterogeneous information which do not only focus on a specific group of stakeholders (as financial reports do on shareholders), but rather on several.

In analyzing materiality the company always bears in mind the purpose of the CSRI being prepared: to provide an integrated view of company performance in economic, social and environmental terms in a way that it addresses the expectations of the reader and contributes to generating confidence among Abengoa's stakeholders. Therefore we took into account a dual basis for analysis in defining material issues:

- External factors: those related to the expectations of Abengoa stakeholders and the importance they give to the different matters.
- Internal factors: those which determine the importance of the different matters for the business, company management, and, ultimately, in fulfilling business strategy.

The relevant matters were initially selected based on a study of external factors considered significant by selective CSR indexes (DJSI, FTSE4Good), European and North American socially responsible investors, company-related matters considered significant by the media, and the position taken by certain representative social organizations.

The list of relevant matters identified was contrasted by a committee composed of 15 employees from representative areas of the company and presided over by the Director of Corporate Social Responsibility. The committee, after analyzing the materiality of the topics presented, and taking into account the nature and dimension of each aspect analyzed, came up with a prioritized list. Each of the matters identified on the entire list may be characterized as one of the following: critical, significant, emergent and insignificant.

- Critical: matters that transversally affect more than one business unit and that are given priority by more than one group of stakeholders or that are indispensable in meeting the minimum criteria to comply with the general standards analyzed.
- Significant: matters which, although only considered by one group of stakeholders, are considered a priority for said group, or matters which, having reached a certain degree of maturity, though generalized, are no longer deemed critical.
- Emergent or Insignificant: matters identified as having little impact and which do not receive particular attention from any stakeholder, whether or not they may have an impact in the future.

Relevant Issues Identified				
Issue	% Internal assessment	% External assessment	Classification	Monitoring indicator
Corporate governance / good governance	79	72	Obligatory	4.1, 4.2, 4.3, 4.5, 4.6, 4.7, 4.10, LA13
Risk and crisis management	91	49	Obligatory	4.11, SO2,P10C311,
Integrity and compliance	87	16	Obligatory	HR4, HR5, HR6, HR7, SO8, PR7, PR8, PR9, EN28, 4.9, PIC2I4,
Code of conduct	89	27	Obligatory	4.8, 4.9,P2C3I1, P10C2I2,
Customer relationship and brand management	64	17	Optional	PR1, PR2, PR3, PR4, PR5, PR6, PR7, PR8, PR9
New business challenges	81	42	Obligatory	1.1, 1.2 ,
New energies	87	91	Obligatory	EN6, P7C2I2, P9C2I1,
Use of monitoring indicator system	67	14	Optional	1.1, 4.8,
Investor relations	68	75	Obligatory	4.4, 4.14, P10-C2-I1,
Non-financial project assessment	79	21	Optional	1.2, 4.9
Environmental policies and management	88	10	Optional	EN1, EN2, EN3, EN4, EN5, EN6, EN7, EN8, EN9, EN10, EN11, EN12, EN13, EN14, EN15, EN16, EN16, EN17, EN18, EN19, EN20, EN21, EN22, EN23, EN24, EN25, EN26, EN27, EN28, EN29, EN30, P8,C2,I1
Definition of environmental goals and objectives	92	51	Obligatory	1.1, 1.2, P8,C2,I3
Environmental management system certification	79	2	Optional	Environmental performance assessment and monitoring, PR5, P8,C2,I4, P8, C3, I1,
External verification of environmental data	79	22	Obligatory	3.13,
Energy and water consumption	83	58	Obligatory	EN3, EN4, EN8, P8C5I2,
Atmospheric emissions	90	100	Obligatory	EN16, EN17, EN19, EN20, P7C7I2, P8C9I1,
Waste and discharge production and management	78	94	Obligatory	EN22, EN24, P8C10I1, P7C2I2, P8C10I1,
Hazardous substance control	85	34	Obligatory	EN19, EN22, P8C5I4, P8C10I2,
Specific efficiency programs and initiatives	80	51	Obligatory	EN5,
Environmental and eco-efficiency performance	83	50	Obligatory	EN1, EN2, EN3, EN4, EN5, EN6, EN7, EN8, EN9, EN10, EN11, EN12, EN13, EN14, EN15, EN16, EN16, EN17, EN18, EN19, EN20, EN21, EN22, EN23, EN24, EN25, EN26, EN27, EN28, EN29, EN30, P9C2I2, P7C2I1, P7C2I2,

Issue	% Internal assessment	% External assessment	Classification	Monitoring indicator
Climate change	99	80	Obligatory	EC2, EN16, EN17, EN18, E19, E20
CO2 emissions	100	78	Obligatory	EN20, P7C2I2, P8C6I1,
Carbon-related risk assessment	79	41	Obligatory	P8-C2-I4,
Company-established climate change policies	87	41	Obligatory	EC2, EN18
Development of measures for meeting Kyoto Protocol requirements and steps towards lowering emissions	90	56	Obligatory	EN18,
Consideration of customer and supplier greenhouse gas emissions	87	44	Obligatory	EN16, EN17,
Biodiversity management	77	49	Obligatory	EN11, EN12, EN13, EN14
Biofuels	73	94	Obligatory	EN6
Transgenic food products	22	34	Optional	EN6, PR1, PR3, PR6, PR9
Social commitment and local impact	91	44	Obligatory	SO1, P1C6I1,
Health and safety	89	43	Obligatory	LA6, LA7, LA8, LA9, P4C2I2, P2C2I1,
Labor practices	95	19	Obligatory	L1, L2, L3, L4, L5, L6, L7, L8, L9, L10, L11, L12, L13, L14,
Adherence to international initiatives associated with labor relations	75	49	Obligatory	SA8000, HR2, L1, L2, L3, L4, L5, L6, L7, L8, L9, L10, L11, L12, L13, L14
Promotion of diversity, non-discrimination, equal compensation between men and women, and professional-personal life balance	94	17	Obligatory	HR4, P6C2I1, P6C2I3, P6C1I1, P6C2I1, P6C3I1,
Availability of communication channels for employees to lodge complaints	83	1	Optional	4.14, P1C3I1, P3C2I1, P3C3I1, P6C1I1,
Work climate and employee satisfaction surveys	81	0	Optional	P3C3I1,
Development of human capital	89	3	Optional	LA10, LA11, LA12
Knowledge management and organizational learning processes	79	14	Optional	P2C2I1, P6C1I1, P7C1I1, P7C2I1,
Training programs: employee training courses	89	30	Obligatory	LA10
Employee performance assessment	81	8	Optional	LA12, P3C3I1, P4C2I1,
Attracting and retaining talent	95	8	Obligatory	LA11, P4C2I2,
Variable compensation	76	0	Optional	EC1
Social benefits not required by law	78	7	Optional	LA3, EC3, P4C1I1, P6C2I1,
Stakeholder dialogue	82	49	Obligatory	4.4, 4.6, 4.7, 4.14, 4.15, 4.16, 4.17, P1C4I2, P1C4I1, P1C3I1,
Supplier relations	83	29	Obligatory	4.14, P2C2I1, P2C3I2,
Impact on sustainability	98	98	Obligatory	EN10, EN11, 2.5, 1.1, P7C1I1, P7C2I2, P7C2I1, P8C2I4, P8C4I1, P8C2I1, P8C2I2, P8C3I1, P8C5I2, P8C5I3, P8C5I4, P8C6I1, P8C7I1, P8C9I1, P8C9I2, P8C10I1, P8C10I2, P8C10I3, P8C11I1, P8C11I2, P8C12I1,
Occupational safety in the Third World	72	72	Obligatory	LA6, LA7, LA8, LA9, P2C2I1
Relationship between business and law	86	86	Obligatory	PR1, PR2, PR3, PR4, PR5, PR6, PR7, PR8, PR9, P1C4I2, P2C3I2, P3C2I1, P4C2I2
Personal-professional life balance	95	95	Obligatory	P1C1I1, P4C2I2,
Equal opportunities (gender, salary, race)	93	93	Obligatory	HR4, P4C2I2, P5C2I1, P6C2I2, P6C1I1, P6C2I3,

All matters deemed critical and significant have been included in the contents of this report and the committee will have to follow-up on them. The indicators defining Abengoa's performance in these matters will be monitored by company management.

Stakeholder Inclusiveness

This principle dictates that the report from the reporting organization show the measures implemented as the response to stakeholder concerns and interests and the indicators included as a reflection of changes in performance relating to these aspects.

The stakeholder theory was devised in the mid-eighties by Edward Freeman, and it proposes stakeholder-based management that takes into account the interrelated nature of economic, political, social, and ethical issues. This new kind of management suggests that the primary objective of a business is to create value for its stakeholders, facilitating the integration of matters concerning business, ethics, and society.

There are inherent, contractual and contextual stakeholders. Inherent stakeholders are those without whom the very existence of the business would be impossible. They may include: shareholders and investors, employees and strategic partners. Contractual stakeholders are those with whom the company has some kind of formal contract. They may include: customers, suppliers, subcontractors and financial institutions. Finally, contextual stakeholders are those who play an essential role in achieving the necessary credibility for companies, and, ultimately, public acceptance of their activities. They may include opinion and knowledge creators, local communities, countries and societies, and public administrations.

Maintaining a seamless relationship with stakeholders provides insight into their expectations in terms of company response with regards to matters they deem of interest. The company thus expects to increase reciprocal confidence and to contribute to the ability of creating value and generating lasting competitive advantages based on distinctive capabilities. Stakeholder analysis constitutes a basic ingredient for generating distinctive capabilities within the company and for its success on capital, product and employment markets.

As a component of its CSR framework, Abengoa has identified approximately 100 key stakeholder consultants for the purpose of finding out about their expectations and perceptions. The result contrasts the internally identified matters with their external perception. The process of consulting stakeholders is aimed at ascertaining the importance of the challenges identified, discovering the perception of Abengoa's performance with regards to each one of the matters, and knowing the-state-of-the-art in the matters they may consider significant.

In addition, for the second consecutive year, Abengoa will undergo an evaluation by an Independent Panel of Experts on Sustainable Development (IPESD), made up of independent professionals of renowned international prestige in the environmental, social and economic realms.

This panel lends voice to the perspectives and opinions of Abengoa's stakeholders in ensuring that the company reports information relating to issues they deem relevant, while providing recommendations on the company's performance in these matters. To this end, the members of the panel conducted an analytical review of the 2008 Abengoa

Report on Corporate Social Responsibility with the aim of fostering the transparency of the company's CSR information by participating in an open dialogue between the company and its stakeholders, and by issuing their evaluation on the materiality of the company's CSR report and on the effectiveness of the report in responding to stakeholders.

The IPEDS is presided over by Jermyn Brooks, chairman of the Advisory Board of Transparency International, and comprised of the following members: Matthew Bateson of the World Business Council for Sustainable Development, Marco Becht, of the European Corporate Governance Institute, Francesca Broadbent of the 'Responding to Climate Change' publication, Sol Iglesias, of the Asia-Europe Environment Forum, and Jules Kortenhorst, of the European Climate Foundation. They are all experts of renowned prestige in sustainable development, with backgrounds and independence that contribute to their vision of reflecting the perspectives and concerns of society in the report.

Sustainability Context

The reporting organization should present its performance within the broadest context of sustainability. Information on performance should be put into context. The question underlying sustainability reporting is the way in which the organization contributes, or plans to contribute in the future, to the improvement or deterioration of economic, environmental and social trends, developments, and conditions at the local, regional, or global levels.

Abengoa focuses all of its activities on providing innovative technological solutions for sustainability and evaluates its performance throughout the report within the context of the company's contribution to stakeholders, the communities in which it conducts its business, and the environment.

Abengoa has been a very active company in communicating and propagating the importance of sustainability. In 2009 seminars were organized around themes such as climate change, sustainability, or renewable energies; forums for heightening society awareness were promoted, such as the Focus-Abengoa Forum on Energy and Climate Change; numerous articles were published internally and externally on these subjects, and distributed to various company stakeholders and published on the website. The contents of said articles are based on the cornerstones of the company's business model: environmental sustainability, social responsibility, transparency, and rigor in management. The company also features a corporate blog consisting of opinion articles in which the director of corporate social responsibility shares his/her point of view with the rest of the community on a variety of matters related to sustainability. This blog, accessible through the corporate website (blog.abengoa.com), is open to comments from any reader with the aim of encouraging dialogue with all stakeholders.

Through all of these initiatives, Abengoa seeks to make its stakeholders and society as a whole aware of the imminent need to achieve a state of well-being through sustainable economic growth intended for everyone, so that future generations may enjoy the same resources that are available to us today.

Completeness

Completeness refers to suitable coverage of the indicators and material aspects, in order for them to reflect significant social, economic and environmental impacts and enable stakeholders to assess the performance of the reporting organization during the period covered by the report.

This report was prepared with the intention of appropriately reflecting the intrinsic implications, risks and challenges of each line of the company's business, making information accessible to a wide-ranging and heterogeneous audience. Its description has been supplemented where appropriate with case studies and specific examples.

Quality of the Information Disclosed

In preparing this report, effort was made to reflect the information in line with the GRI principles for defining quality.

Balance

The report should reflect positive and negative aspects to enable a reasonable assessment of company performance.

The 2009 report provides data on positive and improvable aspects of performance, as well as challenges facing the company. The process of identifying material issues (see section on materiality) also contributes to compliance therewith. In addition, the incorporation of the opinion and questions of the Independent Panel of Experts on Sustainable Development, along with the corresponding answers, allows the reader to gain an insight into the society's perception of the company performance.

Comparability

The report should enable the analysis of evolution and change.

The 2009 report includes a comparison with the last reporting period in order to facilitate evolutive analysis. The report also indicates any changes in computational methods.

Accuracy

The report should be sufficiently accurate and detailed to be able to evaluate the performance of the reporting organization.

The objective was to be accountable at the highest level of application, A+, and where appropriate, provide an explanation if certain indicators do not apply, are not available, or if they refer only to parts of the company.

The verification process to which this report was submitted ensures the accuracy of quantitative data and it confirms evidence and appropriate context for the qualitative information.

Timeliness

The report must be published on time according to a regular schedule.

Abengoa has been publishing its Report on Corporate Social Responsibility every year since 2004. These reports are available on the company's website (www.abengoa.com).

Clarity

The information should be presented in an understandable and accessible manner.

Abengoa publishes a digital edition of the report which the public can access on the corporate website: annualreport.abengoa.com. The company also distributes the report to its shareholders, main customers, the media, responsible investment institutions, and to anyone who so requests.

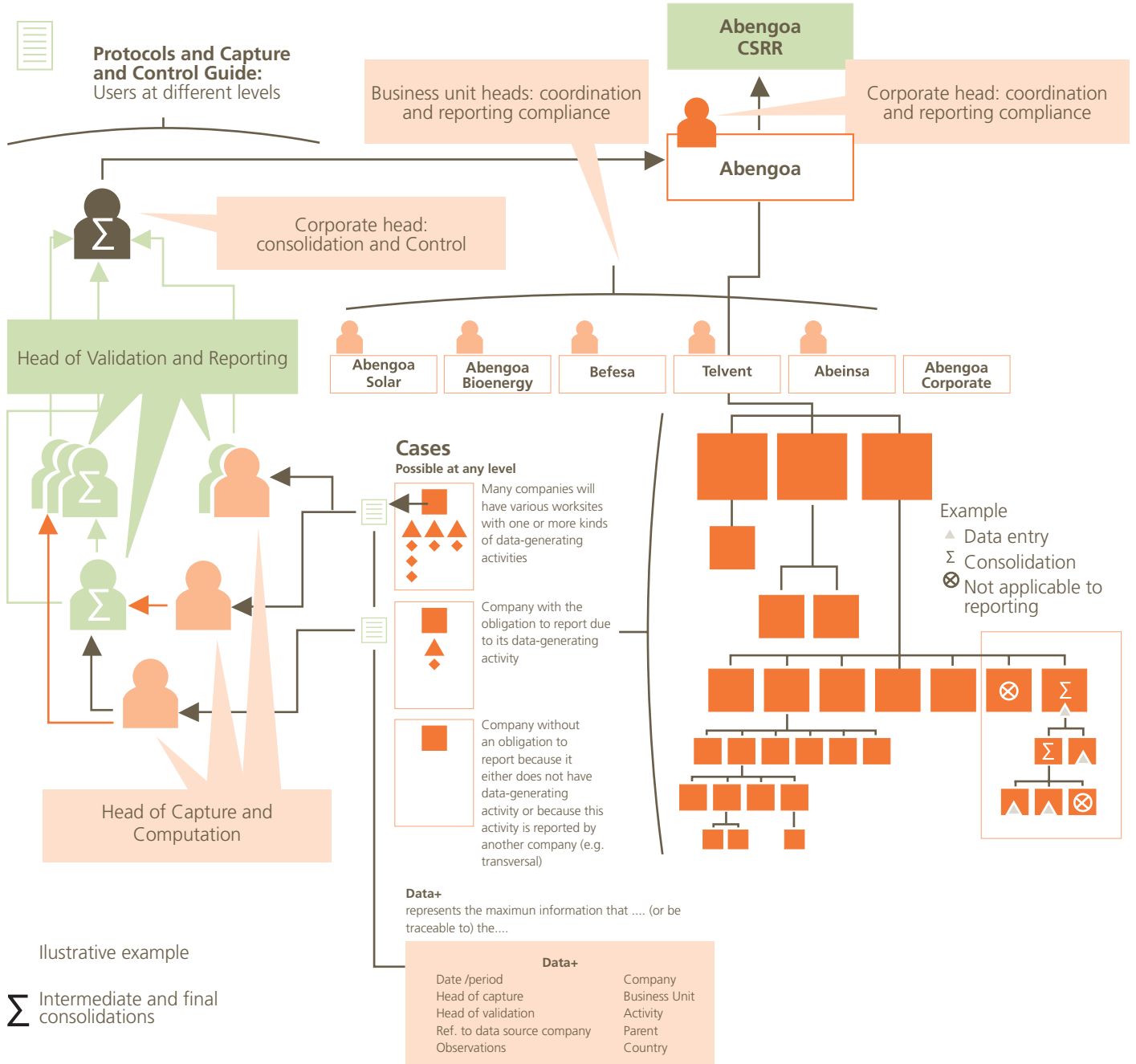
Reliability

The information reflected in the report has been verified by third party. Disclosures are backed by pertinent documentation and internal controls.

In line with a commitment to transparency, Abengoa requested independent third party verification of the economic, social and environmental information contained in this report. The scope, work description, and conclusions of this verification process are found in chapter 15 entitled Report Verification Results.

To facilitate performance disclosure, Abengoa has defined a reporting system that seeks to enable knowledge to be gained in an efficient manner on the company's reliable consolidated data. The company also has internal controls in place that help to prevent, detect and rectify significant errors in the data being reported.

The procedure for consolidating information followed this scheme:



Queries and Further Information

This CSR report is available on the following website: www.abengoa.com. Any comments regarding the report or Abengoa's policy on corporate social responsibility may be sent to the CSR mailbox (rsc@abengoa.com) or to the following postal address:

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