

ABENGOA

Corporate Social Responsibility Report 2005



Your Partner in Resources and Technical Solutions

ABENGOA

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

In Abengoa, we believe that the innovative company in a context of change and global competition is an efficient and necessary tool with which to advance towards a sustainable development society. Innovation in itself is not an end, as in many cases research may be. Innovation has a vital role to play, and that is none other than to lead society towards a better world. It tries to make our socioeconomic system which is not sustainable, and which is not for everybody, evolve towards another sustainable system for everybody.

Abengoa focuses its activity on customer service, professional and human development of its employees and the creation of value for its shareholders.

Utilizing the sun, we produce electric energy by thermoelectric and photovoltaic means.

Utilizing Biomass, we produce ecologic biofuels and animal feed.

From wastes, we produce new materials by recycling them, and we treat and desalt water for a sustainable world.

With information technology, we transform data into knowledge, enabling real-time operative and business decision taking in the traffic, transport, energy and environment sectors.

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

The international development achieved by Abengoa, following more than 60 years of business history, is linked to its commitment to ensuring economic and social progress while contributing to the preservation of the environment and upholding what is known as Corporate Social Responsibility.

The Focus-Abengoa Foundation has become a valuable instrument inserted in the company's culture. Not only is it capable of attending to the professional and human development of Abengoa's employees, but it also connects with the new sensitive areas of society as a whole by managing, in short, intangible assets, the impact of which reverts and propagates in the assets themselves and business objectives. Established by Abengoa in 1982, its mission is to bring the company's social activity policy into practice. This is done in a non-profit making way 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.

The Corporate Social Responsibility Report accompanies the Activity Report and the Legal and Economic-Financial Report. Through our web page (www.abengoa.com) we are open to receiving any idea or opinion to assist us in the achievement of these objectives.

Felipe and Javier Benjumea Llorente
Chairmen of Abengoa

Abengoa's. Your partner in Resources and Technical Solutions

- Corporate Structure
- Main Activities



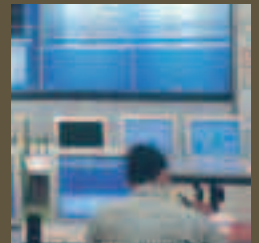
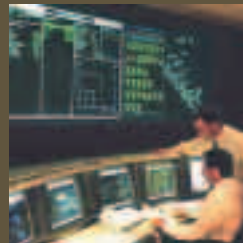
With the sun... we produce thermoelectric and photovoltaic electric energy



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, and whose activity focuses on the design, promotion, finance attainment, construction and operation of electric energy generating plants, utilizing the sun as the primary energy source. It possesses the know-how and technology for thermoelectric solar power plants: plant receiver systems, parabolic cylinder and parabolic dish collectors; and for photovoltaic power plants, with and without concentration.

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 and Barcelona Stock Exchanges, and closed 2005 with treasury stock in excess of 397.4 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 2005 with treasury stock of 323.1 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. It conducts the design, promotion, construction and operation of electric energy generating plants, for grid incorporation under the special regime.

This recently-established Business Unit is the result of more than twenty years investing in solar energy research and development projects.

Abengoa is currently in a privileged position in the solar energy harnessing field as it has known how to compatabilize, during the development of its activity in this field, the dedication to the two technologies that permit electricity generation from solar energy: the thermal and photovoltaic methods. Therefore, it is vastly experienced in the different thermal harnessing techniques: plant receiver systems, parabolic cylinder collector and parabolic dish. With all these technologies, thermal energy is transferred to a fluid by means of optical solar radiation 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.

Over the next eight years, it plans to construct a Solar Complex in the vicinity of Sanlucar la Mayor (Seville). The nominal rating of this complex of thermoelectric and photovoltaic facilities will be 302 MW. Trust is therefore being put in the potential of solar energy for electricity production while contributing to sustainable development and the preservation of the environment and natural resources.

In 2004, works commenced on the 1.2 MW Sevilla PV low-concentration photovoltaic, and the 11 MW PS10 tower thermoelectric power plant projects. Their start-up is scheduled for sometime in 2006.

The Solar Business Unit bases its growth on the construction of new plants and participation in new

projects, by putting its trust in technological innovation and investing in R&D&I projects that are focused on a continuous reduction of costs and the enhancement of efficiencies of the plants foreseen in its strategic plan.

Bioenergy

Abengoa produces and markets bioethanol, a renewable product that replaces gasoline as an automotive fuel, and which is obtained from cereals. Bioethanol is an alcohol produced from the sugar component of corn, sorghum, potatoes, wheat, sugar cane, and from the cellulosic materials in vegetable wastes (cereal straw, corn stalks) or forest wastes. Given its high oxygen content, when blended with gasoline the octane number increases which enables better combustion while reducing exhaust pipe emissions of carbon monoxide, hydrocarbons and sulfur dioxide, and also of pollutants that are even more harmful for the atmosphere, emitted by gasoline, such as benzene and toluene.

The bioethanol that is produced at Abengoa's facilities can be utilized to manufacture ETBE (gasoline additive) or for direct blending with gasoline or gas oil. In both processes, upon it being a renewable energy, net CO₂ emissions (greenhouse effect) are reduced and this contributes to climatic change prevention and to the attainment of the objectives established in the Kyoto Protocol. Abengoa's current production of bioethanol used in gasoline blends (low proportion of bioethanol in the blend) enables emissions of CO₂ to be reduced by a minimum of 860,000 tons/year.

In addition, in the bioethanol production process, by means of hydrolysis, fermentation and distilling of the grain, a sub-product (DDGS), a high energy and protein value feed component for cattle is obtained. There is also a potential use for the DDGS, as recent research studies have demonstrated, in the pig-breeding industry.

At year-end 2005, Abengoa signed an agreement with the oil company CEPSA to construct a 200,000 ton capacity biodiesel production facility in Cadiz

(Spain). The raw material will be crude vegetable oils and it will be operational in 2008.

Biodiesel is a renewable biofuel obtained by a chemical reaction of methanol (or bioethanol) with vegetable oils (rape, sunflower, soya, palm). It does not contain sulfur and, compared to petrol derived diesel, it reduces emissions of greenhouse effect gases (CO₂, among others), carbon monoxide (CO), particles (PM) and other contaminating products. It is suitable for use as a fuel, totally or partially substituting gas oils in diesel engines, without the need for vehicle engines having to be subjected to conversions, adjustments or special regulations.

Bioethanol and biodiesel are renewable and clean energy sources that contribute to reducing soil contamination due to their biodegradable and non-toxic 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).

Abengoa currently operates five facilities that produce bioethanol from cereal grains in Europe and the United States, with an overall production capacity of 197 million gallons (746 million liters). In 2006, a new production facility (50 Mgal) will be brought into operation in Spain. It will incorporate a production unit prototype based on cellulosic

Highlights Bioenergy	2004	2005
Sales (M €)	335.2	392.7
EBITDA (M €)	39.3	43.8
Ethanol production (millions of liters)	618	689
Workforce	369	421

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.

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.

Highlights Environmental Services	2004	2005
Sales (M €)	357.8	402.4
EBITDA (M €)	36.7	40.4
Treated production (thousands of tons)	1,374	1,654
Workforce	1,249	1,348

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. Telvent specializes in high value-add solutions and services in four industry sectors (Energy, Traffic, Transport and Environment). Its technology allows high performing companies to make real-time business decisions using data acquisition, control, and advanced operational applications, providing secure actionable information delivery to the enterprise.

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.

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

Highlights Information Technology	2004	2005
Sales (M €)	281.1	362.6
EBITDA (M €)	27.1	33.3
Contracting Portfolio (M €)	285	389
Workforce	2,124	2,373

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.

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,

Highlights		
Industrial Engineering and Construction	2004	2005
Sales (M €)	772.0	865.8
EBITDA (M €)	77.0	98.9
Contracting Portfolio (M €)	762	814.3
Workforce	5,576	6,921

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 Values and Principles
- Organization
- Management Systems
 - Commitment to Quality
 - Commitment to Environment
 - Constant Improvement
 - Commitment to the Future. R&D&I

Action Values and Principles

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 Global Compact. 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 Global Compact 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.

Human Resource Strategy

Abengoa's Human Resource policy responds to its Mission, Vision and Values, and operational strategy and, therefore, it is oriented towards and aligned at all times with the strategic objectives and their attainment through the execution of the company's Strategic Plan.

It is our human capital that makes the attainment of the company's objectives possible and which provides the differential competitive values through talent, skill and work performance excellence. Therefore, in Abengoa, when speaking of the employee, the "suitability" factor is considered a key concept.

The pursuit of this "suitability" is, in effect, one of the basic objectives of the company's Human Resource policy; suitability of the employee in his/her position, from both a technical and generic point of view, and the suitability of his/her working conditions from a material and immaterial point of view. This pursuit of "suitability" inspires the Training, Selection, work performance measurement, segmentation by posts and responsibilities, and the remuneration and conditions policies. Therefore, it is present in each of the sections related to employee development.

Abengoa has decided on a human resource management model based on competencies that enables alignment between the strategic objective, position and individual (suitability) and which, at the same time, allows talent to be detected and identified.

In the current environment characterized by innovation and change, the activity of its professionals as well as the capacity to attract, develop and retain talent is the key to success for any company and, for this very reason, Abengoa has firmly decided on a Human Resource policy with a two-fold objective:

- to consolidate, exploit, transmit and manage the know-how and experience of the company's senior level professionals and guide the development of competencies.

- to continuously endow the human resource organization with suitable means, in quantity and quality, for the development and implementation of the company's strategy.

In order to meet these objectives, suitable conditions must be created and, for this purpose, the following actions put into practice: a constant study of remuneration conditions and their adjustment to results and to the market; periodic evaluation of work performance; constant training required by profile and position; and actions related with Corporate Social Responsibility.

In Abengoa, the employee's commitment, his/her initiative and proactivity, is considered to be fundamental. Therefore, it utilizes an Integral and Integrated Management System:

- Integral, given that it covers job definition, description and classification, selection and recruiting processes to attract the market's best professionals, their training and development, with the corresponding career plans, assessment, work performance and remuneration management, and internal communication and social action.
- Integrated, as it contemplates the interrelated processes. The synergies of the different processes must be exploited and continuity pursued, in spite of the autonomy of each one (Selection, Training, Evaluation, etc.). They must all pursue a common goal that is none other than to enable Strategic Plan fulfillment.

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

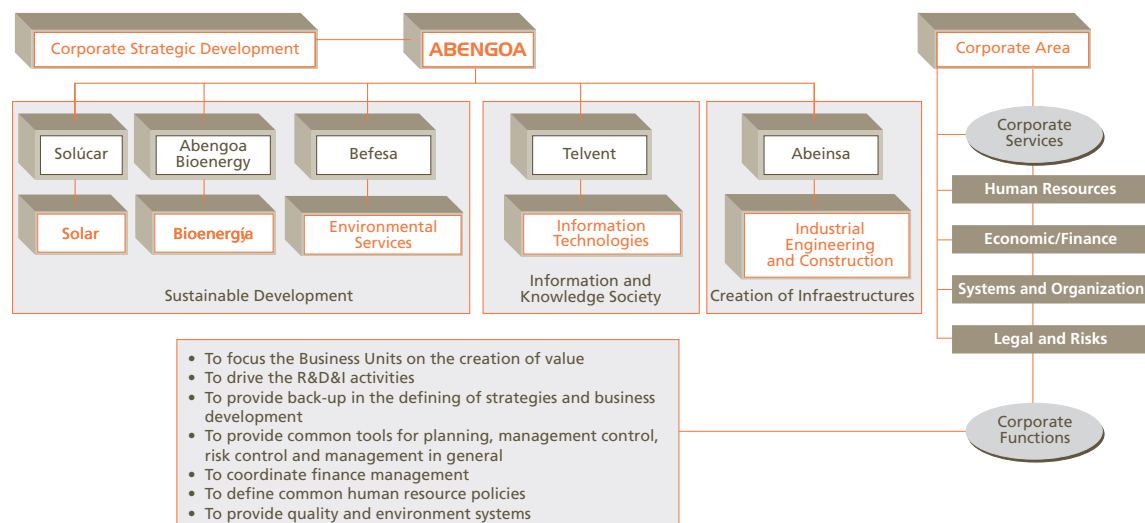
As regards the organization model, Abengoa opted to establish an in-house specialized Services Company called Gestión Integral de Recursos Humanos (GIRH), with a clearly defined mission that is none other than to offer efficient and effective Human Resource management solutions, utilizing quality and innovation, to enable the enhancement of the operativity and competitiveness of its 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 minimisation, through implementation of constant improvement programs and goal and objective setting.
- Promotion of active and responsible involvement of all members of the organisation 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 minimisation 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 Organisation

Each company under the Abengoa umbrella is capable of structuring and organising 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 organised 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.

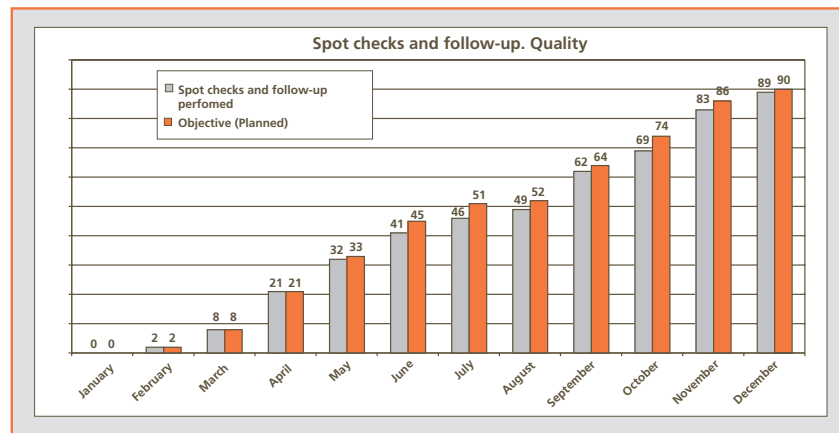
The companies devoted to engineering and industrial construction have a decentralised structure, with activities in specific works or projects, both on the permanent site (branch or regional management) and in the main office (which reports to general management).

At the company level and reporting directly to the Abengoa Chair, there is a corporate management structure for organisation, 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, who verifies attainment of these objectives and capitalisation on synergism through spot checks and follow-up.

The functions of the environment and quality organisations 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 programmes; 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

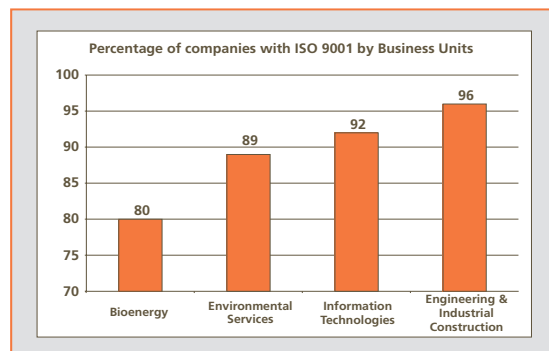
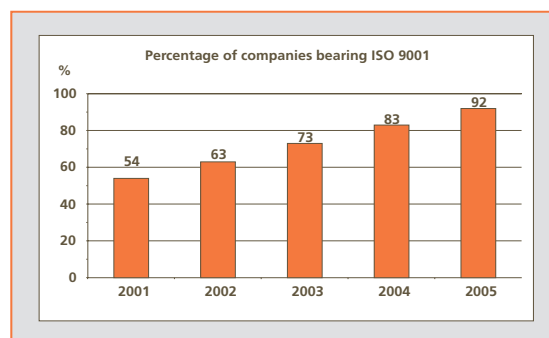
The progressive introduction of the quality management systems in the Abengoa group of companies is one of the strategic objectives of the group's commitment to quality. This objective revolves around the quality management model which conforms to ISO 9001 and ISO 9004 and the EFQM model of excellence.



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, six 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 model of excellence is a voluntary framework designed for the sustained achievement of excellence of an organisation, based on the following principles: customer satisfaction, employee satisfaction and positive impact on society. These principles are attained through leadership in policy and strategy, proper personnel management, the efficient use of resources and an adequate definition of processes, eventually leading to excellence in business results. These principles are developed through nine criteria which permit a comprehensive evaluation in order to determine the organisation's progress towards excellence. This model has already been introduced in the Information Technologies Business Group, and is in the final stages of implementation in the remainder of the Business Groups.

In the Information Technologies Group, EFQM self-assessments were continued throughout 2004 in all Abengoa companies in Spain, using the simplified tool, "profile" with licences from the quality management club. The comparative results were published and improvement actions with better synergism prospects and mutual convergence were prioritised. The initiative to validate self-assessments with licence-holders from the quality management club has also continued, the self-assessment of the Traffic and Transport area of Telvent having received validation.

The initiative to receive external EFQM assessments based on the "REDER" tool has also continued, having been awarded in the Energy and Environment area of Telvent the certificate of "European Excellence" (Silver Seal) by the Quality Management Club, scoring 401 out of a possible 500, as well as the certificate Recognised for Excellence in Europe awarded by the EFQM.

As regards participation in competitions of renowned prestige, Telvent has presented the candidatures of the Traffic and Transport area for the "Asturias Business Quality" award, the Energy and Environment area for the "Prince Philip Industrial Quality" award, and the Traffic and Transport area for the "Andalusia Excellence" award.

In addition, in the Industrial Engineering and Construction Business Unit, Instalaciones Inabensa has entered for the fourth edition of the Iberdrola Best Services Provider of the Year Award in the Large Companies category. In 2004, it was a finalist in this same competition and also in the fifth edition of the Aena Prize for Excellence and Best Practices, Airports.

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 minimisation 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 behaviour

Structure and Environmental Organization

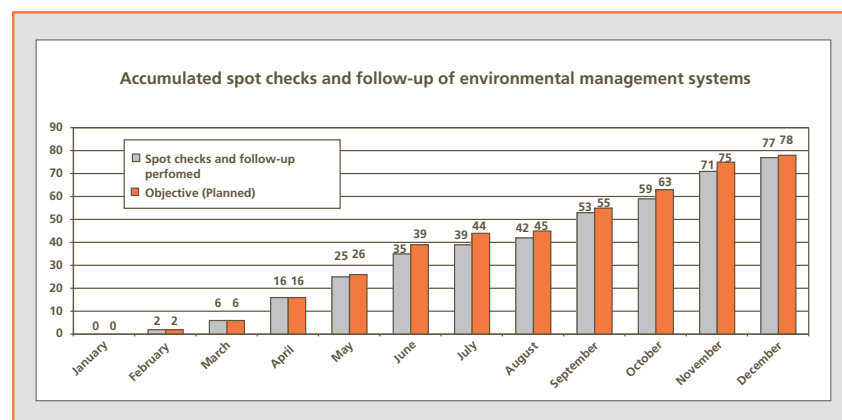
For the Abengoa group of companies the following obligations, pertinent to structure and environmental organization, flow from the development of internal management standards:

- Constitution of a quality and environment committee, representative of the whole organisation and presided over by company management. Its function is to be the governing body of the environmental management system.
- Provision of structure and environmental organisation necessary for fulfilment 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 organised to suit its needs and is dedicated to developing and upholding the environmental management system. As a general rule, these organisations 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 programmes; 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 organisation 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).

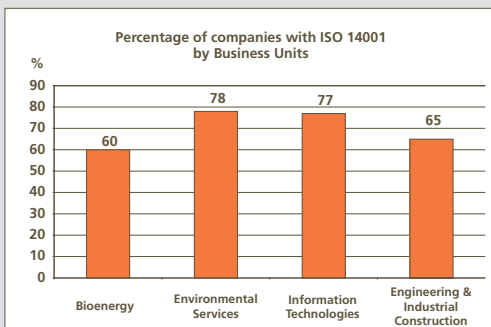
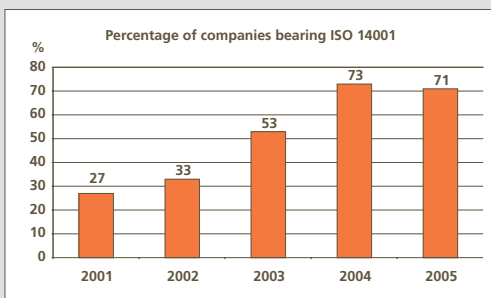
EN ISO 14001

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 Eco-audit Scheme (EMAS)

At present, five companies of the Environmental Services Business Unit and one from the Information Technology Business Unit have obtained the verification certificate that assures conformity of the Environmental Management System with the requirements of the European Eco-management and Eco-audit Scheme (EMAS).

Over the coming fiscal periods, several companies in this Business Group and other areas of the business will be preparing to obtain this same verification designation.



Constant Improvement

Abengoa bases its evolution on constant improvement in the development of its management systems and the following instruments, which it considers to be strategic: Six Sigma, Problem Solving Report (PSR) 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, minimisation 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 of poor quality output

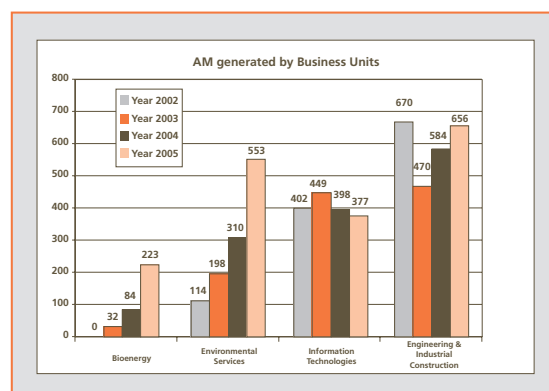
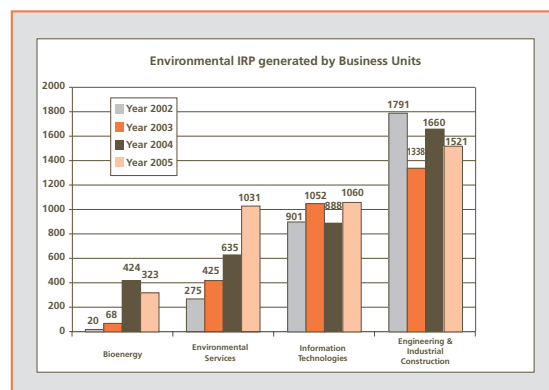
Since 2004, as a consequence of the above, each Business Unit has commenced the preparation of human teams of "Black Belts" and "Green Belts", managers that act as Champions, and different projects that have now been completed were undertaken. During this trade year, work continued on the application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

Trouble-Shooting Report 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 (IRP) and the other for processing Improvement Actions (AM).

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 (IRP) and solutions or improvement proposals (AM) go from "low to high". Full utilisation 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 2002, 2003 and 2004 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.

2005 was a year of special importance for the push given to R&D&I at all levels. Of note in the European Union was the intention of doubling the R&D&I budget for the period 2007 to 2013.

In May, a Symposium of the Spain, Italy and Portugal Cotecs was held in Rome. It was chaired by the Heads of State of the three countries and the objective was to coordinate a Mediterranean R&D strategy that promotes the adapting of European R&D policies to the context and needs of this geographical area. A second edition of the Symposium is to be held in Madrid, in February 2006.

In June, the President of the Government presented the Ingenuity Program aimed at technologically strengthening the Spanish economy. Of note therein are the Cenit Projects focused on Technology Tractor companies. Abengoa is participating actively in this program.

On the other hand, in December, the EU published the Scoreboard with a Ranking of the European companies that invested most in R&D&I in 2004. Abengoa is listed as eighth among the Spanish companies.

Also in December, the Framework Agreement between Abengoa and the University of Seville to regulate and promote multiple collaboration activities, especially those related with R&D and Human Resources, was signed.

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:

- Best of European Business for Innovation. Abengoa Bioenergy. Roland Berger and the Financial Times. 2005. **Bioenergy**
- "City of Seville" Prize. Mention of Honor for Hynergreen. Seville City Council. 2005. **Engineering and Industrial Construction**
- National "Mare Nostrum" Computer Science Prize. Telvent. Ministry of Education and Science. 2005. **Information Technologies**
- Prize for Best Energy Website, The Web Marketing Association, USA, 2004, **Bioenergy**

- Prize for Excellence and Practical Improvements in the Area of Technological Innovation, AENA, 2003. **Information Technologies**
- ComputerWorld Prize for Technological Innovation in Andalusia, 2003. **Information Technologies**
- Nebraska Business Innovation Prize, USA, 2003, Abengoa Bioenergy Corporation, **Bioenergy**
- Prize for Technological Innovation in the Sector of Recovery 2000, Spanish Recovery Federation, 2003. **Befesa**
- Prize for the Best Project of the Year, Hynergreen Eight Grove Fuel Cell Symposium, 2003. **Engineering and Industrial Construction**
- Dilectae Academia Prize (First Edition), in recognition its innovative career, Abengoa, Engineering Academy, December 2002
- AEC Prize, for R&D&I to Protect the Environment, AEC Spanish Association of Scientists (AEC), Madrid, November 2001.
- Prize for Most Valuable Innovation, Telvent Velflex product, European Wind Energy Conference, Copenhagen, June 2001. **Information Technologies**
- European Union Prize for the Best Industrial Initiative in the Use of Renewable Energies, for the project on utilization of bioethanol within the programme Renewable Energy for Europe, Camping for Take-Off, Abengoa, Repsol-YPF and Cepsa, European Union, Toulouse, October 2000. **Bioenergy**
- Prince Felipe Prize for Business Excellence, in the category of Business Competitiveness: Energy and Industry Ministry and the Commerce and Tourism Ministry, March 1996.
- Prince Felipe Prize for Business Excellence, in the category of Technological Effort:: Energy and Industry Ministry, March 1996

Innovative Tracking Projects

Abengoa believes that demonstration projects are key to implementing an innovation policy for the development of new products aimed at the market. Demonstration projects achieve operational validation of a product, system or innovative process and market testing. They also provide knowledge about anticipated cost so that an initial budget can be set, which can be later lowered through the experience curve. On the

other hand, demonstration projects produce a real demand in the public R&D system which enables science to respond to the needs of society.

Once again, this year, we must highlight the project for the Production of Bioethanol from lingo-cellulosic biomass. This project is designed to convert straw from corn and other cereals into bioethanol, as well as other agricultural waste. This will give rise to new benefits for farmers, as production costs will be lowered bringing them closer to the price of gasoline and the greenhouse effect will be lessened through absorption of CO² by plants – a raw material in the production of bioethanol – through chlorophyllic function. With investment scheduled for five years of US\$35,478,765, this project has received major non-returnable assistance from the Department of Energy (DOE) of the Federal Government of the United States for a value of US\$17,739,38, accounting for 50% of investment.

We here-below offer a selection of other innovation projects our companies have been carrying out throughout 2005.

Bioenergy:

- **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.
- **Agrobiol.** 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 Agrobiol 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 is currently being developed for this technology. It will facilitate 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.
- **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.
- **Fusion perfectioning.** Befesa Aluminio. Objective: Study of an optimum performance flux for the rotating kiln. In-house financing.
- **Improvements in aluminum pouring process.** Befesa Aluminio. Objective: Improvement and redesign of automatisms for ingoting. In-house financing.
- **New filter powder waste treatment process.** Befesa Salt Slags. Objective: Design and install a pilot plant for routine processing of sleeve filter powders. With the collaboration of the Inasmet and Inatec laboratories. In-house financing.
- **End Product Chlorine Content Reduction.** Befesa Zinc. Project objectives: To establish the conditions and causes by which the chlorine content increases in the product and establish the optimal conditions under which the lixiviation process minimizes the chlorine content in the end product, taking the quality of the effluent into consideration. In-house financing.
- **Vitrification.** Befesa Gestión de Residuos Industriales. Studies to perform the hazardous industrial wastes thermal treatment process by means of plasma Vitrification. Financed under the "National Scientific Research, Development and Technological Innovation Plan 2004-2007 (Pladit)".
- **Experimental plant for the reutilization of industrial wastes of an organic nature.** Albega. The project comprises the construction and start-up of an alternative fuel production plant utilizing wastes, for the cement and ceramics industries, and the production of inorganic subproducts capable of substituting some of the raw material used by these industries. Profit Program Funding.
- **Application of low-content Magnesite in Environmental Technology.** Befesa Gestión de Residuos Industriales. The project consists of the utilization of Magnesite as a waste absorbent to achieve stable waste behavior, transforming wastes of a hazardous nature into those of a non-hazardous nature, by preventing the lixiviation of metals. Profit Program Funding.
- **Production of fiber glass reinforced thermoplastic compounds.** Befesa Plásticos. Industrial facility for the production of fiber glass reinforced polypropylene, using recycled materials. In-house financing.
- **Prototype of a PFRV Sand Filter for desalination.** Befesa CTA. Design, construction and validation testing of a real-scale prototype of a sand filter made of fiber glass reinforced polyester (PRFV) to be utilized in desalination plants. This type of material will solve the corrosion problem that is currently arising with steel filters in desalination plants, which is shortening their expected useful life and resulting in additional costs. In-house financing.
- **Submerged bed biological reactor feasibility study.** Codesa. Development of the activated carbon technology, specifically lignite coke, in combination with biological reactors for utilization in the treating of high biological toxicity liquid industrial wastes. Regional Government of Andalusia Funding.

Information Technologies:

- **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.
- **ValTick**. Design and development of a driver desk, on-board equipment with an interface for transport ticket sale, card recharging, and ticket validation functions... Intek, Basque Government, and Profit Program Funding.
- **WebPark**. Internet-based advanced parking lot management system.
- **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.
- **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.
- **Opera (Open PLC European Research Alliance)**. Project aimed at offering low cost broadband access services through the most widespread universal infrastructure, the electricity networks. Funded by the European Commission through the IST program.
- **Merced**. Project aimed at developing a work framework that enables the reutilization of software components for real-time embedded (RTE) systems. Eureka Program Funding.
- **OpenRTU**. Project aimed at developing a real-time embedded system that enables its flexible and versatile use as a core technology of Remote Terminal Units (RTUs) for application in industrial control systems. Financed by the Ministry of Industry, Tourism and Trade.
- **Metap (Applied Meteorology)**. Project to design and develop an array of meteorological systems and applications that will shape the prototype of an Applied Meteorology System. Funding from 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.
- **Osmose**. "Open Source Middleware for Open Systems in Europe". Project led by Telvent in which the R&D centers of leading European companies (Bull, France Telecom., Philips, Telefónica, Thales, etc), and research institutes and universities (Charles University, EPFL, INRIA) are participating. The aim is to develop an open platform for distributed systems that will be validated on a broadband residential services gateway. Profit Funding/Eureka Program.
- **Osiris**. Integration of services oriented technologies, components, and architectures (web services, etc.) to avail of flexible infrastructure value-added services. Profit Funding/Eureka Program.
- **SmartClient**. Development project to enhance the deficiencies resolution capacity of systems through the integration of Microsoft's Smart Client technology.
- **Program Certification**. Certification of the OASys-DNA for SAP, National SCADA Test Bed (INEEL), OSIsoft Pt and Windows Gold Partner.
- **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.
- **Passepartout.** Project aimed at the convergence of systems and digital applications in the domestic environment. Eureka/Profit Program Funding.
- **Technology Platform.** Development of advanced methodologies for the design of systems and software, wireless connectivity middleware, service reliability, security and quality. Profit Program Funding.

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 Esteriplasma II.** Development of a microwave produced plasma sterilization system for treating medical and pharmaceutical materials. The ICMSE-CSIC and the University of Seville are participating. Partial Funding under the Ministry of Education and Science's Profit Program.
- **Project Plasma-Air II.** Development of a Barrier Discharge Non-thermal Plasma Reactor for air purification and the elimination of microorganisms in indoor environments. GreenPower Technologies, S.L. and the ICMSE-CSIC are participating in the project. Profit Program Funding.
- **Project Res2H2.** The main objective of the Res2H2 project is the integration of renewable energies with hydrogen production and its utilization in different sectors. On this project, which is part of the European Commission's 6th Framework Program, the University of Las Palmas de Gran Canaria, the INTA, OWK GmbH, Solantis Energy AG, Unelco-Endesa, Compañía Transportista de Gas de Canarias, S.A., IDS AG, CRES, FIT, Electricity Authority of Cyprus, C. Rokas, S.A. and PLANET GbR are participating.
- **Project 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 Llerida, 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.
- **Project 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.
- **Project 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.
- **Project Abahelio.** Large-size 200 m² Heliostat that lies on the ground. Profit Program Funding.
- **Project Medcal.** Systems to Improve the Precision Sun Targeting and Increase Solar Power Plant Efficiency. Profit Program Funding.
- **Project 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.
- **Project Repow PS10.** Repowering of the PS10 plant through the Contribution of Steam from a Loop of Parabolic Cylinder Collectors. In collaboration with the Ciemat.
- **Project 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.
- **Project Eureka.** The objective of the Project, in which the Ciemat and the College of Superior Engineers of the University of Seville are also participating, is the development of a GDV (Direct Steam Generation) technology steam superheater receiver module that, upon it being independent of the saturated steam generation receiver module, allows temperatures up to 460 °C to be reached in the steam generated in tower technology plants.
- **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 Revcell.** Autonomous energy production systems based on reversible fuel cells as long-term storage devices for isolated photovoltaic systems and

UPS. The objective of the project is the development of a reversible polymer fuel cell (RFC) capable of functioning as an electrolyzer (producing hydrogen and oxygen from water), and as a fuel cell itself. Inabensa, Fraunhofer-ISE, Nedstack FC Technology BV, ECN, Stockholms Universitet, Chloride España S.A.U., Univ. Duisburg-Essen and Nedstack FC Components BV are also collaborating on the project which is funded by the European Commission's 5th Framework Program.

- **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 SolTerH.** Generation of clean and renewable hydrogen utilizing high temperature Solar Thermal Energy employ, for this purpose, an iron oxide based thermochemical process. Participants are Hynergreen, Ciemat and Solucar.
- **Project Homecell.** Design and development of a 2 kW electric energy generating system, based on PEM type fuel cell, for the domestic market. The participants are Hynergreen, Inabensa, the Andalusia Industrial Research and Cooperation Association (AICIA) and the University of Seville. Developed with Funding from the Regional Government of Andalusia.
- **Project Microcell.** Its objective is the development of a portable and reliable compact electric energy producer system based on a 50 watt polymer fuel cell. The project contemplates the safe and compact transportation of hydrogen. It is funded under the Ministry of Education and Science's Profit program, and by the Regional Government of Andalusia. The participants are Inabensa, the Andalusia Industrial Research and Cooperation Association (AICIA) and the University of Seville.
- **Project Mahres.** The objective is the design and development of a national map for hydrogen production using renewable energies by applying multi-criteria techniques. In addition, the aim is to advance and develop a possible infrastructure to favor the transition to the hydrogen economy, where this energy

vector would coexist with other traditional forms of energy production based on the electric vector. The University of Pablo de Olavide of Seville is also participating in the project.

Innovative Lines. Important Tracking



At present, there are five important innovative lines in Abengoa: Bioenergy, Solar Energy, Hydrogen Technologies, Information Technologies and Desalination.

Bioenergy This business group works on enhancing innovations, improving efficiency, such as waste starch conversion, "Fiber Conversion" or DGS recovery, as well as on radical innovations to transform the business, such as ligno-cellulosic biomass, fuel cells, E-diesel or biorefinary.

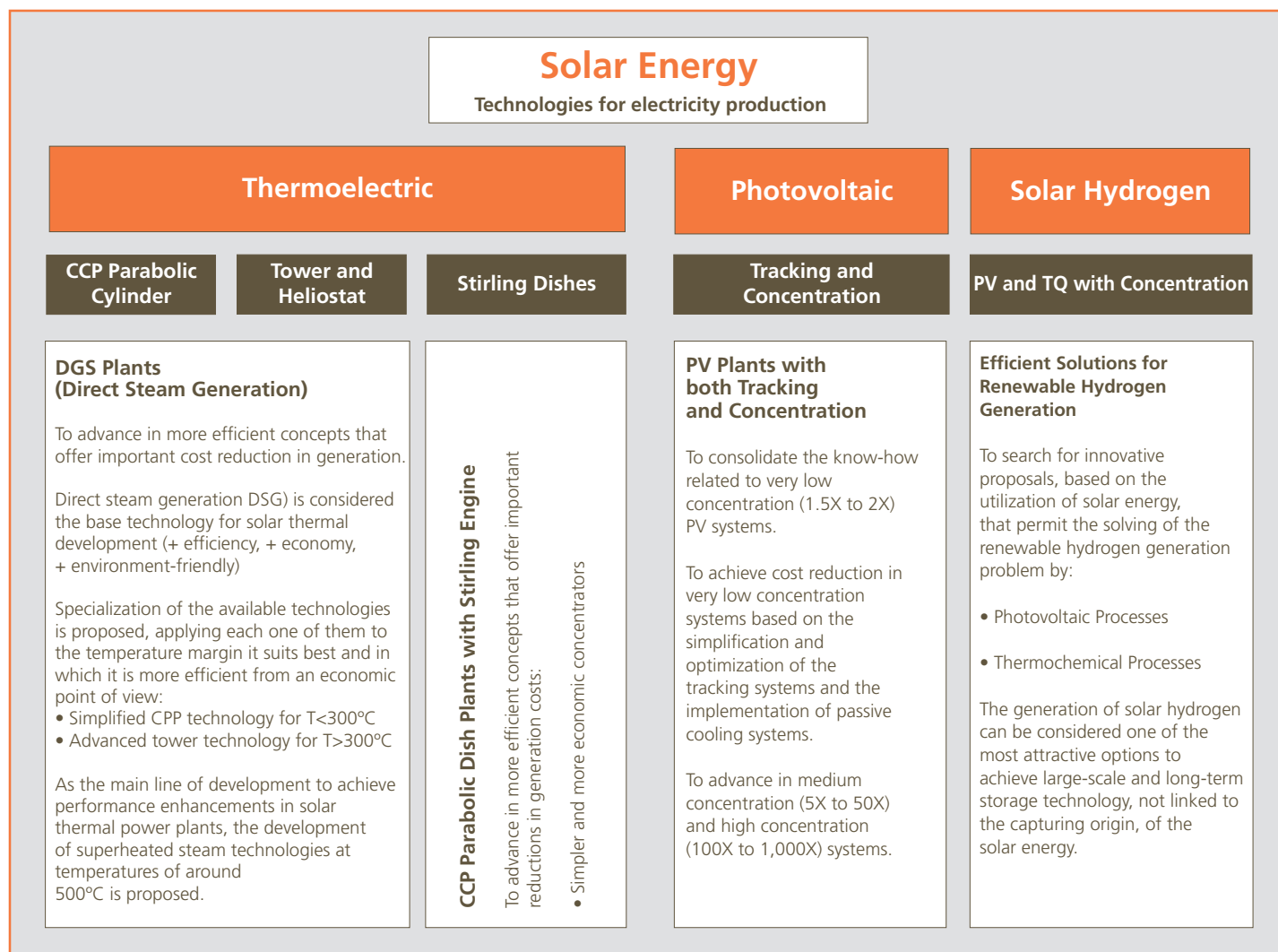
In this line, state funding is received from the Department of Energy of the United States Government, the European Commission via the Framework Programme V, and the National R&D Plan.

This table shows the R&D Plan in the area of Bioenergy for the years 2003-2006.

Bioenergy R&D Plan. Objectives									
Objectives	Production of ethanol at gasoline competitive prices						Widen the market		
Work Areas	Improve current performance	Ethanol production from Biomass		Increase co-product value			Demonstration programs for ethanol end-uses and development of new applications		
Projects	Residual starch conversion	Gasification and catalysis	Enzyme Hydrolysis	Bio-Products	Fiber conversion	Increase proteins	E-Diesel	FFV	Fuel cells
Partners	Novozymes	University of Seville	NREL, Novozymes StakeTech	Pending	NREL, Novozymes		02 Diesel Tussan	Ford/BP Repsol	ICP/CSIC
R&D programs	DOE R&D NP	DOE 6th FP R&D NP	DOE R&D NP	R&D NP	DOE R&D NP	R&D NP	R&D NP	R&D NP	CDTI R&D NP
Goals	2,9 gal/Bu yield	2007: compete with the cereal ethanol price 2012: Compete with the fossil fuel price		Increase current profitability in our facilities			Captive fleet in 2006		Prototype
Term	Short	Long		Medium			Short		Long

 Projects included under the DOE
  R&D NP-National R&D Program

Solar Energy. Abengoa is pursuing two lines of innovation in solar energy: solar thermoelectric and photovoltaic energy



Hydrogen Technologies. Abengoa has two companies dedicated to driving the development of Hydrogen and Fuel Cell technologies; Hynergreen Technologies, S.A. (Hynergreen) and Greencell.

Hynergreen is a company focused on the design, development and construction of electric energy based on fuel cells and hydrogen, and on the production, handling and storage of this gas as an energy vector.

To be precise, it focuses on the development of systems that integrate fuel cells and hydrogen in the transport and portable sectors, where it develops R&D&I projects and works at national as well as international level. An ambitious plan it has under way covers electric ratings that oscillate between 30 W and 500 kW, utilizing high and low temperature fuel cells.

All these ambiances will be able to benefit greatly from the use of these technologies which, in addition to greater efficiency, present other advantages such as low emissions of pollutants, higher energy density, modularity or low noise level.

With a clear awareness of the needs to pursue new clean energy sources, Hynergreen also participates in projects related with the production of hydrogen utilizing solar energy, and in the integration of nanotechnology and microtechnology.

In this sense, the hydrogen would act as a storage system for the renewable energies, converting them into a clean fuel and with possibilities of local production. To meet its objectives, Hynergreen collaborates with public and private bodies and institutions, both Spanish and foreign, in different frameworks and programs, to combine synergies and achieve the best possible results.

Finally, it utilizes R&D&I Management Systems that allow it to offer solutions developed to meet its customers' specific requirements, with the maximum

viability and based on the latest advances in these technologies and, in this way it contributes to a sustainable future.

Hynergreen is a member of the Board of Management of the Spanish Hydrogen Association (AEH2), holds the vice-presidency of the Spanish Fuel Cell Association (Appice), and is a member of Raitec as a Technology Agent. In addition, it is on the Advisory Council of the European of the European Hydrogen and Fuel Cell Technology Platform, and holds the Chair on the Spanish Hydrogen and Fuel Cell Technology Platform

Greencell's objective is the production of renewable hydrogen from bioethanol. Among other R&D&I projects, Greencell has developed, in collaboration with the Catalysis and petrochemical Institute of the CSIC, a pilot electric energy production system comprising a bioethanol reformer, hydrogen purifier and a 10 kW fuel cell. It is currently scaling this system to 300 kW.

Information Technologies. Abengoa develops its activities in this sector through Telvent, a company with multiple R&D&I fronts, especially in the wide-ranging fields of digital electronics, real-time data processing, modern telecommunications systems and internet applications. Telvent provides solutions for the Industrial, Services, Health and Public Administration sectors. In particular, we indicate one of our more complex and permanent technological development lines of activity, in which Abengoa is world leader:

OASyS DNA. Is a Supervisory Control and Data Acquisition System. An evolved SCADA System that provides the technological infrastructure that supports and integrates the different applications for the oil, gas, electricity, water and waste management sectors. It is an open-end platform that manages process control, the relations and interfaces with other internal and external systems, and superior level communication. The following are some of the specifically developed Telvent applications it supports:

- LMS: Liquid Management Suite for oil pipeline management.
- GMS: Gas Management Suite for gas pipeline management.
- GMAS: Gas Measurement Applications Suite for gas network data acquisition and processing.
- SimSuite PipeLine: Advanced pipeline operation simulation system capable of working on-line.
- Polaris Liquids: Oil pipeline integrated commercial management through internet.
- Polaris Gas: Idem for gas pipelines.
- WMS Water Management Suite for treatment plant and water distribution network management.
- Service Suite: VIP maintenance management.

Desalination. Abengoa, through Befesa CTA, aspires to becoming the global technological leader in desalination. It currently focuses its R&D&I activities on sustainable desalination through:

- The enhancement of energy efficiency by optimization of the rejected matter and the technological development of membranes.
- Desalination with Renewable Energies.
- Minimization of the environmental impact caused by brine dilution.

Abengoa Investment R&D&I

Investment R&D&I by concepts

	2004		2005		2006 (P)	
Main Projects	M €	% / Sales	M €	% / Sales	M €	% / Sales
Ethanol efficiency enhancement (residual starch)	1.0		1.1		1.9	
Biomass to ethanol conversion	3.8		13.5		25.6	
Hydrogen Technology. Fuel Cells	0.6		2.7		3.6	
Aluminum efficiency enhancement	0.6		0.2		0.1	
Vitrification	0.8		0.0		4.0	
Environmental Technology Center	0.0		0.0		0.5	
Desalination	0.0		0.0		1.1	
Electric, environmental, oil and gas control centers	6.4		6.8		7.1	
Road and rail traffic and ticketing systems	3.7		3.6		4.0	
Public Administration support systems	1.5		2.1		2.2	
Geographic Information Systems	0.0		2.2		2.3	
Solar Energy	0.6		31.7		17.6	
Other Projects	4.3		2.0		4.5	
Total R&D&I Investment	23.3	1.3%	65.9	3.3%	74.5	3.1%



Abengoa in 2005

- Social Action
- Internal Action
- External Action
 - Economic Action
 - Environmental Action
 - Dialogue with parties involved

Social Action

The international progress attained by Abengoa, after over sixty years of business history, is directly linked to its commitment to ensuring economic and social progress and, at the same time, contributing to the preservation of the environment. These are the three basic pillars of what is commonly known as Corporate Social Responsibility.

Within this vision of commitment, the objectives of the Fundación Fondo de Cultura of Seville were formulated in an open and dynamic process. 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 objective of general interest, with a special focus on efforts in the areas of assistance, education, culture, science, research and technological development.

In this manner, the Focus-Abengoa Foundation has become a valuable instrument within the culture of the company, sending forth its initiatives with strength and impact from its headquarters in the Hospital of Los Venerables of Seville. The Foundation is not only capable of seeing to the professional and personal progress of Abengoa's employees, but also of connecting with the new sensitivities of society as a whole – in short, of managing intangible assets whose impact benefits and is spread by the values and objectives of the corporation itself.

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 the year 2005, Abengoa employed an average of 11,082 persons, which represents an 18.9% increase.

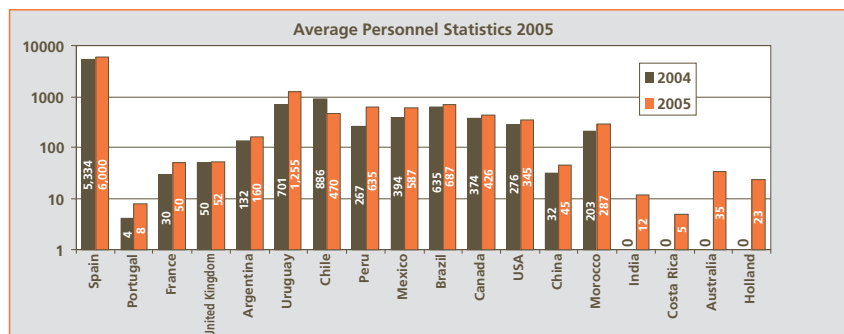
Personnel are distributed in the following manner, according to Business Groups:

- Solar 19
- Bio-energy 421
- Environmental Services 1,348
- Information Technologies 2,373
- Engineering and Industrial Construction 6,921

By geographic location and in accordance with Spanish and Foreign criteria, the total number of persons working in Spain is 6,000 (54.1% of all personnel), and the total number of foreign employees is 5,082 (America, Asia, Africa, Oceania and the rest of Europe).

Abengoa	2004		2005	
	Persons	%	Persons	%
Spain	5,334	57.2	6,000	54.1
Exterior	3,984	42.8	5,082	45.9

Staff itemised according to countries



Type of contract by continent

Type of contract by Continent	Permanent	Project contracts	Temporary
All of Europe	3,039	2,088	951
America	1,363	1,739	1,547
Asia	2	-	55
Africa	18	-	269
Oceania	11	-	-
Total	4,433	3,827	2,822

Labour regulations

All of Abengoa's workers are subject to the application of supra-corporate labour regulations, according to the nature of their specific activities and the countries in which they work. In addition to the legal safeguards of each country, employees are also granted regulated coverage by means of Collective Sector or Territorial Agreements or by agreements with the company, signed by the workers or their unitary representatives or unions, as the case may be.

In this area, the Abengoa Code of Conduct merits special attention; this code is applied to everyone, and is based on the consideration of various qualities as essential to the Company's reputation and success. Said qualities include honesty, integrity and good judgement of employees, executives and advisors in their dealings with clients and possible clients, with co-workers, the competition, administrative authorities, members of the press and with any other person or institution with whom the Company may come into contact.

Abengoa respects and upholds its employee's freedom of association and deems that a specific policy in this area is not necessary, being considered an inalienable right. Additionally, permanent dialogue is maintained with employee representatives, who are kept informed of all areas of interest to them.

Professional Training

The professional training programme completed by Abengoa in 2005 is structured in three large blocks, according to the nature of the material being taught and the end goals.

- **Corporate Training:** that which transmits the Company's common culture, Internal Norms, Strategy, financial models, Corporate Identity and values it represents.
- **General Training:** that which strives for the professional advancement of employees by educating them in the use of new workplace tools, new techniques, updating of professional contents, management methods and languages, among others.
- **Training in Occupational Hazards Prevention,** which not only involves receiving instruction in workplace security and hygiene and the use of protective elements, both individual and collective, but also being trained as Prevention Technicians on various levels (basic, intermediate or advanced); this preparatory education covers the preceding topics and also includes specific training in applicable legislation and its rules of interpretation, as well as official authorisation to be granted certain responsibilities in this area.

The objectives set for the year 2005 in the area of professional training were met and exceeded, the result being a complete and balanced educational activity focused on attaining the Company's strategic objectives.

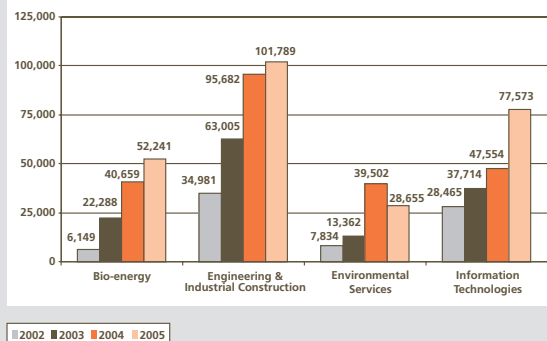
Summary	Courses	Participants	Education hours
Corporate training	147	4,946	32,091
General Education	2,756	20,154	189,561
Risk Prevention Education	1,099	7,728	41,735
TOTALS	4,002	32,828	263,387

The following table depicts training hours per worker over the past three years, according to Business Group:

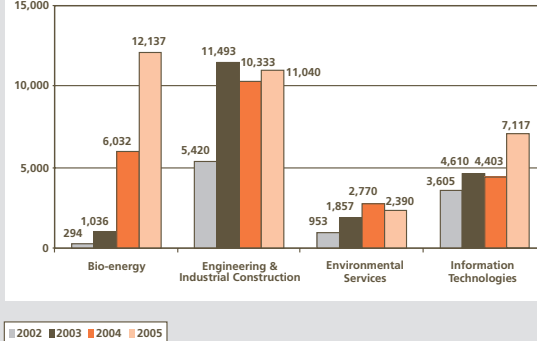
Training hours per worker	2002	2003	2004	2005
Bio-energy	18.3	66.3	22	115
Environmental Services	6.6	11.3	28.4	23
Information Technologies	17.3	21.9	23.2	46
Engineering & Industrial Construction	12.4	12.7	18.3	23

The following graphs show the comparative evolution of training hours and number of participants over the past four years, according to Business Groups.

Training hours by Business Group

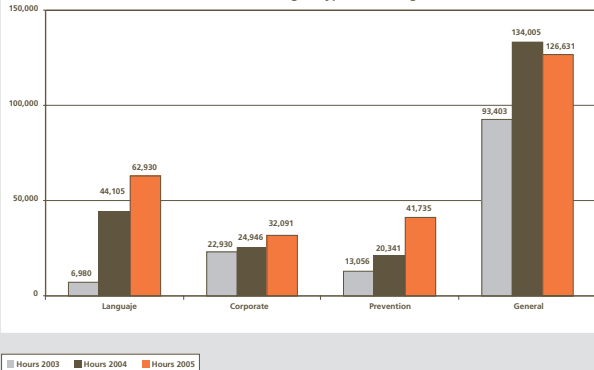


Number of Participants by Business Group

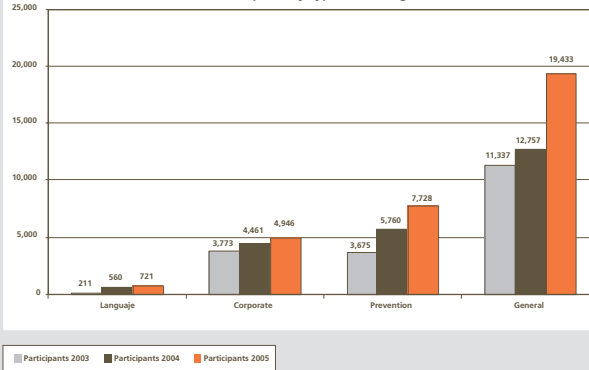


The following graphs presents a comparison of hours and participants over the past two years, according to the type of training received.

Hours according to Type of Training



Participants by Type of Training



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 the granting of an ample Study Aids Programme that attempts to lighten the economic burden of further education on the families of employees. This effort has led to the granting of 1,116 study scholarships for various educational levels during the 2004-2005 academic year, distributed among 884 Spanish and Latin American families, with a special 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-awarding ceremony, held in the Hospital of Los Venerables, is a unique occasion of great significance to both Abengoa and its Foundation, having constituted, since 1982, an annual gathering at which interaction with the award winners inspires us to renew our commitment to promote this historic social action.

Quality of life

Last year, Abengoa put a series of actions into motion with the goal of making the workplace environment more worker-friendly and pleasant, thus improving quality of life on the job and enabling workers to better combine their family and professional lives.

Following are some of the initiatives put into practice:

As an extension of our **Gymnasium** policy, a new fitness centre was created in 2005 in the Buhaira Building (Seville), adding to the existing infrastructures in the Valgrande Complex (Madrid), Tamarguillo (Seville) and Calgary (Canada). All of

these gymnasiums are outfitted with complete installations and their opening hours are designed to be compatible with work schedules.

Smoke-free Buildings. Our Smoke-Free Buildings Policy has received additional validation from the recently enacted Spanish legislation.

Another project included in Abengoa's Quality of Life Policy as an additional measure for facilitating the combination of professional and family lives is the **Day-care Service**, offered free of charge for children under age three to employees working in the Valgrande Building in Madrid. This service will be extended over the upcoming years to other company business centres, thus reaching out to a significant number of employees who will benefit from this corporate policy.

Additionally, other activities aimed at improving the quality of life of persons working at Abengoa also continue to be developed, such as:

Individual employee care. This is a service for building human relationships, where the employee and his/her entire and complex life circumstances can find resources to help face diverse individual situations, such as the need to be heard, the need to receive help and orientation, the need for information, or the need for assistance with specific economic problems: negotiation of bank loans, social fund for additional expenses incurred by illness, etc.

Occupational health. Personal follow-up is offered, without detriment to the purely medical aspects of health, with special emphasis on psychological, personal and economic problems deriving from the impact on the family of injured or ill employees. Of special note in this regard is the new and improved Collective Life Insurance offered by the company.

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, Chile, Brazil and Argentina. 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 form part of the company's developmental and growth processes.

Palmas Altas Technological Centre. Abengoa's future Technological Centre, located in the area of Seville known as Palmas Altas, will be the future activity 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 this centre; the project was awarded to the 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 outlay and includes various buildings situated around a central plaza, which will be the centre of a service area (restaurants, day-care centre, 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.

La Antilla Residence. The acquisition in 1972 of a cosy 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. The plan for the remodelling of the complex, in compliance with current fire safety standards, is still underway, as is the conversion of other installations to accommodate 48 toilets. Great interest and effort is also being invested in the introduction of measures to improve the quality of existing conditions. 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. In 2005, 3,077 persons vacationed at the complex, of which 325 were retired employees invited by Abengoa; the latter figure has increased substantially in comparison with the number of retired employees who vacationed at the residence in 2004.

Activities at the Hospital of 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, in 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's editorial.

Health Care Services. Within the policy of promoting employee health insurance coverage, the company has an additional policy of providing every work centre of over 300 employees with Health Care Services. Every Abengoa building of these characteristics (Buhaira, Tamarguillo, Valgrande, Velasco Pando, etc.) has its own Health Care Centre, staffed by specialised personnel and equipped with the necessary quantities of medical supplies. Apart from the regular visiting hours and appointments for medical exams, following the specific programme dictated by Health Care Vigilance, the centres offer emergency care during working hours, for which each building has a special telephone extension.

Case follow-up by the Social Action Department.

In problematic situations, personalised follow-up is provided, with special emphasis on psychological, personal and economic problems deriving from the impact on the family of the injured or ill employee.

Health and Safety

In accordance with the obligations established by the Regulations on Occupational Hazards Prevention that are applicable in different countries and by Abengoa's Occupational Hazards Prevention Policy, important steps have been taken in the year 2005 for the continual improvement of the current Prevention System.

The development of planned objectives over the course of the year in the companies, the integration and participation of employees in the progress of prevention activities, the maintenance and control of the system carried out by the company directors and the assessment of the existing preventive organisation in the various companies is making possible a collective consciousness of occupational hazards prevention within the group's companies, which significantly

contributes to a decrease in work-related accidents and occupational illnesses as well as to a continuous improvement of safety conditions in the workplace.

Every Abengoa company has designated persons, whether part-time or full-time, who are dedicated to the development, management and control of prevention systems. The organisational models used in the area of Hazard Prevention are adjusted to meet the legal requirements of each country in which Abengoa pursues its business activities, and the formula chosen by Abengoa is that of Internal Prevention Services, which means that the corporation employs technicians specialised in this area.

Each of the group's companies, in accordance with Abengoa's Prevention Policy and with the Common Management Regulations, has created Prevention Committees to handle the observation and control of Prevention Systems. The Prevention Committee is comprised of the Company Directorate, the Overseers of each area, and the Prevention Service technicians. The Committee, which meets periodically, determines objectives and follows up on their implementation, analyses the evolution of workplace accidents and statistical indicators, plans annual prevention activities (Spanish acronym: PAP), according to the results of occupational hazard evaluations, the IRP (Problem Management & Solution Reports) and AM (Improvement Actions), internal audit reports, published legislation, etc. Afterwards, the results are analysed by Directorate Review, and the cycle of continual improvement begins once again.

As the Prevention Policy states, prevention training is a basic pillar of the Prevention Management System. The content of training activities is oriented to ensure that employees are able to identify occupational hazards in their work stations as well as the existing prevention, protection and emergency measures for eliminating or controlling those hazards. Special priority and emphasis is placed on personnel exposed to particularly serious hazards and on new recruits.

At Abengoa, the current levels of workplace accidents are very low (42.54 Accident Rate and 0.48 Serious Injury Rate), when compared with the hazard and danger rates of many other companies and with the official data on accidents in similar sectors,

such as Construction (153 Accident and 2.01 Serious Injury) or Industry (100 Accident and 1.33 Serious Injury).

Each company keeps tabs on the occupational accidents and work-related illnesses that occur in their workplaces (official report, medical certificates of unfitness and fitness for work, etc.), as well as on the investigation reports elaborated by the Prevention Services Technicians or other members of the prevention organisation, in accordance with internal management rules and the PGP-000/08 general procedure of prevention systems. This information is communicated each month to Human Resources Management for the elaboration of the corresponding company and overall group indicators, in such a way as to allow efficient monitoring and control and facilitate the proposal of improvement measures where necessary.

In accordance with the aforementioned management rules, serious accidents are immediately reported to the Presidency, the Director of the Business Group, the Director of Human Resources and the overseer of Occupational Hazards Prevention. An immediate analysis and investigation into the particular circumstances is carried out through two previously mentioned channels: the form for the Report on Investigation into Events and/or Accidents, and the corresponding Problem Solution Report.

Some pertinent data for the year 2005:

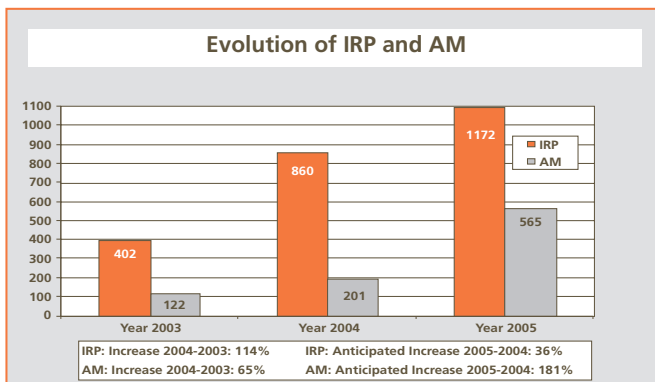
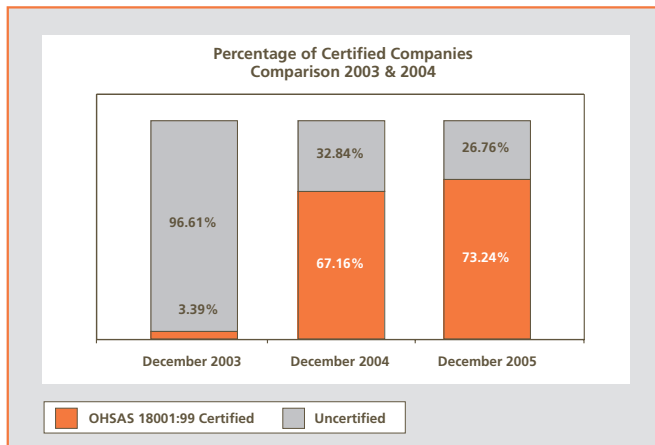
- Abengoa's total absenteeism percentage (disciplinary absence, illness, accidents, excused and non-excused absences) is 3.02%. Absenteeism due solely to occupation illness or accidents is 2.3%.
- The number of work-related accidents leading to certification of unfitness for work lasting more than one day was 457, of which 37 came about in transit to or from the workplace. These accidents have caused the loss of 8,918 working days, of which 478 correspond to accidents en route to work.
- During the year 2005, only one occupational accident resulted in death. The deceased was an employee of Abengoa Peru, and the fatal accident took place when the worker fell from a height of 3 meters, having readjusted his position without first securing his safety harness.

Encouraging participation, personal or group initiative, proactiveness – in short, the involvement and commitment of everyone to the continued improvement of the Prevention System at each one of Abengoa's companies – continues to be one of the most important objectives and constitutes a significant change from the traditional, formal, and vertically-oriented system.

Computer applications for problem management and solution (IRP) and for treatment of improvement actions (AM) are strategic tools that facilitate the attainment of this objective. All employees at every company have access to them, and it is the Directorate's responsibility to put them into practice throughout the entire organisation.

Additionally, a computer application has been introduced that is extremely useful to the companies and Prevention Services for the formatting and management of all documentation of the Occupational Hazards Prevention System (Spanish acronym: SGPRL). This programme administers the Joint Prevention service, within its company sphere.

Abengoa's Common Management Rules establish the implementation and certification of prevention management models according to OHSAS 18001:1999 as a strategic objective for all companies. The following graph shows the evolution of the percentage of certified companies as of December 2005.



To check the safety conditions in which activities are carried out at offices and construction sites, 439 visits were realised to places of work, as well as 206 hygienic evaluations. The deficiencies and anomalies observed in these visits have been duly reported in the corresponding Problem Solution Reports (IRP) and Improvement Actions (AM).

The currently implemented check-list system continues to be promoted. This system allows the overseers of offices and construction sites to detect any shortcomings in the prevention system being used.

In accordance with the objectives and programmes, 142 internal audits have been completed within companies and organisational units. The non-conformities and recommendations obtained have been duly reported in the corresponding IRP and AM of the companies.

External Social 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, being its active instrument for the implementation of its social action.

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.

Since 1991, the Foundation's headquarters have been located in the Hospital of Los Venerables Sacerdotes (the Venerable Priests) of Seville, a historic and artistic monument dating from the 17th century and lent 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 in all its original splendour. 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.

Conservation and maintenance of the Hospital of Los Venerables

The most solid asset under the guardianship of the Foundation is the Hospital of 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 conservation process of 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

Focus-Abengoa Internship Programme

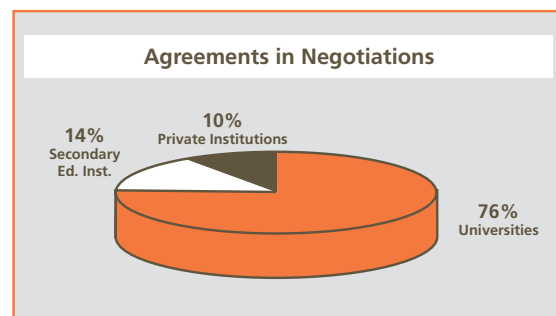
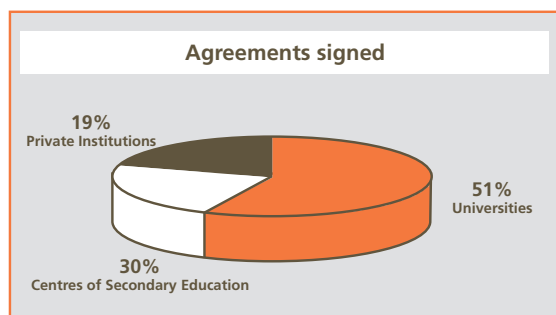
With the goal of promoting and complementing the education and integration of students in the working world, the Foundation has signed Educational Cooperation Agreements with various national and international learning institutions, which serve to incorporate students into Abengoa's companies. The beneficiaries of these practical-learning scholarships gain first-time professional experience and the possibility of becoming future Abengoa employees, and at the same time provide the company with a source of innovative and highly qualified personnel.

During 2005, a total of 281 scholars were complementing their studies in Abengoa's various companies, an experience made possible by the ratification of 44 Cooperation Agreements with various educational centres. In this year 2005, 19 more institutions have joined the previous 44, making a total of 63 agreements

signed. The Focus-Abengoa Foundation is also currently in the process of formalising and negotiating agreements with 29 other institutions.

Of the 281 students who took on internships through the internship programme, 100 were still working as of 31 December and 181 completed their programmes before the end of the year. Of these graduates, 11 obtained a mark of 8 points out of 10 or higher, which is the minimum mark required in order to work in an Abengoa company. 73 have been integrated in workplaces, which represents 40% of the total of students who completed their internships.

The information is summarised in the following tables and graphs:



Principal Collaboration Agreements signed between Focus-Abengoa and various educational Institutions:

Universities

Alfonso X "El Sabio" (Madrid)
 Alcalá de Henares (Madrid)
 Autónoma (Madrid)
 Antonio Nebrija (Madrid)
 Camilo José Cela (Madrid)
 Carlos III (Madrid)
 Complutense (Madrid)
 Europea (Madrid)
 Francisco de Vitoria (Madrid)
 Politécnica (Madrid)
 Pontificia Comillas (Madrid)
 Rey Juan Carlos (Madrid)
 San Pablo-CEU (Madrid)
 UNED (Madrid)
 Universidad de Sevilla
 Pablo de Olavide (Sevilla)
 Facultad CC. Físicas (Sevilla)
 Universidad Politécnica (Barcelona)
 Universidad de Barcelona
 Universidad del País Vasco
 Centro de Estudios Jovellas (País Vasco)
 Universidad Politécnica (Cartagena)
 Universidad de Huelva
 Universidad de Córdoba
 Universidad de Zaragoza
 Universidad de Castilla-La Mancha
 Universidad Santiago de Compostela
 Universidad de Oviedo
 Universidad de Salamanca
 Universidad Politécnica (Valencia)
 Inst. Tecnológico Monterrey (México)
 St. Louis University (EE.UU.)

Secondary Education Centres

Santa María del Castillo (Madrid)
 Ntra. Sra. del Pilar (Madrid)
 Heliópolis (Sevilla)
 Almudéyne (Sevilla)
 Velázquez (Sevilla)
 Politécnico (Sevilla)
 Lucus-Solis (Sevilla)
 Nervión (Sevilla)
 Jesuitas (País Vasco)
 Salesianos (País Vasco)
 Barakaldo (País Vasco)
 El Bohío (Cartagena)
 San Juan Bosco (Cartagena)
 Carlos III (Cartagena)
 Politécnico (Cartagena)
 Vázquez Díaz (Huelva)
 Sancti Petri (Cádiz)
 Vicente Blasco Ibáñez (Valencia)

Private Institutions

Esc. de Finanzas Aplicadas (Madrid)
 Fundación Carolina
 Centro de Estudios Financieros
 C. Formación Empresarial (Madrid)
 ESIC (Madrid)
 C. Estudios El Monte (Sevilla)
 Conf. Empres. Andaluces (Sevilla)
 SAFA
 Esc. Organiz. Industrial (Sevilla)
 Eseune (País Vasco)
 San Pablo-CEU (Sevilla)
 CES San Valero (Zaragoza)

The following are among the main Collaboration Agreements in negotiation:

Universities

Universidad de Murcia
 Universidad Oberta de Cataluña
 Universidad de Málaga
 Universidad de A Coruña
 Universidad de Navarra
 Universidad de Valladolid
 Univ. de Washington (EE.UU.)
 Univ. San Marcos (Perú)

Secondary Education Centres

Virgen de la Paloma (Madrid)
 Palomeras-Vallecas (Madrid)

Private Institutions

Cesma (Madrid)
 Fundación Pablo de Olavide (Sevilla)
 Forja XXI (Sevilla)

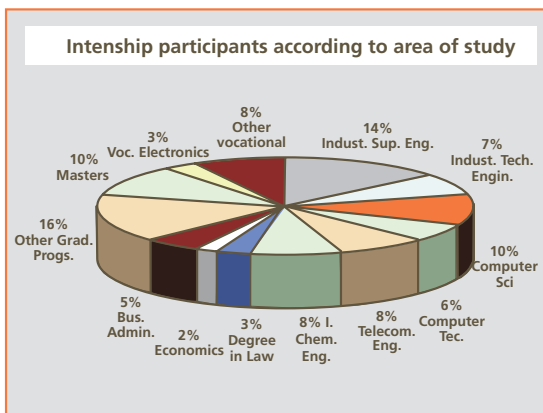
Among the principal agreements in negotiation are the following:

Madrid	IES Virgen de la Paloma
	IES Palomeras-Vallecas
	Centro Europeo Garrigues&Andersen
Seville	Fundación Pablo de Olavide
	Forja XXI
Catalonia	U. Rovira i Virgili (Tarragona)
	Universidad Oberta de Cataluña
Murcia	Univ. de Murcia
Andalusia	Universidad de Cádiz
	Universidad de Málaga
Galicia	Univ. A Coruña
Asturias	IES Mata-Jove
Saragossa	IES Corona de Aragón
Valladolid	Universidad de Valladolid
Navarra	Universidad de Navarra
USA	Washington Univ.
Brazil	Univ. Cândido Mendes
	Univ. Estació de Sá
	Univ. Santa Úrsula
	Univ. Católica de Río de Janeiro
Mexico	Univ. Anáhuac
	Univ. Intercontinental
	Univ. Del Valle de México
	Univ. La Salle
	Univ. Autónoma Metropolitana
	Instituto Politécnico Nacional
Peru	Univ. Nacional Autónoma
	Universidad Católica

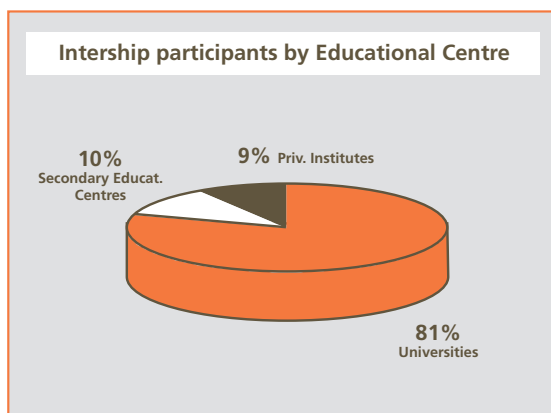
Internship participants

2005 Interns	
Interns enrolled as of December 2004	63
New interns in 2005	221
Total Interns 2005	281
New interns 2005	184
Hired	73
% Hired out of all finished	40%
Average interns per month 2005	104
New interns in June 2005	100
Total Internship Cost 2005	687 Mls €

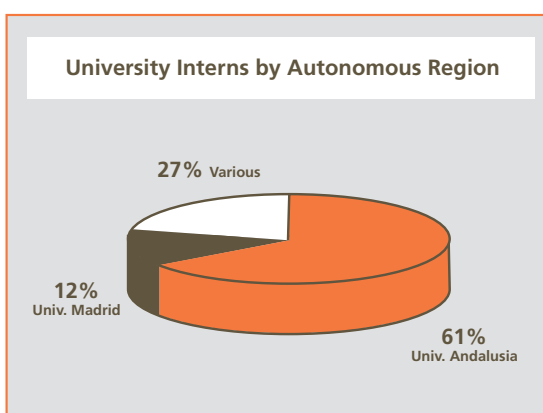
Internship participants according to area of study



Internship participants by educational centre



University interns by Autonomous Region



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, contributing to the creation of an exchange of artistic experiences beyond our frontiers. This prize is also a public acknowledgement for the artists and serves as an incentive to continue along their chosen professional path.

In its 22nd edition, the Jury of specialists selected the winning works, with undeniable objectivity and rigour, from a total of two hundred and eighty-four paintings received from both the European Union and the Americas. The selected paintings were later exhibited at the Hospital of Los Venerables. First Prize, with an economic value of 24,000 euros, was awarded to María José Gallardo for her canvas entitled "N.E.N.E./ I have followed the movement of your lips", and the two Runner-up Prizes, worth 6,000 euros each, went to Kepa Garraza for his painting "Altered States 14" and to Klaus Ohnsmann for his work "Time of doubt". The three paintings have become part of the Focus-Abengoa 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 monetary endowment of 3,000 euros, this prize would also include publication of the chosen thesis, with a view to obtaining a greater degree of dissemination and significance. This year's prize was awarded to Mercedes Díaz Garrido for her thesis on "Triana and the right-hand bank of the Guadalquivir. Evolution of an urban landscape from its origins until the mid-20th century."

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, with the intention of recognising the efforts of members of the university community

in their eagerness 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 an economic bonus of 9,000 euros, is the result 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 second edition, the prize was given to University of Seville tenured professor Antonio Barrero Ripoll, for his work "Creation of complex-structure nanoparticles using electro-hydrodynamics."

The Javier Benjumea Chair of Economic and Business Ethics

The 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 2004-2005 academic year, the Chair has carried out a wide variety of academic and research activities. Of special interest among these activities are:

- Collaboration with the "I Company and Social Responsibility Conferences"
- Courses on "Business Ethics at the Department of Economic and Business Science" (ICADE).
- "Business ethics units" given as part of the Master's and Business Specialty programmes of the Graduate and Continuing Education Institute, in Madrid and in various provinces (Logroño, Pamplona, Saragossa, La Coruña)
- Doctorate course on "Company Ethics and Social Responsibility" within the framework of the Economic and Business Science Department's doctoral programme (ICADE)
- The Chair also directed various graduate-level research projects.
- Seminar entitled "The CSR of organisations: ethics, image and communication"
- International Seminar on "Finances, Ethics and Transparency"
- Ongoing seminar with the theme "Communication of Social Responsibility"

Abengoa Master's Course in International Finance and Management of Corporate Finances

During this year, the Fundación Carolina and Focus-Abengoa have 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 Iberoamerican Community of Nations. Funding was granted in the form of ten study grants that covered 100% of the costs of enrolment, travel expenses, medical insurance, etc. From a technical point of view, this course is run by the Spanish Institute of Financial Analysts through its Financial Studies Foundation.

Welfare efforts

Educational grants and financial aid for the integration of handicapped persons in Latin America

Within the Latin American section of Focus-Abengoa's social purpose, of special note is the intense efforts being made on behalf of handicapped people in marginalized areas of Argentina and Peru, especially areas with high poverty rates. On one hand, work is concentrated on the construction and maintenance of school centres with public drinking water, electrical installations, kitchens, dining areas and halls-gymnasiums for multiple uses. On the other, efforts focus 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 Hermanas de la Cruz Congregation in two action centres located in Santiago del Estero Province, in the towns of Quimilí and Monte Quemado. Of special note is the implementation of the project "Bodily Practices: Everyone's Right" based on the importance of physical education for handicapped people.

Additionally, in Peru the Abengoa Peru company collaborates with the Hermanas Josefinas de la Caridad Institute. This organisation has four centres (three geriatric units and one nursery) located in Lima, Chiclayo and Cerro de Pasco.

San Rafael Retirement Home

The shelter and care of the elderly is one of modern society's key problems. 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 segment of society, often ignored and with few economic resources, led to the construction of the San Rafael Retirement Home, which was officially opened in November 1991. The building, located in the town of Dos Hermanas in the province of Seville, currently cares for approximately sixty individuals who discover the warmth of a true home in this environment 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.

Seminars and Conferences

University Schools of the Focus-Abengoa Foundation

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 of Los Venerables over the course of three consecutive years. With regard to their educational content, credits obtained at both schools are considered valid by the Universities of Seville, Pablo de Olavide and by all others with which the UIMP has signed validation agreements.

The School of Technology's first seminar was held from 7 to 11 March. Under the title **"Technology, globalisation and productivity"**, it was directed by Professors Juergen B. Donges, tenured professor of Economy and Director of the Institute of Economic Politics of the University of Cologne, and Antonio Miguel Bernal and José María O'Kean, of the University of Seville and Pablo de Olavide respectively. Among the international speakers were Prof. Dr. Bart Van Ark, tenured professor at the Dutch University of Groningen and Director of the Groningen Growth and Development Centre, and Prof. Dr. Henning Klodt, Director of the Kiel Institute for World Economics. National experts in information technology and its economic implications also participated, such as Eduardo Punset, internationally respected authority on the analysis of the society of information, or Manuel Sánchez Ortega, President of Telvent. Other figures with knowledge of the nature of the global economy and the challenge of competitiveness that it imposes also participated in the seminar, such as Prof. Dr. Emilio Ontiveros, tenured professor of Business Economy at the Autonomous University of Madrid and Delegate Counsellor of International Financial Assesors; José Luis Galán González, tenured professor at Pablo de Olavide University; or Gustavo Matías Clavero of the Autonomous University of Madrid. In the sphere of technological politics, issues of national policy were addressed by the Secretary of State for Industry of the Ministry of Industry, Tourism and Commerce, Joan Trullén, and regional political actions were covered by Isabel de Haro Aramberri, General Secretary of Industrial and Energy Development for the Department of Innovation, Science and Business of the Regional Government of Andalusia. The impact of technology on the business world was analysed by Jaime Domínguez Abascal, tenured professor at the Superior School of Engineers of Seville, and by José Mario Álvarez de Novales, professor of Strategy at the Institute of Business and Assistant General Director of said Business School.

In autumn, from 7 to 11 November, the second edition of the Focus-Abengoa Foundation School of the Baroque was held under the title **"European Capitals: The Moment of the Baroque"**. This course was directed by Cesare

de Seta, tenured professor of the History of Architecture at the University of Naples, who gave the keynote lecture “Methodological Questions: Turgot’s 1739 Map of Paris” and by Vicente Lleó, tenured professor at the University of Seville, who spoke on the Baroque culture of the era in his lecture “Seville as the Court: The Five Years of Phillip V”.

Both of the co-directors of this second course of the School of the Baroque have underscored the enriching qualities of the same, given the fact that the importance of the cities that the lectures focused on is indisputable because of their relevance in the Baroque period. The eight selected cities – Palermo, Naples, Rome, Paris, London, Madrid, Lisbon and Seville – provided a good general overview and allowed the course participants to form a sufficiently enriching and holistic idea of the state of Europe in the 17th and 18th centuries, analysing diverse aspects ranging from urban planning to the symbolic and from politics to economics.

Among the various representatives of the international academic world who participated as lecturers, special mention must be made of María Giuffré, tenured professor at the University of Palermo; Alessandra Anselmi, of the University of Calabria; and Marcus Binney, President of Save Britain’s Heritage. Among the Spanish lecturers were Fernando Marías Franco, tenured professor at the Autonomous University of Madrid, and Adolfo Carrasco, of the University.

At the same time as the seminars were held, music was integrated into the programme with a series of organ recitals on this fascinating theme under the title “The Organ in the Great European Cities of the Baroque”, which is further described in the chapter dedicated to music. In addition to this musical series, the Foundation organised two visits to monuments of Sevillian Baroque: the Church of the Hospital of Los Venerables and the Archivo General de Indias.

The progress of the sessions of both schools, held in the Hospital of Los Venerables, has been highly satisfactory, with a noted level of participation of students in the debates. Communication between professors and students, more fluid than usual, has been positively valued by all participants.

2005 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 fourth consecutive year in 2005. Held last spring at the Hospital of Los Venerables, the event sparked a debate between the most important figures of the global biofuel market, including representatives of public authorities, industry, agriculture, the petroleum sector, the automobile world and the sphere of technology. In addition to the debate, the conference also led to an analysis of the current market situation, its long-term limitations, and a joint exploration of different opportunities for this sector.

I International Seminar on Renewable Hydrogen

Abengoa’s commitment to sustainable development has also been present in the celebration of the first International Seminar on Renewable Hydrogen. Organised by the European Commission together with the Focus-Abengoa Foundation and Hynergreen, with the sponsorship of the International Partnership for the Hydrogen Economy (IPHE), this seminar was held at the Hospital of Los Venerables from 24 through 26 October.

During these days, over one hundred and fifty experts in renewable hydrogen production provided ideas and initiatives for working together in the search for methods that would allow the Hydrogen Economy, in which hydrogen would substitute petroleum and its by-products, to become reality in a medium-term sustainable future. The high level obtained, and the fact that expectations were more than met, has been a key factor in the Congress’s Organisational Committee’s unanimous decision to hold this same event in Seville next year, which was announced to the international scientific community on the seminar’s closing day.

II Congress on Biodegradable Residue and Compost

This Congress, held in Seville, opened with a reception at the Hospital of Los Venerables offered by Befesa for the participants and an ample group of representatives from the Ministry of the Environment and the Department of the Environment of the Regional Government of Andalusia, among others. At this forum, proposals and practical cases regarding the use of mud and residue for agricultural purposes and the operations of compost factories were presented and discussed.

Music

As in previous years, the diverse musical activities have focused on the organ, an instrument installed in the Chapel of the Hospital of 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, pursues 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 of international renown, and a Series of Didactic Recitals aimed at school children.

The recitals by young organists organised with the theme "The Organ in the Great European Cities of the Baroque" presented an overview of the organ's contribution to the Baroque artistic heritage of such significant European cities as Amsterdam, Paris, Lübeck, Prague, Venice, Rome, Seville or Lisbon, among others. These recitals were performed by Eudald Dantí Roura (Catalonia), Miguel Ángel García (Andalusia) and Susana García Lastra (Asturias). The series formed part of the seminar held during the same time period at the Foundation's headquarters under the title "European Capitals: the Moment of the Baroque".

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 Foundation's most eagerly anticipated and carefully planned activities.

Additionally, and for the fifth consecutive year, the **Master Organ Course** was given under the title "Italian Organ Music from the Renaissance to the Present Day", under the direction of the Italian Luigi Ferdinando Tagliavini. 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 backed by the Superior Conservatory of Music of Seville.

On another level, the demand of organ music aficionados was also met in the **Master Concerts** with the presence of some of the greatest organists of our time. This year, we were privileged to hear organist Luigi F. Tagliavini (Italy), tenured professor of Musicology at the University of Fribourg in Switzerland; Ghislain Leroy (France), winner of the 2004 Gran Prix d'interprétation à l'orgue (Grand Prize for Organ Performance) at the International Ville de Paris Contest; and Roman Perucki (Poland), tenured organist of the Gdansk Olivar Chair; José Enrique Ayarra, tenured organist of the Los Venerables organ and the Cathedral of Seville, performing with the Chamber Orchestra of the Royal Symphony Orchestra of Seville; and an additional concert by our head organist accompanied by guitarist María Esther Guzmán, on the occasion of the religious ceremony held on the day of St. Ferdinand, patron saint of the Chapel of Los Venerables.

Finally, on the occasion of the 5th Centennial of the founding of the University of Seville, Focus-Abengoa offered at its headquarters the organ concert entitled "500 Years of Organ Music in Seville", performed by José Enrique Ayarra, who played pieces by Spanish composers such as Mudarra, Peraza, Correa de Arauxo, Eslava and Manuel Castillo, among others.

All concerts were subsequently broadcast by Spanish National Radio on their Classical Radio station.

Exhibitions

"The Focus-Abengoa Collection. Selected Works"

On 24 May, the Church of the Hospital of Los Venerables hosted the conference "Rethinking Painting", organised and led by Juan Manuel Bonet, writer, art critic and past director of the Museo Nacional Centro de Arte Reina Sofía and the Instituto Valenciano de Arte Moderno. His lecture focused on the debate of the present-day coexistence of the figuration and abstraction of painting. This conference was given on the occasion of the official opening of the exhibition "The Focus-Abengoa Collection. Selected Works", which remained in our exhibition galleries until 17 July. Among the artists included in this exhibit were Gustavo Torner, Fernando Botero, Carmen Laffón, Antonio López, Manuel Sánchez Arcenegui and Juan Suárez Ávila, with a total of thirty-eight pieces selected from among the many that comprise the Focus-Abengoa Collection.

The exhibit was directed and co-ordinated by Alfonso E. Pérez Sánchez, Focus-Abengoa art consultant and Honorary Director of the Prado Museum, and by Fernando Martín, professor at the University of Seville. The exhibition also offered the added bonus of audioguides in various languages and an informative brochure for visitors. In the same way, guided tours were organised for students and diverse social groups, in which over 4,000 individuals participated.

"Works Selected for the 2005 Focus-Abengoa Painting Prize"

In this same chapter, we also wish to underscore the exhibition that showed the twenty-nine paintings chosen as finalists in this year's edition, out of a total of two hundred and eighty four compositions presented by artists from Spain, the

European Union and the Americas. The three winning paintings and other works acquired from among the works exhibited in the galleries of Los Venerables have become part of the Focus-Abengoa's permanent collection of painting and graphic works.

"From Herrera to Velázquez. Early Naturalism in Seville"

Her Royal Highness, the Princess Elena inaugurated the exhibition entitled *From Herrera to Velázquez. Early Naturalism in Seville*, at the Hospital of Los Venerables on 29 November, which was co-produced by the Focus-Abengoa Foundation and the Museo de Bellas Artes of Bilbao. The exhibition is dedicated to Sevillian painting from the first quarter of the 17th century and will remain open in Seville until 28 February 2006. Later, the show will travel to the Museo de Bellas Artes of Bilbao, where it can be visited from 20 March through 28 May.

Curated by the Prado Museum's Honorary Director, Alfonso Pérez Sánchez, and the University of Alcalá Professor Benito Navarrete Prieto, the exhibition has been 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 perspective on early Sevillian naturalism.

Passing through the exhibition's three galleries follows 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 quarter 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 on display comes from both Spanish and international museums as well as from 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 are now being exhibited publicly for the first time and have been restored especially for the occasion.

The exhibition brings together pieces that are key to 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, is now 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 have flowed from the hand 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 a total of 60 works by painters such as Zurbarán, Ribera, 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.

Restoration of Spain's artistic heritage

The Focus-Abengoa Foundation and the Museo de Bellas Artes of Bilbao have made an enormous effort to reclaim Spain's artistic heritage by restoring numerous paintings, creating a Restoration Workshop for this purpose at the Hospital of Los Venerables, headquarters of the Foundation. The artwork referred to is a collection of seven paintings belonging to the archbishopric of Seville, from various churches and monasteries of the diocese, which, having been restored, can now be viewed at the exhibition.

Artwork restored at the Hospital of Los Venerables

- "The Penitent Saint Peter", Velázquez imitation, from the Church of St. Andrew in Seville.
- "Still-life with Cook", by a disciple of Pieter Aertsen, from the Prelates Gallery of the Archbishop's Palace in Seville.
- "Saint Christopher", by Orazio Borgianni, from the Parochial Church of Gélves, Seville.
- "Saint Peter Released from Prison", by Juan de Roelas, from the Parochial Church of Saint Peter in Seville.
- "Saint Jerome with Saint Paula and Saint Eustachium", by Francisco Herrera the Elder, from the Monastery of Saint Paula in Seville.
- "Mystic Marriage of Saint Catherine of Alexandria", by Bartolomeo Cavarozzi, from the Monastery of Saint Paula in Seville.

- “Martyrdom of Saint Peter”, Caravaggesque imitation, from the Church of Saint Albert in Seville.

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 Prado Museum, 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 of Córdoba Workshop, which restored four paintings by Francisco de Herrera the Elder: “Saint John, Saint Phillip, James the Greater and James the Lesser”.

Almost 25,000 people visited the exhibition during its first month, and, as always, the Foundation has considered the educational programme a fundamental tool for reaching all levels of society and contributing to a greater historic and artistic understanding of the exhibition. To this end, a series of guided and explanatory tours have been offered to school groups and other social collectives, adjusting the contents of each visit to the profile of each visitor. In addition, the Foundation also offers visitors an audioguide service in various languages and free admission on Sunday afternoons. This exhibition was made possible in part by the collaboration of Iberia, Vocento and the Municipal Government of Seville.

Focus-Abengoa Collection. Painting and Graphic Work.

At the 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. Last year, 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 folder “The Prado Museum through the Eyes of Twelve Contemporary Artists”, a collection of engravings 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 engravings.

The Collection is always open to new additions, which bear witness to our continuing interest in present-day 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 the company’s cultural assets.

Sevillian Topics Library

Once the current headquarters had been completely restored, the bibliographic heritage safeguarded by the Foundation since the Sevillian Topics Library was created in 1981 was installed in what were previously the refectory and the chapterhouse of the Hospital of Los Venerables. Here, over six thousand volumes dating from the 16th century to the present day are preserved for posterity, all of which share a common theme: 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 in its possession a large number of engravings, decided that this delicate graphic art heritage required installations that would guarantee both their conservation and their use for scientific research. This Collection is unique because of its special dedication to Sevillian iconography, and also because it is the only collection of its kind in Spain and in the world. It is comprised of three hundred engravings ranging from the 16th to the 20th centuries, which are available to researchers and academics wishing to study them.

Publications

“History of the Royal Tobacco Factory of Seville. Current Headquarters of the University of Seville”

Faithful to its primary objective of contributing to the conservation, dissemination and development of Seville’s historic and cultural heritage and its subsequent influence in Latin America, Focus-Abengoa eagerly embraced the opportunity to produce this History of the Royal Tobacco Factory. The outcome of this project constitutes our contribution to the commemorative activities of the 5th Centennial of the founding of the University of Seville, an academic institution with close ties to Abengoa and its Foundation since its inception. This fresh and detailed look at one of the most unique buildings in Andalusia’s capital city was provided by Prof. José Manuel Rodríguez Gordillo, who based his work on the examination of the exceptional documentation preserved by the factory itself and on documents held by the national archives of our country. This publication, an institutional gift from

Abengoa presented last Christmas, has been distributed to over six thousand five hundred people on a national and international level.

“Don Quixote in the Realm of Fantasy”

This publication was produced by Rogelio Reyes Cano, tenured professor of Spanish Literature at the University of Seville and Director of the Real Academia Sevillana de Buenas Letras. It is a compilation of the nine lectures given in autumn 2003 at the Hospital of Los Venerables by other specialists in Cervantes’ work, such as Francisco Márquez Villanueva, Jean Canavaggio, Cristóbal Halffter or Víctor Pérez de la Concha, within the series “Don Quixote in the Realm of Fantasy: Reality and Fiction in the Mental and Biographical Universe of Cervantes”. Given the recognised scientific and professional reputation of the authors, this book – distributed internationally by Abengoa – is an important testimony of the best reflections on Cervantes of our times, and was released on the eve of the year in which the 400th anniversary of the appearance of the first section of *Don Quixote* was commemorated.

The presentation ceremony for this book was held at headquarters and was led by the academic and philologist José Manuel Blecau Perdices, President of the National Committee for the 4th Quixote Centennial.

“From Herrera to Velázquez. Early Naturalism in Seville”

Focus-Abengoa and the Museo de Bellas Artes of Bilbao have published this book on the occasion of the exhibition “From Herrera to Velázquez”. The initiative is the result of two years of research and scientific preparation carried out by the curators, Alfonso E. Pérez Sánchez, Honorary Director of the Prado Museum 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 covers the artistic heritage restoration work made necessary by the exhibition, which was completed in four different workshops.

The fully-illustrated publication will bear future witness to an initiative whose primary objective is the reconstruction of the historic memory and surroundings of artistic activity in Seville between the years 1600 and 1630, when artists such as Velázquez switched over to Naturalist painting techniques.

“The Focus-Abengoa Collection. Painting and Graphic Work”

This catalogue presents the iconographic analysis and artistic assessment of each of the works included in the Focus-Abengoa Collection. By means of this tool, the Foundation offers society an informative publication in the style of a commented and periodically updated inventory, which includes a description of its collection’s contents and allows interested parties to gain a deeper understanding of the sense and content of the successive exhibitions of these artworks. The compilation of this volume and the authorship of its prologue has been completed by Alfonso E. Pérez Sánchez, Focus-Abengoa art advisor and Honorary Director of the Prado Museum, and the artists’ biographies and annotated professional histories were written by Fernando Martín Martín, professor at the University of Seville.

“Light in Biology. Industrial and Agricultural Applications”

Tenured professor Miguel Angel de la Rosa Acosta’s monograph is the result of the first “Javier Benjumea Puigcerver Prize for Research”, with which an editorial relationship has been established between the Social Council of the University of Seville and Focus-Abengoa. The goal of this joint effort is to achieve the maximum dissemination of a work that combines scientific excellence and innovation in industrial and agricultural applications.

“Hispanic America: a Vivid Reality”

This volume brings together the lectures of a series of conferences and round table discussions on the topic “Hispanic America: a Vivid Reality”, organised by the Real Academia Sevillana de Buenas Letras in 2003 as part of the commemorative activities for the 5th Centennial of the founding of the Casa de la Contratación.

Other publications

Over the past year, issues 64, 65, 66 and 67 of the “News” Bulletin have been published, in which the public is informed of the Foundation’s activities and facts related to its objectives. Other publications include the “Catalogue of Works Selected for the 2004 Focus-Abengoa Painting Prize” and the first “Bulletin of the Focus-Abengoa Schools of the Baroque and Technology” corresponding to the 2004-2005 academic year.

Collaborations and agreements with other organisations

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

Spanish Association of Foundations
European Bioethanol Fuel Association. eBio
Association of Self-Generators of Electric Energy
Association of Renewable Energy Generators
Association of Andalusian Foundations
Spanish Solidarity Centre. Project Man
New Horizons Association
The Energy Club. Enerclub
Technological Corporation of Andalusia. CTA
European Forum for Renewable Energy Sources
Foundation for Drug-Addiction Assistance
Spain – U.S. Council Foundation
Foundation for Co-operation in Development and Promotion of Welfare Activities
Business and Society Foundation
Cotec Foundation
Foundation for Applied Economics Studies
Euroamerica Foundation
European Energy Foundation
Sociological Studies Foundation
Integra 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 Compact Platform
“Saint Elizabeth of Hungary” Royal Academy of Fine Arts
Royal Academy of Medicine
Royal Academy of Quality Liberal Arts of Seville
Universidad Pontificia de Salamanca

Technological Corporation Foundation 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 through the Research and Development Agency of Andalusia, thirty-nine 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.

At the end of the year, the Dean of the University and the President of Abengoa signed a framework agreement for scientific and technical co-operation, which serves 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.

Recognitions and Awards

Patronage and Sponsorship Prize awarded to the Focus-Abengoa Foundation

On December 13, the Department of Culture of the Regional Government of Andalusia awarded the prizes which it bestows every two years on individuals or organisations in various artistic spheres. At this year’s ceremony, Focus-Abengoa received the “Patronage and Sponsorship” Prize, awarded by a jury presided by Juan Manzano Fernández-Heredia. At the awards ceremony, 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.” In previous years, this award has been bestowed upon Christina Ruiz-Picasso and the World Monuments Fund. The prizes will be given to the recipients during the first quarter of 2006.

Economic Performance

In 2005, Abengoa obtained a consolidated net income of 66 million euros, which represents an 26,0% increase on last year.

2004 = 1,746.1 M€
2005 = 2,023.5 M€

In Abengoa's Annual Report, in the Legal and Financial Information section, pages 7 and 8 include Abengoa's Profit and Loss Account which is part of Abengoa's Annual Accounts Report and Management Report to December 31, 2005, where the sum earned from sales and the providing of services over the past two years is of note. The data are given in millions of euro:

In addition to the exhaustive economic-financial information provided in the Legal and Economic-Financial Information 2005 tome, we include in this section some of the indicators of the impacts Abengoa has had on the parties interested in its activity, as well as on the local, national and international management systems in which it operates.

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%	2004	2005
Ethanol for use as fuel in Spain	100%	100%
Secondary aluminum treatment in Spain	40%	40%
Salt slag treatment in Spain	100%	100%
Salt slag treatment in United Kingdom	100%	100%
Treatment of sulfur from refining in Spain	-	35%
Decontamination of PCB-contaminated equipment in Spain	40%	50%
Transformation of greenhouse plastics in Spain	40%	40%
Steel plant dust treatment in Spain	100%	100%
HV power transmission lines in Morocco	54%	69%
Power Plant repowering in Mexico	66%	75%
Construction of engine plants in Mexico	50%	60%
Road traffic control in Spain	30%	33%
Substation control in Spain	40%	45%
Oil and gas pipeline control in North America	60%	60%
Oil and gas pipeline control in Latin America	62%	50%
Meteorological aids at airports in Spain	90%	90%
Railway ticketing systems	30%	40%
Tele-toll equipment (tags and antennae)	20%	35%
Integrated control systems	70%	80%

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

Cost of raw materials (M €)	2004	2005
Consumable and other costs	1,060.7	1,162.9
Consumable and other operating costs	260.5	335.0

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

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

Bioenergy	269.8 M€
Environmental Services	236.0 M€
Information Technologies	146.4 M€
Engineering and Industrial Construction	502.6 M€

Total salary expenses broken down by country or region.

Salary expenses for the last two years were as follows:

Salary Expenses (M €)	2004	2005
Salaries and wages	222.0	268.5
Social charges	49.6	55.9
Actions plan	2.5	1.5
Total salary expenditure	274.1	325.9

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 2003 and 2004 periods Abengoa distributed to its shareholders an annual dividend of €12.7M in each period at the rate of €0.14 per share. For 2005, the Board of Directors intends to propose, to the General Shareholders' Meeting, a 13.6 M€ dividend distribution at the rate of 0.15€ per share.

- Distribution of bank loans:

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

Debts with Credit Institutions (Thous. €)	2004	2005
LT Debt with credit institutions	529,456	525,028
ST Debt with credit institutions	61,646	167,532
Temporary financial investments	(311,101)	(379,734)
Cash and Banks	(252,145)	(435,366)
Total Net Debt	27,856	(122,540)
LT financing without recourse	203,939	391,339
ST financing without recourse	160,838	283,642

The movement of shareholders' funds can be consulted on Abengoa's Annual Legal and Economic-Financial Information Report.

Total sum of any type of tax paid, broken down by country

Financial assistance (M €)	2004	2005
Subsidies in capital transferred to results	3.6	3.4
Operating subsidies	5.3	4.2

Total sum of any type of tax paid, broken down by country

The total sum of any type of tax paid by Abengoa in 2004 and 2005 is detailed in the table here-below:

List of countries (Thousand €)	2004	2005
Spain	49,537.5	60,039.2
Brazil	24,300.3	13,162.1
USA	3,394.8	1,807.9
Chile	2,701.8	2,088.2
Peru	971.3	770.2
Argentina	961.3	684.1
Uruguay	945.6	488.3
Holland	620.5	415.9
France	600.8	959.0
Australia	495.1	450.2
Canada	410.8	38.4
Portugal	364.5	64.5
China	190.1	147.9
Germany	187.8	0.5
United Kingdom	147.1	-33.0
India	53.0	70.3
Sweden	47.8	57.3
Denmark	37.8	46.0
Costa Rica	18.8	0.0
Romania	-0.2	-0.5
Morocco	-1,672.8	-1,541.1
Mexico	-8,611.8	-5,634.2
Total Tax Paid	75,701.8	74,080.9

Of the total tax paid in 2005, 53% corresponds to the pay as you earn tax retentions and payments on account on salaries and wages, made by the different companies and paid thereby to the Tax Office. In addition, 24% of the total corresponds to indirect taxes imposed on different commercial and financial operations and correspond mainly to taxes that have been paid in Brazil.

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

Social Responsibility		
(Thousand €)	2005	2006 (E)
Internal Social Action: Abengoa	853.8	1,697.7
External Social Action: Society in general	3,612.3	3,386.3
Total	4,466.1	5,084.0

Internal Social Action: Abengoa		
(Thousand €)	2005	2006 (E)
Education	210.3	264.2
Human Relations	81.0	83.0
Social well-being	427.7	1,210.5
Culture	134.8	140.0
Total	853.8	1,697.7

External Social Action: Society in general		
(Thousand €)	2005	2006 (E)
Hospital de los Venerables	873.6	743.9
Training and Teaching	1,091.0	1,047.0
Seminars and Conferences	188.5	181.0
Music	39.7	45.8
Exhibitions	277.0	414.0
Focus-Abengoa Foundation Art Collection	30.0	38.0
Publications	512.3	299.6
Collaborations & Agreements with other Companies	600.2	617.0
Total	3,612.3	3,386.3

Environmental Performance

Abengoa activity, via its four 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 2004:

• Bioethanol produced	534,264 t
• Eco-protein produced	560,732 t
• Crude substituted	344,687 t
• Tonnes of CO ₂ avoided	1,459,078 t
• Direct jobs	287
• Indirect jobs mainly in the rural world in agriculture	5,343

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 desalinator 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 building actually four desalination plants in countries in development.

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
2,068,497 MWh
- Steam delivered to host industry
1,259,864 t
- Net CO² emissions: 1,053,865 t
Avoided CO² emissions: 910,097 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 2005 Abengoa has concessions in 4,072 kilometers of high tension cables in Latin America.

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 Abengoa's activity in this field.

For the calculation of the environmental performance indicators included in this report, all the work centers managed by Abengoa have been taken into consideration, and the other customer-owned facilities where there is no responsibility for the management thereof have not been included. To get a more precise idea of how the environmental impact of all the companies is distributed, one must consider the fact that 51.4% of the workforce is Spain based, while the other 45.9% works abroad (America, Asia, Africa, Oceania and the rest of Europe).

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 are established.

In order to improve the viability and efficiency of the consolidation process environmental indicators included in this second report, some of the same have been redefined and the previous year's values adjusted to the new measuring 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 it is easy for any and all parties interested in our environmental impact to comprehend them.

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 environmental impact 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 and thus drastically reduce paper consumption.

Paper consumption in offices (Tons)

	2004	%	2005	%
Total Paper consumption	173	100	219	100
Recycled Paper consumption	n.d.	n.d.	138	n.d.

n.d. data not available

An important range of raw materials in Abengoa's overall of activities is of agricultural and farm animal 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. Different chemical substances are utilized in the grain to bioethanol production process.

Pig Slurry Treatment

Tons

	2004	2005
Pig Slurry *	105,000	50,300

(*) Pig Slurry is a waste from the farm animal breeding activity.

Bioethanol Production

Tons

Agricultural origin raw materials		
	2004	2005
Grain (wheat, corn and barley)	1,228,756	1,491,190
Wine Alcohol	87,221	75,775
Chemical substances utilized		
Enzymes	1,248	1,644
Antibiotics	5	8
Other *	10,002	13,512

(*) 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.

Iron is mainly used to construct metallic structures for electric energy transportation lines. Silicon is a component of aluminum alloys, and zinc is utilized to galvanize metallic structures.

Metals (Tons)

	2004	2005
Iron	22,210	33,727
Silicon	3,447	3,769
Zinc	1,057	1,147
Copper	449	195

The Abengoa companies dedicated to the recycling of industrial waste through treatment, valorization and recovery, obtain products such as secondary aluminum, concentrated blocks of aluminum, Waelz oxide with 65% zinc, secondary zinc, and zinc oxide.

Industrial Waste Recycling (Tons)

	2004	2005
Salt Slag	133,600	153,648
Steel plant and casting dust	105,100	93,934
Desulfurization waste (sulfur)	104,000	103,092
Metallic wastes and aluminum slag	104,531	144,183
Different zinc wastes	23,400	21,112

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
Hazardous		
Wastes to physicochemical treatment	7,722	11,226
Wastes to energy treatment	37,090	22,727
Wastes to inerting treatment	233,244	262,585
Wastes to regeneration recovery treatment	2,495	6,196
Wastes to hazardous deposit treatment	132,414	102,333
Wastes to thermal treatment	7,651	8,133
Wastes to evapo-condensation treatment	8,596	7,165
Wastes to PCB treatment	19	2
Wastes to reactant segregation treatment	612	1,286
Subtotal	429,843	421,654
Non-Hazardous		
Wastes to non-hazardous deposit treatment	62,854	172,506
Wastes to inert deposit treatment	8	0
Wastes to non-hazardous energy valorization treatment	105	43
Wastes to non-hazardous reutilization/recycling treatment	1,319	6,983
Wastes to non-hazardous phycochemical treatment	397	353
Subtotal	64,683	179,884
Total	494,526	601,538

In addition to these wastes, all of which are treated at our facilities, a further 49,482 tons were managed this year in external plants.

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
PCB-contaminated electric equipment	2,675	3,083

Most of the consumption of plastic as a raw material originates from the recycling of sheeting utilized as greenhouse covering. The rest comes from very different activities.

Plastics (Tons)

	2004	2005
Plastic Waste from Agricultural Activity	12,770	11,884
Processed Plastics	879	979
Total	13,301	12,863

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

Different Chemical Substances utilized in Production Processes (Tons)

	2004	2005
Sodium Bicarbonate	2,704	2,950
Sulfuric Acid	1.216	675
Chlorohydric Acid	218	192
Caustic Solution	216	135
CO2 (desalination)	n.d.	143
Sodium Hypochlorite	123	131

Energy:

The network electricity consumption data is provided for the stable work centers.

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
Network electricity	740,191	964,159
Fuels		
Automotive (Gas oil and Gasoline)	147,055	216,147
Cogeneration		
Gas	13,307,443	14,005,937
Fuel oil	1,234,861	989,982
Others (kilns, driers, machinery etc.)	19,514,541	18,227,565
Total Energy	34,994,091	34,403,790

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. The quantity indicated as STW corresponds to the treated water flow at the different wastewater treatment plants operated by Abengoa. The water for desalination is water taken from the sea and treated at the Cartagena plant, where Abengoa participates in the operation thereof.

Water consumption (m ³)		
	2004	2005
Process	1,732,861	1,934,574
Cooling	10,493,193	9,774,577
Cogeneration Plants (seawater)	7,239,000	6,398,809
STW	795,904	967,118
Desalination	n.d.	10,111,218
Sanitary	94,743	103,309

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 from sources Abengoa possesses or controls.

Emissions (Tons)		
Greenhouse Gas Emissions		
	2004	2005
CO ₂	1,164,075	1,180,488
CH ₄	0.19	0.11
N ₂ O	47	1.16
HFC	0.00	0.00
PFC	0.00	0.00
SF ₆	0.00	0.00
NO_x, SO_x and other Atmospheric Emissions		
	2004	2005
NO _x	18,163	12,612
Particles	n.d.	n.d.
SO _x	891	360
N ₂ O	1.26	1.16
HFC	0.00	0.00
PFC	0.00	0.00
SF	0.00	0.00

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 sections, 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)

	2004	2005	Destination
Paper	109	166	Recycled
Scrap metal	2,705	6,701	Recycled
Plastics	106	187	Recycled
Hydrocarbon impregnated wastes	26	22	Deposit
Used oils	21	56	Recycled
Hydrocarbon sludge	778	687	Deposit
Aluminium oxide	31,085	22,462	Deposit
Amonium Sulfate	2,208	1,872	Fertilizer

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 (MA14 and MA15) are described at the beginning of the chapter.

Compliance:

There is no episode or fine worthy of mention in relation to breaches of agreement/treaties/statements of an environmental nature in any of the countries in which Abengoa operates.

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. The Cartagena desalination plant discharges the brine from the desalination process into the sea.

Discharges to water (m³)

	2004	2005
Discharge to public network	639,495	650,584
Land/Sea		
Seawater	6,401,842	6,144,611
Desalination brine	n.d.	5,655,082

There has been no important discharges of chemical substances, oils or fuels that have had an impact on the environment.

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:

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. We wish to point out that last year the Bioenergy Business Unit was awarded the "Best Energy Website" Prize by the Website Marketing Association, in the United States. www.abengoabioenergy.com

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

Corporate Governance Report 2005

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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, 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

Accounting or financial information
Relevant events
Capital structure, shareholders
Corporate Governance Legislation
Annual Corporate Governance Report

- The subjective side:
“how” to report it

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 review each of these aspects and the innovations implemented by the company:

a) Accounting / financial information.

This is perhaps the aspect that has suffered the least amendments. 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.

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.

Corporate Governance Report

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.

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 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.

Corporate Governance Report

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 June 23, 2005, 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%
- State Street Bank & Trust Co: 5.01%

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
41867445	State Street Bank	4,536,888	-	5.01

(*) Through:

Tax or VAT no.	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
—	—	—	—
—	—	—	—

The number of registered shareholders at the General Shareholder's Meeting held on June 26, 2005, was 6,267.

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.

Corporate Governance Report

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, 2005 are as follows:

	% Direct	% Indirect	% Total
Felipe Benjumea Llorente	0.059	0	0.059
Javier Benjumea Llorente	0.002	0	0.002
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	0.2395	0.111	0.3505

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	53,720	0	0.059
28345379	Javier Benjumea Llorente	25.06.83	26.06.05	1,960	0	0.002
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	12.12.05	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.	

Corporate Governance Report

v) Treasury Stock.

At 31.12.2005, the company does not possess any of its own shares as treasury stock, nor has it acquired any of its own shares during the 2005 financial year.

The General Shareholders' Meeting, held on June 26, 2005, 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 27, 2004.

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

• Treasury Stock:

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

• Details of significant variations:

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

Results obtained by treasury stock	Thousands of Euro
0	0

On September 15, 2004, Abengoa's Board of Directors, based on the fact that the company's listed price on that date, of around 7 euro per share over the last quarter, did not reflect the Company's true growth potential, deemed it to be of interest to the Company, from a financial point of view, to invest in its own shares.

Nonetheless, taking into consideration the fact that the Company is, by definition, a shareholder that possesses more information than the rest of the market and that, even without it so desiring, its operations might influence the listed price of the Company's shares, it proceeded to adopt the corresponding rules and precautions, to ensure that there would be no artificial influence of the prices. As a consequence thereof, while making use of the powers conferred by the General Meeting, the Board of Directors agreed as follows:

1. - To make use of the authorization conferred by the General Meeting and proceed to purchase the Company's own shares.
2. - The sum to be used for the purchase of the shares of Abengoa, S.A. itself would not exceed 15 million euro in the current financial year. Under no circumstances would 5% of the share capital be exceeded, nor would a price in excess of 7.25 euro per share be paid.
3. - To put Mr. Santiago Correa Portillo in charge of executing the Treasury Stock (hereinafter called "the Person responsible for the Treasury Stock), to whom, should he not already have them, the necessary authorizations will be given so as he may execute the purchase orders and, if it were the case, sales orders for the shares, and to open, monitor and maintain the corresponding share accounts. The Person responsible for the Treasury Stock will purchase the company's own shares according to his own criterion and in accordance with the treasury possibilities, staying, at all times, within the limits of the applicable legislation and in particular within the contents of Section VII of the Stock Market Act 24/1988, Abengoa's Internal Code of Conduct Regulations in matters relating to the Stock Market and the directives in this agreement. As guiding criteria for the management of the treasury stock, the regulations contained in what was Market Letter 12/1998 from the CNMV dated December 17, 1998, shall also be observed.

Corporate Governance Report

4. - The Person responsible for the Treasury Stock shall channel all his orders through only one Stock Broking Company or Agency of his choice.
 5. - The Person responsible for the Treasury Stock shall refrain from issuing orders when he is in possession of any privileged information related to the Company, and until such a time as this is no longer the case.
 - 6.- The Person responsible for the Treasury Stock shall order the Stock Broking Company or Agency to abstain from executing a purchase or sale order when the volume of the transaction represents a significant proportion of the daily volume of Abengoa share trading in that market.
 7. - The Person responsible for the Treasury Stock shall endeavor to ensure that the transactions do not give rise to a significant change in the listed price, and to this end, he shall instruct the Stock Broking Company or Agency to abstain from executing any order that generates a price tendency. For this purpose, prior to executing the order received, the Stock Broking Company or Agency must take into consideration the price at which the previous transaction was executed between independent parties and expressly notify the Person responsible for the Treasury Stock in the event that a significant alteration to the price might be brought about.
 - 8.- The Purchase or Sale Orders shall not be executed at the opening or close of the market session, nor at any other specific time around which reference prices for the shares are calculated (for example in the event of volatility auctions).
 - 9.- The Person responsible for the Treasury Stock shall abstain from issuing orders, and shall instruct the Stock Broking Company or Agency to abstain from executing share purchase or sale orders, when Abengoa's listed price experiences abnormal or extraordinary movements in terms of price or volume, and he shall inform the Monitoring Body indicated in article 8 of Abengoa's Internal Regulations Governing Conduct in Stock Market Matters, whenever he becomes aware of the existence of said circumstances.
 - 10.- To empower Mr. Santiago Correa Portillo so that he may execute, specify and fulfill this agreement, elevate it to public, purchase or order the purchase of the Company's own shares, as well as their sale, transfer sums of money, and pay and receive payment for the aforesaid transactions, transfer and lodge shares and sign the documents corresponding to the aforesaid transactions, as well as to take any steps or actions that are necessary or convenient in order to execute what has been agreed hereby with the Commercial Register, the CNMV, Stock Markets, Iberclear or any other public or private bodies or institutions.
- 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.

Corporate Governance Report

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, 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, Jose Joaquin.

Aya Abaurre, Jose Luis.

Benjumea Llorente, Felipe.

Benjumea Llorente, Javier.

Gracia Díez, Mercedes.

Polanco Moreno, Ignacio de

Sebastián Gascón, Carlos.

Terceiro Lomba, Jose B.

Villalba Vilá, Daniel.

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

• Table with the members of the Board of Directors:

ID or Tax no.	Name	Representative	Position	Date 1 st Appointment	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	12.12.05	Cooptation
2191423	Ignacio de Polanco Moreno		Director Chairman Appoint. & Remuneration Committee	28.07.03	28.07.03	Share. Meet.
114428A	Carlos Sebastián Gascón		Director Member 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.

Número total de consejeros	9
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Corporate Governance Report

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, the current administrators are classified as follows:

Felipe Benjumea Llorente (Chairman). - Executive

Javier Benjumea Llorente (Chairman). - Executive

Jose Joaquin Abaurre Llorente - Dominial; External. Member of the Audit Committee.

Jose Luis Aya Abaurre - Dominial; External. Member of the Appointments and Remuneration Committee.

Daniel Villalba Vilá. - Independent; External. Chairman of the Audit Committee.

Jose B. Terceiro Lomba

- Independent; External.
- Chairman Advisory Board.
- Member of the Audit Committee.
- Member of the Appointments and Remuneration Committee.

Ignacio de Polanco Moreno Remuneration Committee.

- Independent; External.
- Chairman of the Appointments and

Carlos Sebastián Gascón

- Independent; External.
- Member of the Appointments and Remuneration Committee.

Mercedes Gracia Díez

- Independent; External.
- Member of the Audit Comité.

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.

Corporate Governance Report

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

Delegated powers:

ID or Tax 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 the Board of Directors
35203147	José Terceiro Lomba	Iberia	Member of the Board of Directors, Member of the Executive Committee.
35203147	José Terceiro Lomba	Grupo Prisa	Member of the 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 eleven 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 2005 it met on a total of six occasions.

Corporate Governance Report

- 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.

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- 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.

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

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 2005 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 930 thousand euro in the form of allocations and expenses, and 233 thousand euro for other concepts.

In addition, the payment made during the 2005 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 5,519 thousand 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.); Figures in thousands of euro:

Remunerated concept	Data in thousands of euro
Set remuneration	364
Variable remuneration	2,099
Expense allowances	301
Statutory issues	—
Options on shares and/or other financial instruments	—
Others	—
Total:	2,764

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	—

Corporate Governance Report

- 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; Figures in thousands of euro:

Remunerated concept	Data in thousands of euro
Set remuneration	35
Variable remuneration	—
Expense allowances	1
Statutory issues	—
Options on shares and/or other financial instruments	—
Others	—
Total:	36

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	2,315	—
Dominial External	133	1
Independent External	318	35
Other External	—	—
Total:	2,766	36

- 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)	2,802
Total Remuneration Directors / profit attributed to the Parent Company (expressed as a %)	4.25%

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

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 Tech. Business Unit
27.907.575	Alfonso González Domínguez	Manager, Ind. Engineering and Construction Business Unit
04.686.869	Salvador Martos Hinojosa	Manager, Latin America Business Unit
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)**

3,218

Santiago Seage Medela incorporates as Manager of the Strategy and Development Corporate with effective date on January 1, 2006.

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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:

Jose B. Terceiro Lomba	Chairman.
M ^a Teresa Benjumea Llorente	Member.
Maximino Carpio Garcia	"
Rafael Escuredo Rodriguez	"
Jose M. Fernandez-Norniella	"
Álvaro Fernández-Villaverde y de Silva	"
José Luis Méndez López	"
Ignacio Solis Guardiola	"
Fernando Solis Martinez-Campos	"
Carlos Sundheim Losada	"
Candido Velázquez-Gaztelu Ruiz	"
Daniel Villalba Vila	"

Secretary non-director: Miguel Angel Jimenez-Velasco Mazarío

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 Jose Luis Mendez Lopez and Alvaro Fernandez-Villaverde y de Silva to the Advisory Board, in the 2005 financial year, has consolidated the professional and independent nature of the Board inherent since its initial establishment in 1998. Daniel Villalba Vila quitted in the Advisory Board on February, 2006, because of his appointment as member of the Board of Directors.

- 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 2005 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 members of Jose B. Terceiro Lomba, Ignacio de Polanco Moreno and Jose Luis Mendez Lopez (Corporación Caixa Galicia), pursuant to the resolution adopted by the General Shareholders' Meeting on June 29, 2003, the Audit Committee currently comprises the following members:

- | | |
|---|--|
| - Daniel Villalba Vilá | Chairman and independent non-executive director. |
| - Jose B. Terceiro Lomba | Member and independent non-executive director. |
| - Mercedes Gracia Díez | Member and independent Non-executive director. |
| - Jose 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,

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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	0	0	0
Previous / Total amount billed (%)	0%	0%	0%

	Company	Group
No. of years audited by the firm /	15 (since 1990)	15 (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.

Following the inclusion as independent committee members of Mr. Jose B. Terceiro Lomba, Mr. Ignacio de Polanco Moreno and Mr. Jose Luis Mendez Lopez (Corporación Caixa Galicia), pursuant to the resolution adopted by the General Shareholders' Meeting on June 29, 2003, the Committee currently comprises the following members:

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

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 General Secretary, and the

Chairman of the Board of Directors. Santiago Seage Medela incorporates as Manager of the Strategy and Development Corporate with effective date 1 January, 2006.

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.

Corporate Governance Report

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

i) Transactions with significant shareholders.

On November 14, 2005, and as a consequence of the established agreements in The Urban Development Cooperation Agreement subscribed by Abengoa and Inciativas de Bienes Inmuebles, S.A. ("Ibisa" an affiliate company of Inversión Corporativa, I.C., S.A., shareholder of reference of Abengoa) with the "Gerencia Municipal de Urbanismo" of the City Hall of Seville, the

company "Centro Tecnológico Palmas Altas, S.A." (an affiliate company of Abengoa) acquired from "Ibisa" the plots of land, situated in Manuel Velasco Pando Street, in Seville, which Ibisa had acquired from Abengoa on december 17, 2002. The purpose of this re-purchase is to enable the exchange part of the lands with those belonging of the City Hall of Seville, situated in Palmas Altas, Seville, destined to the location of a Technological Center of Abengoa, agreement signed on december 21, 2005, by T.C. Palmas Altas and by the "Gerencia Municipal de Urbanismo" of the City Hall of Seville.

Shareholder's Tax no.	Name	Company's Tax no.	Name	Nature	Type	Thousands of Euro
A41237629	Ibisa	A91371831	CT Palmas Altas	Sale-purchase	—	31,217

ii) Transactions with administrators and directors.

During 2004 there were no personal or company 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
—						
—						
—						

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 40 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 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 October 16, 2005, was held with the attendance of 193 shareholders (33 present and 160 represented) of a total 6.600 registered shareholders. The number of shares, present or represented was 64,839,687 or 71.67% 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:

1. The authorization of the Board of the Directors to approve, if it is convenient, a stock acquisition plan by directors of the company (from now onwards "the Plan") under the following main principles:
 - Participants: Abengoa's Senior Management Members (business group managers, business unit managers, technical and R&D&I officers and corporate services officers), from all the subsidiaries and business areas, current or future, who may participate therein of their own accord. The Plan will not be open to any member of the Board of the Directors of Abengoa.
 - The participants in the Plan shall accede to a bank credit to purchase, at market price, Abengoa shares that are already floated and in circulation, pursuant to the Stock Exchange Act, with a guarantee from Abengoa, pursuant to article 81.2 of the Companies Act and up to a maximum of 87 million euro. The loan sinking installment shall be 5 years and 6 months.

- Volume of shares: Up to 3,200,000 Abengoa shares, representative of 3.53% of the Company's equity.
 - The closing date for the approval of the Plan by the Board of Directors will be 31 December, 2006.
 - Empower the Board of Directors to establish, in case the Plan be approved, all its principles and conditions, specially those related to the participants and to the entities which finance the stock acquisition by directors.
2. Authorize the Board of Directors with the objective of executing, if it were the case, the Shares Acquisition Plan for the Members of Senior Management of the Company, or with any other considered opportune, so that he may proceed with the derivative acquisition, by sale-purchase or 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. To these To these effects, the authorization conferred to the Board of Directors is revoked by the agreement adopted by the General Shareholders Meeting, held on 26 June, 2005.
 3. Empower the Board of Directors so that he may determine, complete and, if it were the case, put right and rectify the above resolutions, execute and carry them out, all under the conditions he believes to be convenient and especially to:
 - a) Make any agreements, carry out any activities and sign any documents and contracts he believes necessary or convenient for the approving, defining, application, execution, modification and canceling of the Shares Acquisition Plan for the Members of Senior Management of the Company.
 - b) Decide on the stock broker firms or agencies, banks or other financial entities that are to participate in the design, development and execution of the Plan.
 - c) In general, do everything or take all the steps necessary or convenient before the CNMV, the Governing Bodies of the Madrid, Barcelona, Bilbao and Valencia Stock Exchanges, the Securities Exchange Commission, the Sociedad de Gestión de los Sistemas de Registro Compensación y Liquidación de Valores, S.A. (IBERCLEAR), and any other body, entity and public or private registry, for the full execution of the above resolutions, and
 - d) Draw up the aforementioned adopted resolutions in a notarized document and register it, if it were the case, in the Mercantile Registry and in the other registries deemed opportune or necessary, authorizing him, in so far as the Law so requires, to clarify, rectify and complete the resolutions of this Board, resolve the doubts that arise, making good, if it were the case, any errors, defects and omissions therein or in the documents they are formalized in, that impede or hinder their full effectiveness, especially those that might impede their registering in the public registries and, in particular, in the Mercantile Registry or in the CNMV, and to this effect, to include any modifications that may be required to adapt the adopted resolutions and the documents in which they have been formalized to the verbal or written qualification of the Registrar or to the indications the CNMV might give.

- e) Substitute, delegate or empower in favor of a third party or part of the faculties conferred by a present agreement.

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 October 16, 2005 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 September 28, 2005.

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' (June 7, 2005). Said information is available at www.abengoa.com (Legal and Financial Information / Reports to CNMV / Relevant Events; Other Communications (07.06.2005))

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

Corporate Governance Report

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

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:

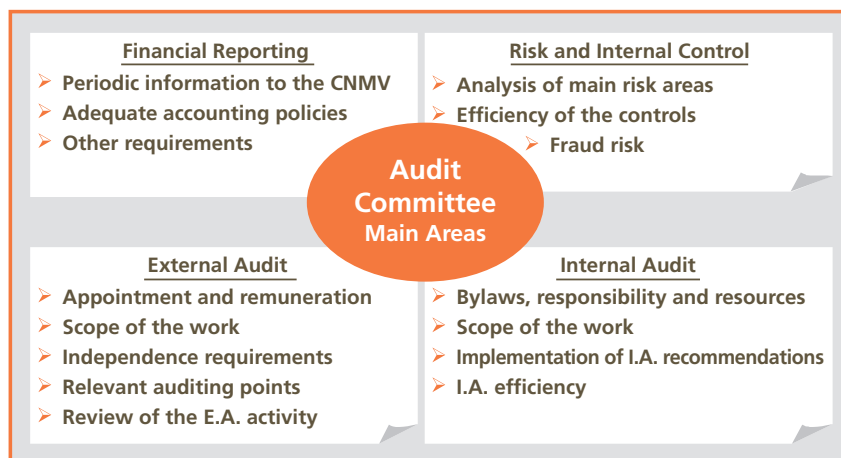
Chairman	D. Daniel Villalba Vilá	28 de febrero de 2005
Member	D. José B. Terceiro Lomba	24 de febrero de 2003
Member	D. José J. Abaurre Llorente	24 de febrero de 2003
Member	D ^a Mercedes Gracia Díez	12 de diciembre de 2005
Secretary	D. Miguel Angel Jiménez-Velasco	24 de febrero de 2003

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 2004, the Audit Committee met 5 times.

The main activities that the Audit Committee has handled and analyzed may be grouped into three different areas of competency:



Abengoa Audit and Control Committee

2.1. Financial Reporting.

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).

We can highlight the fact that, as a result of the changes in Accounting Rules over recent years, Abengoa has carried out a process to adapt the consolidated financial statements to the IFRS (International Financial Reporting Standards), a process that has culminated in the preparation, presentation and formulation of the consolidated accounts of Abengoa prepared in accordance with said accounting Standards. In the year 2004, the Audit Committee initiated a special project with the objective of carrying out detailed monitoring of the adaptation and the impact of the adoption of the new Rules. This project continued throughout the year 2005 and finalized with the submission of the aforementioned consolidated annual accounts prepared under IFRS to the Board of Directors of Abengoa and the Stock Market regulatory bodies (Stock Market National Commission).

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".

The person responsible for Corporate Internal Audit systematically informed the Committee in the year 2005, in relation to the Department's activities, on:

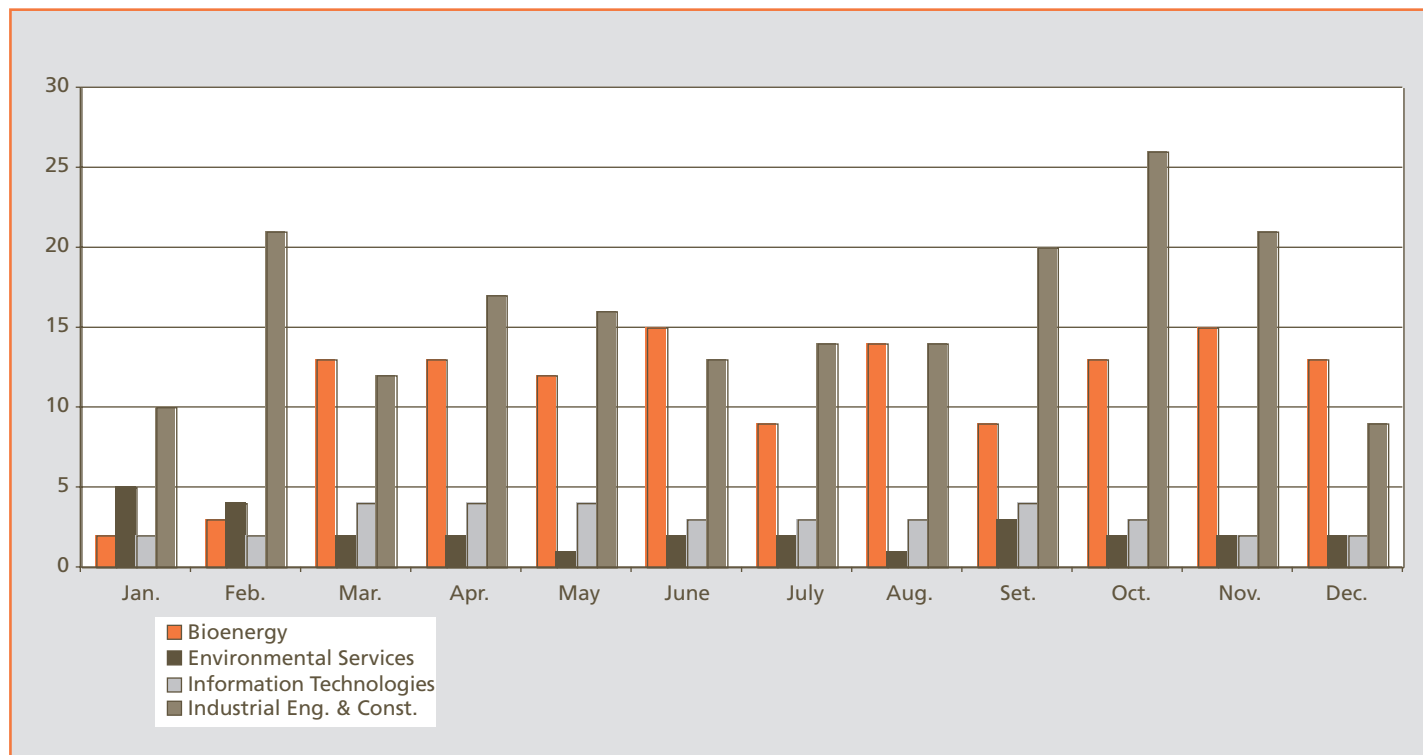
- the Annual Internal Audit Plan and the extent to which it is met;
- the extent to which the recommendations issued have been implemented;
- an adequate description of the main areas reviewed and the most significant conclusions;
- any other more detailed explanations that the Audit Committee may require.

In the year 2005, the Audit Committee recorded and supervised the Internal Audit Department's execution of a total of 388 missions, the Annual Audit Plan fixed for the year being 382 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, 178 major recommendations were issued, 131 of which have already been implemented, while the remainder are in the process of implementation by the different companies.

Abengoa Audit and Control Committee

The following chart shows the monthly evolution by Business Group of the work performed during the year 2005:



The Audit Committee has been informed that, during the year 2005, the work that was being carried out in the Group to adapt its internal control structure to the requirements of the Sarbanes-Oxley Act (SOX) was supervised.

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.

Abengoa, S.A.'s statutory auditor is PricewaterhouseCoopers, which is likewise the group's main auditor. Notwithstanding, a significant part of the Group, the part relating to the Environmental Services Business Group (Befesa), is 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.

Abengoa's policy is for all group companies to be audited externally, even if they do not meet the requirements to make this compulsory.

Abengoa Audit and Control Committee

The global amount of the fees agreed with the external auditors for the audit of the year 2005, including the review of the periodic information and the audit of the company listed in the USA applying US GAAP, and the distribution thereof is shown in the chart below:

	Firm	Fees (€)	Companies
Spain	PwC	841,341	30
Spain	Deloitte	369,523	22
Spain	Other firms	43,096	13
Abroad	PwC	518,670	48
Abroad	Other firms	290,584	19
Total		2,063,214	132

The Audit Committee is also responsible for supervising the results of the work of the external auditors. In order to do this, it is promptly informed of their conclusions and any incidents detected in the course of their reviews.

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, since the year 2004, 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 Bioenergía.

- 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.

Abengoa Audit and Control Committee

3. Audit Committee Internal Regime Regulations.

The Internal 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.

Abengoa Audit and Control Committee

- 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:

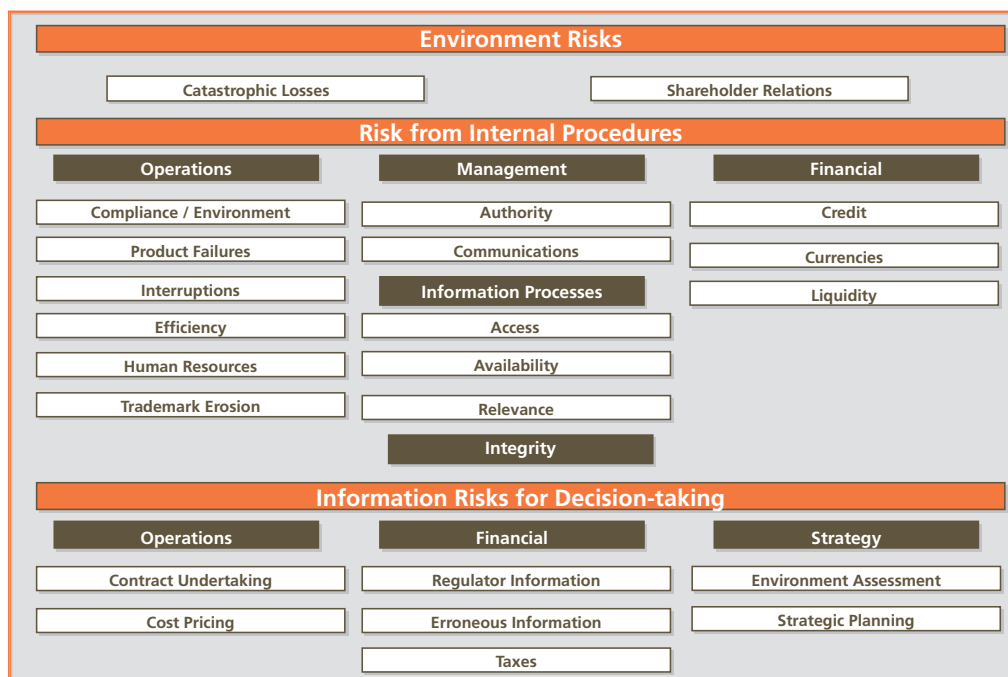
The Audit Committee shall be considered to have a valid quorum when a majority of its members are present. Attendance may only be delegated to a non-executive Board Member.

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 200 companies, presence in more than 70 countries and more than 11,000 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.



Abengoa Audit and Control Committee

The procedures intended to eliminate the above identified risks are carried out through the 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.

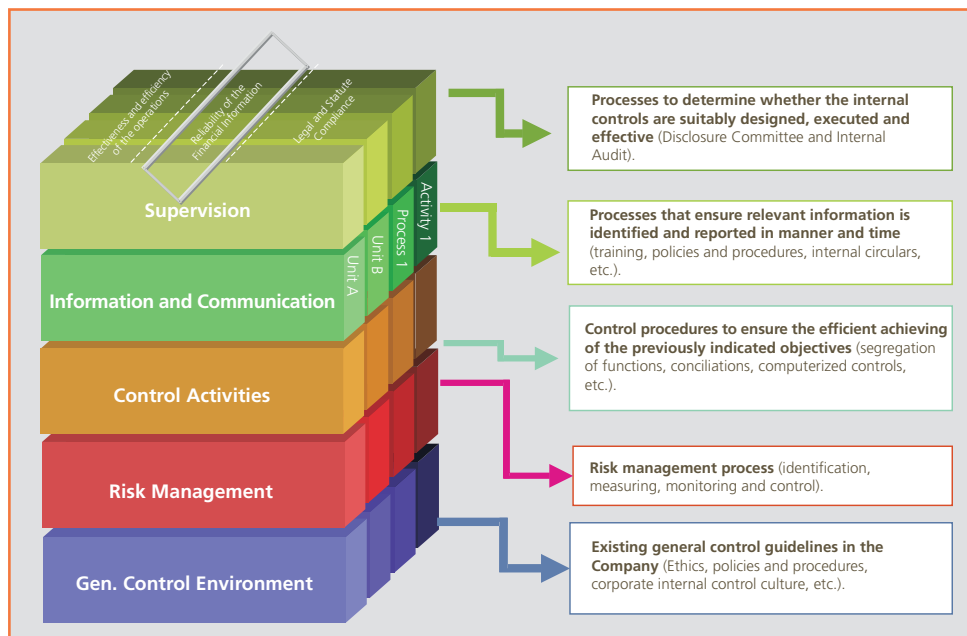
Those responsible for each one of the rules that form the Common Management Systems must verify and certify compliance with said procedures. Each certification for the preceding year is issued and submitted to the Audit Committee in January each year.

In addition, since the year 2004, Abengoa has been adapting its internal control structure to the requirements of the Sarbanes-Oxley Act (SOX).

Although, pursuant to instructions of the Securities and Exchange Commission (SEC), this Act relates to legislation that is compulsory for companies and groups listed in the United States market, Abengoa considers it necessary to meet these requirements, not only in the subsidiary that is listed on the Nasdaq, but in all the group of companies, since this implies the completion of its risk control model.

Abengoa Audit and Control Committee

Abengoa considers that an appropriate internal control system must ensure that all the relevant financial information is reliable and known to Management. Thus, we believe that the model developed in the SOX complements and completes our Common Management Systems, the main objective of which is the control and mitigation of 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. Thus, at present, the SOX requirements are being implemented in all the Abengoa Business Groups, meaning that all the processes that affect the different captions of the Group's balance sheet and profit and loss account are being analyzed and documented, identifying the risks that affect the different activities that comprise each process and giving details of the control objectives that exist to mitigate them and the pertinent control activities to be performed. 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.

Likewise, as part of the SOX recommendations, the whole General Control environment is being reviewed: Policies and Procedures, Corporate Internal Control Culture, Codes of Ethics, etc., in order to adapt it to the requirements of said Act.

The implementation of the SOX recommendations will continue throughout the year 2006 in order to gradually implement them in all the business groups.

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.

Abengoa Audit and Control Committee

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.

Abengoa Audit and Control Committee

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.

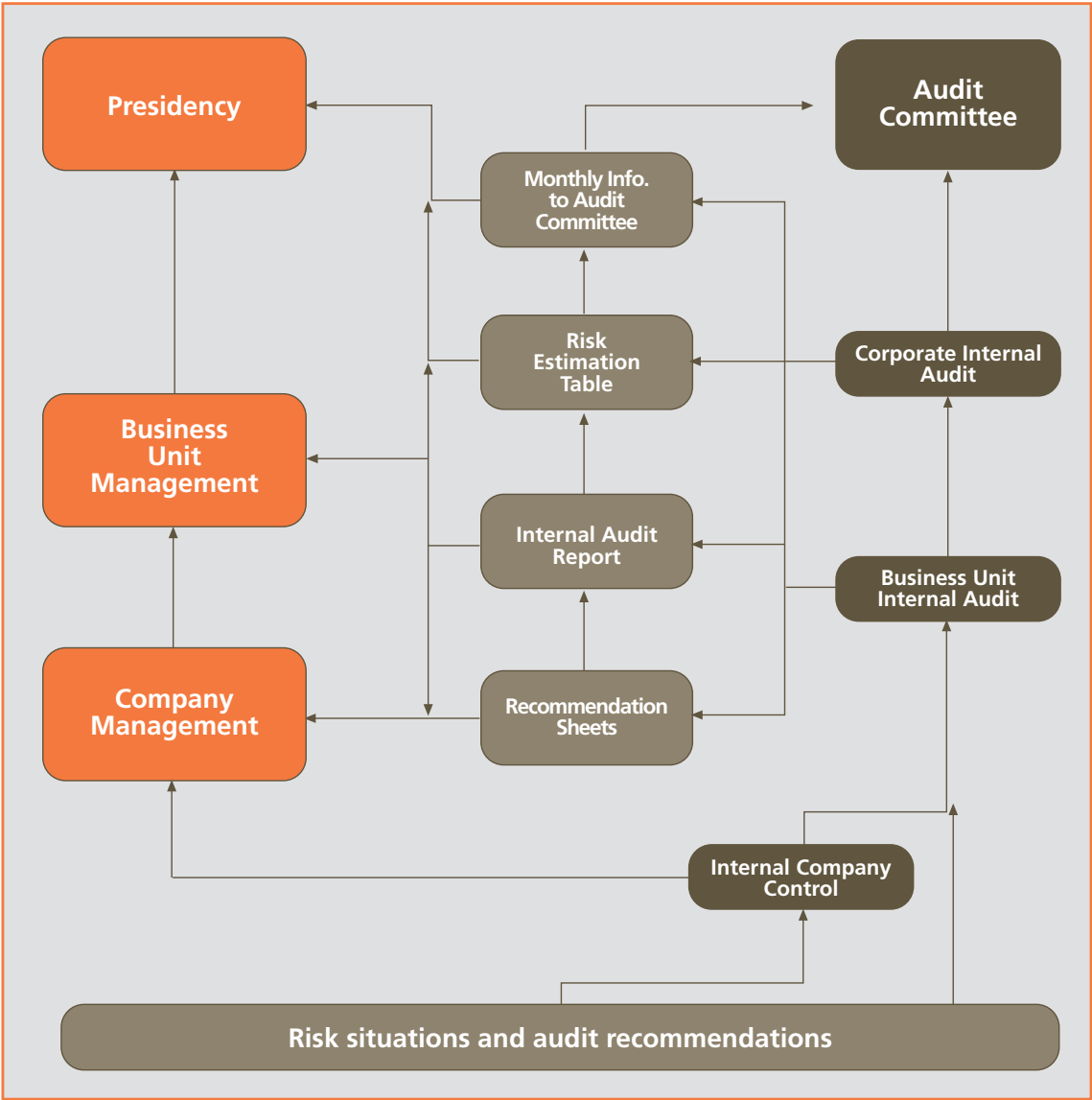
In both the focus of the work and the planning, performance, documentation, programs and notification of results thereof, coordination with the external auditors should prevail, so that the work of the two functions is not duplicated and Abengoa's internal audit and control procedures are validated and 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.

In addition, a computer application (RCTS) is being implemented and will allow Internal Audit to check the correct operation of the controls put in place to mitigate the risks identified in the different activities of the processes that affect the financial statements, together with the existence of the evidence of the control activity and compliance with the control objectives fixed.

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

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:

- | | |
|-------------------------------|--|
| - Ignacio de Polanco Moreno | Chairman. Independent Non-executive independent Director |
| - José B. Terceiro Lomba | Member. Independent non-executive Director |
| - José Luis Aya Abaurre | Member. Shareholder representative |
| - Carlos Sebastián Gascón (*) | Member. Independent non-executive Director |
| - José Marcos Romero | Non-director Secretary |

(*) On June 26, 2005, the General Meeting of Shareholders appointed Mr. Carlos Sebastián Gascón as a member of the Board of Directors and he was co-opted to the Appointments and Remunerations Committee on December 12, 2005.

The holders of the positions of Chairman and Secretary were designated by the Appointments and Remuneration Committee on January 28, 2004 using the written procedure, which does not require a meeting be held.

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 inform, previously, on all the proposals that the Board of Directors submits to the General Meeting in relation to the appointment or resignation of Directors, including 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 Directors' Report.

Appointments and Remuneration Committee

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 2005 fiscal year, the Committee has held six sessions, particularly on the occasion of the proposal of appointments and ratification of Directors, the designation of members of the Board of Directors, the Appointments and Remunerations Committee and the Audit Committee, appointments of positions and the proposal of a possible Stock Acquisition Plan for senior managers.

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.
- Proposed appointment of new Directors:
 - a) Submission to the General Meeting of Shareholders held on June 26, 2005 of the proposal to ratify Mr. Daniel Villalba Vilá as a member of the Board, a post to which he was co-opted (02.28.05) following the resignation presented by Corporación Caixa Galicia, S.A.U.
 - b) Submission to the General Meeting of Shareholders held on June 26, 2005 of the proposal to appoint Mr. Carlos Sebastián Gascón and Mr. Miguel Ángel Jiménez-Velasco Mazarío as members of the Board.
 - c) Submission to the General Meeting of Shareholders held on June 26, 2005 of the proposal to re-elect Mr. Felipe Benjumea Llorente, Mr. Javier Benjumea Llorente, Mr. José Luis Aya Abaurre and Mr. José Joaquín Abaurre Llorente as members of the Board for a term of four years.
 - d) Proposal for the appointment by co-opting of Ms. Mercedes Gracia Díez as a member of the Board, following the resignation presented by Mr. Miguel Ángel Jiménez-Velasco Mazarío.

Appointments and Remuneration Committee

The aforesaid Directors are incorporated to the Board in their capacity as independent non-executive Directors on the basis of their professional careers and experience, and in accordance with the criteria stipulated in the Regulations of the Board of Directors of Abengoa and in its Articles of Association.

- Proposal to the Board of Directors for the appointment of Mr. José Luis Méndez López as a member of the Advisory Board to the Abengoa Board of Directors (and acceptance of the resignation by Mr. Daniel Villalba Vilá as a member of the Advisory Board on the occasion of his appointment as a Director) and for that of Mr. Álvaro Fernández-Villaverde de Silva in view of his special technical qualifications and marked professional independence.
- Proposal to the Board of Directors for the development of a possible Stock Acquisition Plan for Senior Managers on such terms, conditions and deadlines as the Board may freely determine.
- Reports on market studies conducted by independent experts and comparative remuneration studies.

Index of GRI Contents

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.16-17; P.25
1.2	CEO Statement	P.5
	Organization profile	
2.1	Name of reporting organisation	P.5
2.2	Major services	P.8-14; AR P.19-97
2.3	Operational structure	P.8-14; P.18; AR P.13-15; P.99-107
2.4	Major. divisions, subsidiaries, joint ventures	P.8-14; P.18, AR P.19, P.19-97, P.97; P.99-107 LEFI P.85-97
2.5	Countries of operation	P.37; AR P.13; P.19-97; LEFI P.88-99
2.6	Nature of ownership	P.75
2.7	Nature of market served	P.9-14; AR P.13; P.19-97
2.8	Scale of operation	P.9-14; P.36-37; P.56-59; full LEFI
2.9	List of key stakeholders	P.36-44; P.66
	Report scope	
2.10	Contact person	P.127
2.11	Reporting Period	P.127
2.12	Date of most previous report	P.5; P.127
2.13	Boundaries of report	P.5; P.127
2.14	Significant changes in business	Described in P.56-59; full AR
2.15	Bases for elaborating joint company and shared subsidiary reports	The subsidiaries utilize the same criteria There are no joint company reports
2.16	Explanation of the reformulation of information presented in previous	There are no relevant changes
2.17	Decisions to apply or not to apply GRI principles	P. 5; P.122-124
2.18	Criteria, definitions used in accounting for economic, environmental and social costs, benefits	P.56-59
2.19	Important changes in calculation methods	There are no relevant changes
2.20	Policies and internal practises to provide assurance about accuracy, completeness and reliability of information	Planned for future reports
2.21	Policy and current practices for independent assurance for full report	Planned for future reports

(*) GRI Global Reporting Initiative reference number

AR. Activity Report 2005

LEFI Legal, Economic and Financial Information

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GRI*	Content, item, indicator	Comments
2.22	Means by which report users can obtain additional information	P.5; P.127
	Governance structure	
3.1	Governance structure of the organisation, including major committees under the Board of Directors	P.71-119
3.2	Percentage of the Board of Directors that are independent, non executive directors	P.79-91
3.3	Processes for determining required expertise of Board members	P.16-18
3.4	Board-level processes for managing environmental, economic and social risks	P.19-34; P.41-44; P. 96-102
3.5	Linkage between executive compensation and achievement of environmental, economic and social policies	P.17; P.36-44
3.6	Organizational structure and key individuals responsible for oversight, implementation and audit of environmental, economic and social policies	P. 18; P.19-25; AR P.99-107
3.7	Mission and value statement, codes of conduct, policies, relevant to economic, environmental and social performance	P.16-17; P.91-93
3.8	Mechanisms for shareholders to provide direction to Board	P.66-67; P.101-102
3.9	Identification and selection of major Shareholders	P.36-44; P.66-67
3.10	Approaches to stakeholder consultation	P.66-67; P.101-102
3.11	Type of information generated by stakeholder consultation	P.66-67; P.101-102
3.12	Use of information resulting from stakeholders engagement	P.66-67; P.101-102
3.13	Use of precautionary principle	P.96-98
3.14	Use of externally development voluntary charters of principles	P.16; P.55
3.15	Key memberships in industry associations and advocacy organizations	P.25; P.55
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.16-17; P.19-67
3.18	Major decisions during reporting period pertaining to location/changes in operations	Changes of location or modification of operations have not been considered necessary during the preparation of this report
3.19	Programs and procedures pertaining to economic, environmental and social performance	P.19-24; P.36-44
3.20	Status of certification of management systems	P.19-24; P.43

(*) GRI Global Reporting Initiative reference number
 AR. Activity Report 2005
 LEFI Legal, Economic and Financial Information

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GRI Indicators Table

Economic			Social		
Aspect	Central		Aspect	Central	
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Suppliers	EC3 EC4	P.57 P.57	Company-employee relations	LA3	P.38
Employees	EC5	P.57	Health and Safety	LA4	P.38; P.66-67 P.41-43 P.41-43 P.41-43 *
Capital providers	EC6 EC7	P.57 P.57		LA5	
Public Sector	EC8	P.58		LA6	
	EC9	P.57		LA7	
	EC10	P.59	Training and Education	LA8	
Environment				LA9	P.38-40
Aspect	Central		Diversity and Opportunity	LA10 LA11	P.16-17; * P.71-88
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Energy	EN3 EN4	P.63-64 P.63-64	Non-discrimination	HR4	P.16
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Biodiversity	EN6	P.64	Child labor	HR6	P.16
	EN7	P.64	Forced labor	HR7	P.16
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	EN11	P.64	Customer health and safety	PR1	P.19-24
	EN12	P.64	Products and Services	PR2	*
	EN13	P.64	Respect for intimacy	PR3	P.91-95
Products and services	EN14 EN15	P.65 P.65			
Fulfillment	EN16	P.65			

(*)

LA8. Programmes on HIV/aids does not exist within the company

LA10 Abengoa subscribed the World Compact, committing to eliminate discrimination, unemployment and inequality

PR2 Not applicable for Abengoa's Operations

Readers' Opinions

Reader's Opinions

This Corporate Social Responsibility Report has been elaborated in accordance with the requirements of the Global reporting Initiative Guide (GRI Guide 2002). The activities of Abengoa in the countries in which companies operated during the course of 2005 are included herein. In another two separate volumes, Abengoa has published a 2005 Activity Report and an Economic-Financial Report.

We are greatly interested in receiving your opinion thereon, given that it will help us to enhance dialog with the parties interested in Abengoa and, to be specific, to improve this Corporate Social Responsibility Report, which shall be published annually.

We would like to know your opinion and suggestions. For any additional consultation you may wish to make in relation to the content of this Report, please do not hesitate in getting in touch with our communications section at comunicacion@abengoa.com or +34 95 493 71 11.

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